



AERO INTERNATIONAL INC. – OTCBB: TICKER - AERO

RESEARCH REPORT

The Foolproof Dirt Free Indoor Garden



BRIEF DESCRIPTION: Traded under the ticker symbol: AERO International Inc. (OTCBB)

AERO - AeroGrow is the creator, manufacturer and marketer of the AeroGarden line of indoor gardens for consumer markets worldwide.

The AeroGarden line is sold primarily through our direct-to-the-consumer efforts via our own catalog, the web, and through TV commercials and infomercials. In addition, AeroGardens are sold through retailers worldwide, including Amazon, Ace and Canadian Tire and TV home shopping networks including QVC.

All of our gardening products feature our proprietary technology which allows consumers to garden indoors, year round, with no dirt, no weeds and no green thumb needed. AeroGardens are complete indoor gardening systems with built in, full spectrum grow lights, custom time-release nutrients, auto-feed, water and lighting systems, and "smart garden" consumer alerts for guaranteed success.

Since launching our first product in March 2006 we have sold almost 1 million AeroGardens and have expanded our product line to include multiple gardens with different form factors, price points and consumer benefits.

WITH HUGE MEDIA EXPOSURE AND THE HOLIDAY SEASON APPROACHING, EXPECT AERO INTERNATIONAL INC. (AERO:OTCBB) TO OUTPERFORM THE MARKET AS THEY ARE IN THE BEST POSSIBLE POSITION TO CAPITALIZE ON LARGE PROFITS.

NEAR TERM TARGET: \$0.23

LONG TERM TARGET: \$0.55

AeroGrow also develops, manufactures and markets a variety of consumable products for use in its gardens. These seed kits, lights, nutrients and accessory products provide ongoing, repeat sales to the Company and generate continued engagement and interest from our user base. These repeat sales now account for approximately 35% of corporate revenues.

AeroGrow was founded in July 2002 and became a publicly-traded company on February 24, 2006. AeroGrow is headquartered in Boulder, Colorado and employs approximately 45 people.

RECENT COMPANY PRESS RELEASES

Nov 14, 2011

[AeroGrow Reports Results for Three Months Ended September 30, 2011](#)

Nov 8, 2011

[AeroGrow to Host Conference Call on Monday, November 14, 2011 to Review Quarterly Financial Results](#)

Sep 1, 2011

[AeroGrow Reports Results for Three Months Ended June 30, 2011](#)

Aug 15, 2011

[AeroGrow Reports Results for Quarter and Fiscal Year Ended March 31, 2011](#)

Apr 13, 2011

[AeroGrow to Form Joint Venture to Pursue Multi-Level Marketing Sales of AeroGarden Products](#)

Feb 14, 2011

[AeroGrow Announces Improved Financial Results for the Third Quarter Ended December 31, 2010](#)

INDUSTRY OVERVIEW

The Market that AERO International concentrates in is not only vast but can range from indoor to outdoor, small to large, personal to commercial. The commercial aspect is a very large potential for AERO, however their immediate and primary focus with the Holiday season here is personal indoor garden market which will be the focus of this report.

There are 2 primary technologies related to indoor gardening, the standard pot and soil product which some experts agree that although it may do the job, the quality and efficiency of these systems are quite low and does not meet the higher standard of the general market which has been increasing over the years.

Hydroponics is seen by experts as the elite and high quality indoor gardening method and preferred by many gardeners and herbalist. The concept has been around for years, but technology is continuing advancing and improving with AERO International looking to lead the pack with their AERO Garden proprietary technology.

What is Hydroponics?

Hydroponics is the growing of plants without the use of soil, and most of the time with artificial sunlight. Plants are fed through water that is doctored with nutrients, simulating the normal environment that soil and sunlight provide.

Why Hydroponics?

- ❖ Less disease susceptibility
 - Hydroponics is normally used indoors, many of the pests that infect plants outside are not present. This allows "organic" pesticide-free growth, and none of the plant and yield loss associated with such infections/infestations.
- ❖ Grow in all seasons
 - In many areas of the world, it is not easy to grow outside due to temperature and humidity extremes. Hydroponics provides a stable environment to grow almost any plant.
- ❖ Predictable and rapid growth
 - Because most aspects of a hydroponic garden are controlled, the ability to specifically administer nutrients and types of light at particular times results in plant growth rates and predictable growth patterns that are not possible in traditional gardens.
- ❖ Economics
 - For high-value crops, hydroponics provides a reliable supply of nutrients to plants, in an environment that is controlled, so loss of plants can be minimized.
- ❖ Entertainment
 - Hydroponics makes for an interesting and entertaining hobby.

Market size and potential

The Hydroponics market size and potential is difficult to narrow down due to its infancy in the home/personal market. We can however, estimate the lawn and garden market as a proxy which equates to about a \$24 Billion dollar market in the US and growing at a rate of about 4.5% annually.

COMPANY INFORMATION AND ANALYSIS

The Company & Technology

Growing fresh food and flowers lifts the spirit and nurtures the soul. But for most people, the nurturing ends when winter begins. AeroGrow founder Michael Bissonnette said, "Wouldn't it be great to have fresh herbs, flowers and veggies growing in your home, any time of year?". So he and a group of like-minded innovators married that notion to aeroponics, a highly efficient gardening technology in which plants grow in water, nutrients and air.

After four years, dozens of prototypes, and hundreds of seed evaluations, the AeroGarden was born and today there are over 500,000 enthusiastic AeroGarden customers. Michael is awed by the response. "It's amazing", he says. "We grew some basil, and started a revolution."



What Is An AeroGarden?

AeroGardens are foolproof, dirt-free, indoor gardens—so easy to use that anyone can grow lush, beautiful gardens, all year round. With an AeroGarden, you can grow almost anything, anywhere, anytime, with no dirt, no weeds, and no gardening experience needed. Your success is 100% guaranteed.



"This unit tells you when to water, when to add the nutrients and it couldn't be easier."

- Diane, Columbus, NJ

AeroGardens make gardening simple. They tell you when it's time to add water and nutrients, and even turns grow lights on and off to simulate the sun. AeroGardens ensure fast, healthy plant growth by ensuring perfect amounts of light, water and nutrients, with no dirt, no weeds and no mess.

Great Ways to Use Your AeroGarden

1. Harvest fresh herbs year round for cooking
2. Start seeds indoors and transplant into your outdoor garden
3. Bring life and color to the office
4. Grow fresh flowers year roudn to decorate your home
5. Grow fresh lettuce for salads and sandwiches
6. Bring your garden indoors each fall with cuttings from your favorite plants
7. Purify and freshen the air in your home or office



Management Team



Mike Wolfe

CEO

Mike Wolfe joined AeroGrow in April of 2006 as Vice President of Operations, was promoted to Chief Operating Officer in January 2010, and to Chief Executive Officer on March 31, 2011. Mr. Wolfe has over 20 years of senior level operations experience in the field of consumer products - with particular emphasis in direct marketing, order fulfillment and customer service/telemarketing.

As Chief Operating Officer of Concepts Direct, Inc., Mr. Wolfe oversaw the launch, development and operation of seven independent catalogs (along with associated e-commerce sites) including the highly successful Colorful Images, Snoopy, Etc. and Linda Anderson brands. In addition, he was responsible for a fulfillment operation that managed 15,000+ SKUs and processed over 3 million orders per year. He held this role from the company's inception in 1992 and throughout its rapid growth to sales of over \$80 million in just six years. The company's major catalog assets were later sold to the Taylor Corporation.

Prior to this, Mr. Wolfe served as Vice President of Wiland Services, Inc., a database management company that builds and maintains the databases of many top-flight direct marketing companies, including Sears, Dell Computer, Lillian Vernon and Prudential. Wiland was sold and became a division of EDS in 1992. He has also served as a consultant and as a Board member both to corporations as well as non-profit organizations.

Mr. Wolfe holds a BS degree in Finance and Marketing from the University of Colorado and received his MBA from the University of Denver.



Greg Clarke
CFO

H. MacGregor (Greg) Clarke is a high-performance, hands-on business leader with an exceptional record of achievement, impact and success in senior executive roles at large multinational and middle market companies. Mr. Clarke brings to AeroGrow an extensive background in finance, operations and strategy, as well as consumer product experience, having served as President, CEO and CFO at a number of high-growth companies during his career.

Most recently, Mr. Clarke worked at Ankmar, LLC, a private equity-owned, nationwide garage door manufacturer, distributor and installer, first as CFO and later as CEO, where he successfully restructured the company's operations and managed the sale of Ankmar to strategic buyers.

Prior to Ankmar, Mr. Clarke served as Vice President and General Manager at Johns Manville Corporation, a \$2.2 billion building materials subsidiary of Berkshire Hathaway Inc., where he was responsible for all operations and financial performance for the Building Insulation Division. Previously, Mr. Clarke served as Vice President, Corporate Treasurer and International Division CFO at The Coleman Company, Inc., a \$1.3 billion NYSE-listed recreation products company, where he served during a period of substantial top-line growth. Mr. Clarke also worked for nine years at PepsiCo, Inc., most recently as Director, Corporate Strategic Planning, where he led strategy and planning for the worldwide beverage sector.

Mr. Clarke holds an MBA in Finance from Columbia University Graduate School of Business and a BA in Economics from Amherst College.



John Thompson
VP Sales and Marketing

John Thompson helped found AeroGrow in July 2002 and was promoted to Senior Vice President, Sales and Marketing in January 2010. Mr. Thompson was involved in all aspects of fund raising, product development, marketing and sales in the early days of the company. Mr. Thompson brings AeroGrow over 20 years of experience in management, direct marketing, sales management and advertising.

Prior to AeroGrow, Mr. Thompson was a Director of Marketing for Productivity Point International (PPI), a \$150 million dollar a year direct marketing and direct sales company in the consumer and business training industry.

Prior to PPI, Mr. Thompson was Sales and Marketing Manager for CareerTrack, a local, high profile, direct marketing company with \$80 million in revenues, known for using innovative direct mail and telesales methods to sell personal and professional growth products to the consumer and business markets. For ten years Mr. Thompson was a key player, holding senior management positions in sales and marketing during CareerTrack's high growth years, when the company skyrocketed from \$40 to \$80 million dollars in sales in just 4 years.

In addition, Mr. Thompson was the founder and President of Innovative Marketing Solutions, a marketing consulting agency to entrepreneurial and high-tech companies.

Media and other:

<http://www.aerogrow.com/retailresource/mediaresource/broadcast-clips.php>

<http://www.aerogrow.com/retailresource/mediaresource/awards.php>

<http://www.aerogrow.com/retailresource/mediaresource/halloffame.php>

<http://www.aerogrow.com/retailresource/mediaresource/WomansWorld2009.php>

http://www.aerogrow.com/video/video_en_flash.php?clickname=Investor:%20Enthusiasm%20Video%20Button

http://www.youtube.com/watch?feature=player_detailpage&v=EebeNRZNsdC

http://www.youtube.com/watch?feature=player_detailpage&v=TfYJq_8a-l



PRICE PERFORMANCE AND CHART HISTORY**Share Structure****Shares Outstanding:** 19,244,160 a/o Nov 14, 2011**Float:** 13,350,000 May 01, 2009**Website:** <http://www.aerogrow.com/>**AERO Fri. Dec 2nd, 2011. Close: \$0.05****Near Term Target: \$0.23****Long Term Target: \$0.55****Consensus: Strong Buy****Aerogrow Intl Inc (AERO)****+ PORTFOLIO**

0.0500 ▲ +0.0120 (+31.58%) HELP			
Stock Price Quote as of Friday, Dec 2nd, 2011 (PINKSHEETS)			
High	0.0550	Low	0.0375
52Wk High	0.1000	52Wk Low	0.0100
Open	0.0375	Prev Close	0.0380
Volume	758271	Avg Volume	311350
EPS	-0.8600	Div & Yield	N/A
P/E Ratio	0.0000	Market Cap	\$667.50 K
Weighted Alpha	-60.55	Standard Dev	+0.93
» View Detailed Quote			

**Barchart Opinion**[» View Opinion](#)**Strong Buy**

Buy

Hold

Sell

Strong Sell

Support & Resistance[» Get Cheat Sheet](#)2nd Resistance Point **0.0650**1st Resistance Point **0.0575**Last Price **0.0500**1st Support Level **0.0400**2nd Support Level **0.0300**

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(Xtremepicks.com November 28th, 2011)- Aero International Inc (AERO) – Money does grow on trees with our next Monster Alert!

AERO is quickly becoming a household name with numerous features on high profile TV shows like:



With exposure like this, and the holiday season approaching, expect AERO to go mental as they are in the best possible position to capitalize for mega profits.

AERO recently broadcasted their Q3 results showing a major improvement in the overall bottom line. [AeroGrow Reports Results for Three Months Ended September 30, 2011](#)

AERO, is ready to breakout big time, **and with just 13 million shares in the float** this can get really crazy.

AERO is a solid bottom bounce play as the company discussed a huge improvement in sales and underlying cost structure as they move production south of the border – Key Highlights from the financial results shows that **AERO is right on track to a significant turnaround that can make this company into a multi-million dollar business.**

- **Gross margin improved to 50.7%**
- **Total revenue increased 8.5% year-over-year**
- **Overhead expense was reduced 37% year-over-year, and was down 67% from the same quarter two years ago**

With numbers like these, now is the time to take advantage of the extremely undervalue prices of AERO – this is definitely a 1,000%+ potential gainer!

“During the quarter ended September 30th, our turnaround efforts yielded tangible, bottom line results,” said Mike Wolfe, CEO of AeroGrow.



A perfect Holiday gift, plus a potential to make HUGE profits

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