

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

PUMPKIN PATCH LLC,¹

Debtor.

)
) Chapter 11

)
) Case No. 09-12200 (BLS)

**DEBTOR'S MOTION FOR ORDER UNDER BANKRUPTCY CODE
SECTIONS 105, 363(b), 507(a), 541, 1107(a) AND 1108, AUTHORIZING,
BUT NOT DIRECTING, DEBTOR, INTER ALIA, TO PAY PREPETITION
WAGES, COMPENSATION, AND EMPLOYEE BENEFITS**

Pumpkin Patch LLC, the debtor and debtor in possession in the above-captioned case (the “Debtor”) hereby moves this Court (the “Motion”) for entry of an order, under sections 105, 363(b), 507(a), 541, 1107(a), and 1108 of title 11 of the United States Code (the “Bankruptcy Code”), (a) authorizing, but not directing, the Debtor to pay prepetition wages, salaries and employee benefits; (b) authorizing, but not directing, the Debtor to continue the maintenance of all employee benefit programs in the ordinary course; and (c) directing all banks to honor prepetition checks for payment of prepetition employee obligations. In support of the Motion, the Debtor relies upon and incorporates by reference the declaration filed in support of the Debtor’s chapter 11 petition and various first day applications and motions (the “Declaration”), filed with the Court concurrently herewith. In further support of the Motion, the Debtor, by and through its undersigned counsel, respectfully represents:

¹ The last four digits of Pumpkin Patch LLC’s federal tax identification number are 4007. The mailing address for Pumpkin Patch LLC is 951 Mariners Island Boulevard, Suite 650, San Mateo, CA 94404.

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are Bankruptcy Code sections 105, 363(b), 507(a), 541, 1107(a), and 1108.

BACKGROUND

3. On the date hereof (the "Petition Date"), the Debtor filed a voluntary petition in this Court for relief under chapter 11 of the Bankruptcy Code. The factual background regarding the Debtor, including its business operations, its capital and debt structure, and the events leading to the filing of this bankruptcy case, is set forth in detail in the Declaration, filed concurrently herewith and fully incorporated herein by reference.²

4. The Debtor continues to manage and operate its business as a debtor in possession under Bankruptcy Code sections 1107 and 1108.

RELIEF REQUESTED

5. By this Motion, the Debtor requests that this Court enter an order, under Bankruptcy Code sections 105, 363(b), 507(a), 541, 1107(a), and 1108: (i) authorizing, but not directing, the Debtor to: (a) pay and/or perform, as applicable, prepetition obligations to current employees and independent contractors (collectively, the "Employees"), including accrued prepetition wages, salaries, and other cash and non-cash compensation claims (collectively, the "Employee Wage Claims"); (b) continue the Debtor's various non-working day policies, employee benefit plans and programs (and to pay all fees and costs in connection therewith,

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Declaration.

including those that arose prepetition) (collectively, the “Employee Benefit Obligations”), the most significant of which are described in the Exhibits to this Motion; (c) reimburse Employees for prepetition expenses Employees have incurred on behalf of the Debtor in the ordinary course of business (the “Employee Expense Obligations”); (d) continue to pay and/or contest in good faith, all amounts related to workers’ compensation claims that arose prepetition (the “Workers’ Compensation Obligations”) (e) pay all related prepetition withholdings and payroll-related taxes (the “Employer Taxes” and, with the Employee Wage Claims, the Employee Benefit Obligations the Employee Expense Obligations and the Workers’ Compensation Obligations, collectively, the “Prepetition Employee Obligations”) associated with the Employee Wage Claims and the Employee Benefit Obligations; (ii) authorizing and directing the Debtor’s banks to receive, process, honor and pay all of the Debtor’s prepetition checks and fund transfers on account of any of the Prepetition Employee Obligations; (iii) prohibiting the Debtor’s banks from placing any holds on, or attempting to reverse, any automatic transfers to any account of an Employee or other party for the Prepetition Employee Obligations and (iv) authorizing the Debtor to issue new postpetition checks or effect new postpetition fund transfers on account of the Prepetition Employee Obligations to replace any prepetition checks or fund transfer requests that may be dishonored or rejected.

BASIS FOR RELIEF

A. Wages and Salaries

6. The Employees perform a variety of critical functions. The Employees’ skills, knowledge and understanding of the Debtor’s infrastructure, operations and customer relations are essential to the effective reorganization of the Debtor’s business. A description of the Debtor’s Employees’ wages and salaries is attached as Exhibit A. By this Motion, the Debtor seeks to pay the outstanding amounts owed as of the Petition Date for accrued and unpaid wages

and salaries, including amounts that the Debtor is required by law to withhold from Employee payroll checks in respect of federal, state and local income taxes, garnishment contributions, social security and Medicare taxes.

B. Other Compensation: Vacation, Personal, Sick Time, and Business Expenses

7. The Debtor offers its Employees other forms of compensation, including vacation time, overtime pay, paid holidays, other earned time off, and reimbursement of certain business expenses. A description of these other forms of compensation is attached as Exhibit B. These forms of compensation are usual, customary, and necessary if the Debtor is to retain qualified employees to operate its business.

8. **Vacation, Holiday and Paid Time-Off.** Employees are eligible to accrue paid vacation, sick days, holidays, and personal days after certain periods of employments. By this Motion, the Debtor seeks authority to honor in the ordinary course of business all liabilities to its Employees, including those liabilities that arose under the Debtor's vacation, holiday and other time-off policies or practices existing prior to the Petition Date. The Debtor anticipates that its Employees will utilize any accrued Vacation Time, as defined in Exhibit B, or paid time-off in the ordinary course of business without resulting in any material cash flow requirements beyond the Debtor's normal payroll obligations. Use of Employee Vacation Time or paid time-off remains subject to ordinary course restrictions.

9. **Expense Reimbursement.** The Debtor routinely reimburses Employees for certain expenses incurred within the scope of their employment, including expenses for travel, lodging, professional seminars and conventions, ground transportation, meals, supplies and miscellaneous business expenses (collectively, the "Business Expenses"). The Debtor also provides certain Employees with reimbursement for reasonable relocation expenses to spur desirable candidates to accept positions and to compensate key existing Employees who are

asked to relocate (the “Relocation Expenses” and, together with the Business Expenses, the “Reimbursable Expenses”).

10. Certain Employees have not yet been reimbursed for Reimbursable Expenses previously incurred. The Debtor estimates that there are approximately \$2,000 in pre-petition Reimbursable Expenses which have not been paid to Employees. The Debtor needs to be authorized to reimburse all such expenses as and when reports are submitted by Employees. By this Motion, the Debtor therefore seeks authority to pay all prepetition Reimbursable Expenses in the ordinary course of business.

11. The Debtor also incurs expenses related to certain Employees’ car travel, including lease payments. By this Motion the Debtor seeks authority to pay all prepetition Car Payments (as defined in Exhibit B) in the ordinary course of business.

C. Employee Benefit Plans

12. The Debtor provides a number of Employees and their dependants with certain employee benefit plans, including the Medical Plan, the Dental Plan, the Vision Plan, short-term and long-term disability, and the Life and Accidental Death and Dismemberment Insurance (collectively, the “Employee Benefit Plans”), each as defined and described in the attached Exhibit C. By this Motion, the Debtor seeks authority to remit all amounts owed under the Employee Benefit Plans in the ordinary course of business.

D. Savings and Retirement Plans

13. The Debtor offers certain Employees a savings and retirement plan through which they can accumulate savings for their future. A description of the savings and retirement plan is attached as Exhibit D. By this Motion, the Debtor seeks authority to remit all amounts that are related to the 401(k) Plan, as defined in Exhibit D that arose prior to the Petition Date in the ordinary course of the Debtor’s business.

E. Workers' Compensation

14. The Debtor provides workers' compensation benefits to all Employees. These benefits are described in the attached Exhibit E. Failure to maintain this insurance in the various states in which the Debtor does business could result in administrative or legal proceedings against the Debtor and its officers and directors. By this Motion, the Debtor seeks authority to continue paying and/or contesting in good faith, as appropriate in the Debtor's business judgment, all amounts related to workers' compensation claims that arose prior to the Petition Date, as they become due in the ordinary course of the Debtor's business.

F. Other Benefits

15. The Debtor offers certain benefit programs to various groups of Employees, including, but not limited to, tuition reimbursement and store discounts. The Debtor believes that these programs maintain Employee morale and help retain the Debtor's workforce. The Debtor has not reimbursed any tuition expenses incurred by its employees for fiscal year 2009. However, discontinuing such programs would have an adverse affect on the Debtor's Employees. By this Motion, the Debtor requests authority to continue such programs in its sole discretion and make payments under such programs in the ordinary course.

G. Social Security, Income Taxes and Other Withholding

16. The Debtor routinely withholds from Employee paychecks amounts that the Debtor is required to transmit to third parties. Examples of such withholding include social security, FICA, federal and state income taxes, garnishments, and health care payments. The Debtor believes that such withheld funds, to the extent that they remain in the Debtor's possession, constitute moneys held in trust and therefore are not property of the Debtor's bankruptcy estate. Thus, the Debtor believes that it has authority to direct such funds to the appropriate parties in the ordinary course of business.

H. Direction to Banks

17. Finally, the Debtor seeks an order authorizing and directing all banks to receive, process, honor, and pay any and all checks drawn on the Debtor's payroll and general disbursement accounts related to Prepetition Employee Obligations, whether presented before or after the Petition Date, provided that sufficient funds are on deposit in the applicable accounts to cover such payments.

APPLICABLE AUTHORITY

A. The Proposed Payments Are Accorded Priority Under Bankruptcy Code Section 507

18. Bankruptcy Code sections 507(a)(4) and 507(a)(5) require that certain claims for prepetition wages, salaries, vacation, sick leave and employee benefit contributions be accorded priority in payment in an amount not to exceed \$10,950 for each employee. All of the Debtor's Employees are owed amounts under the \$10,950 cap of sections 507(a)(4) and 507(a)(5). Accordingly, granting the relief requested will not adversely affect the Debtor's other unsecured creditors.

B. The Proposed Payments Are Appropriate Under Bankruptcy Code Section 363

19. Under Bankruptcy Code section 363, a bankruptcy court is empowered to authorize a chapter 11 debtor to expend funds in the bankruptcy court's discretion outside the ordinary course of business. See 11 U.S.C. § 363. In order to obtain approval for the use of estate assets outside the ordinary course of business, the debtor must articulate a valid business justification for the requested use. See In re Ionosphere Clubs, Inc., 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989). Payment of prepetition wage and salary claims in order to preserve and protect a debtor's business by retaining its currently working employees and maintain positive employee morale, even if such payment were deemed to be outside the ordinary course of business, is a

sufficient business justification for such an authorization. See id. at 175. Accordingly, this Court should grant the requested relief under Bankruptcy Code section 363.

C. The Payment Of The Prepetition Employee Obligations Is Appropriate Under Bankruptcy Code Sections 507 And 541

20. The payment of the employee contribution component of the Employer Taxes and 401(k) Plan or payment of garnished wages will not prejudice the Debtor's estate because such withholdings are held in trust for the benefit of the related payees and, thus, do not constitute property of the Debtor's estate under Bankruptcy Code section 541. See Begier v. IRS, 496 U.S. 53 (1990). Moreover, payments which are critical to the retention and morale of the Debtor's workforce actually add value to the estates because an unplanned reduction in Employee retention or productivity could have disastrous effects on recoveries to unsecured creditors.

D. The Payment Of The Prepetition Employee Obligations Is Appropriate Under Bankruptcy Code Sections 1107(a) And 1108

21. The Debtor, operating its business as a debtor in possession under Bankruptcy Code sections 1107(a) and 1108, is a fiduciary "holding the bankruptcy estate[s] and operating the business[es] for the benefit of [their] creditors and (if the value justifies) equity owners." In re CoServ, L.L.C., 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). Implicit in the duties of a chapter 11 debtor in possession is the duty "to protect and preserve the estate, including an operating business's going-concern value." Id.

22. Courts have noted that there are instances in which a debtor in possession can fulfill its fiduciary duty "only ... by the preplan satisfaction of a prepetition claim." Id. The CoServ court specifically noted that preplan satisfaction of prepetition claims would be a valid exercise of a debtor's fiduciary duty when the payment "is the only means to effect a substantial enhancement of the estate." Id. at 498. The court provided a three-pronged test for determining

whether a preplan payment on account of a prepetition claim was a valid exercise of a debtor's fiduciary duty:

First, it must be critical that the debtor deal with the claimant. Second, unless it deals with the claimant, the debtor risks the probability of harm, or, alternatively, loss of economic advantage to the estate or the debtor's going concern value, which is disproportionate to the amount of the claimant's prepetition claim. Third, there is no practical or legal alternative by which the debtor can deal with the claimant other than by payment of the claim.

Id. at 498.

23. Payment of the Prepetition Employee Obligations meets each element of the CoServ court's standard. As described above, the Employees likely maintain priority claims against the Debtor for the Prepetition Employee Obligations. In addition, any failure by the Debtor to pay the Prepetition Employee Obligations would negatively impact the morale of the Debtor's Employees at a critical time for the Debtor and its business. In short, the potential harm and economic disadvantage that would stem from the failure to pay the Prepetition Employee Obligations is grossly disproportionate to the amount of any prepetition claim that may be paid.

24. With respect to the Employees, the Debtor has examined other options short of payment of the Prepetition Employee Obligations and has determined that to avoid significant disruption of the Debtor's business operations there exists no practical or legal alternative to payment of such obligations. Therefore, the Debtor can only meet its fiduciary duties as a debtor in possession under Bankruptcy Code sections 1107(a) and 1108 by payment of the Prepetition Employee Obligations.

E. The Payment Of The Prepetition Employee Obligations Should Be Authorized Under Bankruptcy Code Section 105 And The Doctrine Of Necessity

25. The proposed payments of the Prepetition Employee Obligations should be authorized under Bankruptcy Code section 105 and under the "doctrine of necessity." Bankruptcy Code section 105 authorizes this Court "to issue any order ... necessary or

appropriate to carry out the provisions” of the Bankruptcy Code. 11 U.S.C. § 105. For the reasons set forth herein, and in light of the critical need for the Debtor to preserve the going concern value of its business in order to effect a successful reorganization through, among other things, preservation of the Debtor’s workforce and its morale, payment of the wages and benefits as requested herein is proper in accordance with Bankruptcy Code section 105.

26. Payment of the Prepetition Employee Obligations is further supported by the doctrine of necessity. This doctrine “recognizes the existence of the judicial power to authorize a debtor in a reorganization case to pay pre-petition claims where such payment is essential to the continued operation of the debtor.” In re Ionosphere Clubs, Inc., 98 B.R. at 176 (Bankr. S.D.N.Y. 1989); see also In re Just for Feet, Inc., 242 B.R. 821, 826 (D. Del. 1999) (stating that where the debtor “cannot survive” absent payment of certain prepetition claims, the doctrine of necessity should be invoked to permit payment);³ In re NVR L.P., 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) (“[T]he court can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor.”); In re Eagle-Picher Indus., Inc., 124 B.R. 1021, 1023 (Bankr. S.D. Ohio 1991) (“[T]o justify payment of a pre-petition unsecured creditor, a debtor must show that the payment is necessary to avert a serious threat to the Chapter 11 process.”).

³ The Court’s power to utilize the doctrine of necessity in Chapter 11 cases derives from the Court’s inherent equity powers and its statutory authority to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). The United States Supreme Court first articulated the doctrine of necessity over a century ago, in Miltenberger v. Logansport, C & S.W. R. Co., 106 U.S. 286 (1882), in affirming the authorization by the lower court of the use of receivership funds to pay pre-receivership debts owed to employees, vendors and suppliers, among others, when such payments were necessary to preserve the receivership property and the integrity of the business in receivership. See id. at 309-14. The modern application of the doctrine of necessity is largely unchanged from the Court’s reasoning in Miltenberger. See In re Lehigh & New Eng. Ry., 657 F.2d 570, 581-82 (3d Cir. 1981) (“[I]n order to justify payment under the ‘necessity of payment’ rule, a real and immediate threat must exist that failure to pay will place the [debtor’s] continued operation ... in serious jeopardy.”).

27. The doctrine of necessity is a widely accepted component of modern bankruptcy jurisprudence. See Just For Feet, 242 B.R. at 826 (approving payment of key inventory suppliers' prepetition claims when such suppliers could destroy debtor's business by refusing to deliver new inventory on eve of debtor's key sales season); In re Payless Cashways., Inc., 268 B.R. 543, 546-47 (Bankr. W.D. Mo. 2001) (authorizing payment of critical prepetition suppliers' claims when such suppliers agree to provide postpetition trade credit); see also In re Ionosphere Clubs, Inc., 98 B.R. at 175.

28. Similarly, Bankruptcy Rule 6003 provides that the relief requested in this Motion may be granted if the "relief is necessary to avoid immediate and irreparable harm." Fed. R. Bankr. P. 6003. Although there has not yet been a published decision in the Third Circuit interpreting Bankruptcy Rule 6003, it has interpreted the language "immediate and irreparable harm" in the context of preliminary injunctions. In that context, the court instructed that irreparable harm "is a continuing harm which cannot be adequately redressed by final relief on the merits' and for which 'money damages cannot provide adequate compensation.'" See e.g., Norfolk S. Ry. Co. v. City of Pittsburgh, 235 Fed. Appx. 907, 910 (3d Cir. 2007) (citing references omitted). The Debtor submits that for the reasons already set forth herein, the relief requested in this Motion is necessary to avoid immediate and irreparable harm.

29. Accordingly, the Court should allow the payment of the Prepetition Employee Obligations as requested herein.

30. Courts have routinely granted to large business debtors the same or substantially similar relief to that requested in this Motion. See, e.g., In re Tweeter Home Entm't. Group, Inc., et al. Case No. 07-10787 (PJW) (Bankr. D. Del. Jun. 12, 2007); In re Radnor Holdings Corp., Case No. 06-10894 (PJW) (Bankr. D. Del. Aug. 23, 2006); In re Werner Holding Co. (DE), Inc.,

Case No. 06-10578 (KJC) (Bankr. D. Del. June 13, 2006); In re Russell-Stanley Holdings, Inc.,
Case No. 05-12339 (PJW) (Bankr. D. Del. Aug. 22, 2005).

31. As a precaution, the proposed Order provides that the relief granted therein shall not constitute or be deemed an assumption of any of the employment and service agreements to which the Debtor is a party or any of the Debtor's employee benefit policies, plans, programs, practices and procedures under Bankruptcy Code section 365(a).

32. Accordingly, for all of the foregoing reasons, the Debtor submits that cause exists for granting the relief requested herein.

33. The Debtor requests that the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 10 days after entry of the order, unless the court orders otherwise." As described above, the relief that the Debtor seeks in this Motion is immediately necessary in order for the Debtor to be able to continue to operate its business and preserve value for its estate. The Debtor respectfully requests that the Court waive the ten-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

NOTICE

34. Notice of this Motion has been provided by facsimile, electronic transmission, overnight delivery, or hand delivery to: (i) the United States Trustee for the District of Delaware; and (ii) the parties included on the Debtor's list of twenty (20) largest unsecured creditors. The Debtor submits that, under the circumstances, no other or further notice is necessary.

NO PRIOR REQUEST

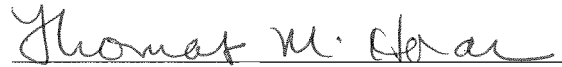
35. No prior request for the relief requested herein has been made to this or any other Court.

CONCLUSION

WHEREFORE, the Debtor respectfully requests this Court enter an order, substantially in the form annexed hereto, granting the relief requested in this Motion and such other and further relief as may be just and proper.

Dated: June 29, 2009

**WOMBLE CARLYLE SANDRIDGE
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*Proposed Counsel for the Debtor and
Debtor-in-Possession*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
PUMPKIN PATCH LLC, ¹)	Case No. 09-12200 (BLS)
)	
Debtor.)	Re: D.I. _____
)	

**ORDER UNDER BANKRUPTCY CODE SECTIONS 105, 363(b),
507(a), 541, 1107(a), AND 1108, AUTHORIZING DEBTOR, INTER ALIA, TO PAY
PREPETITION WAGES, COMPENSATION, AND EMPLOYEE BENEFITS**

Upon the motion (the “Motion”)² of the Debtor for an order, under Bankruptcy Code sections 105, 363(b), 507(a), 541, 1107(a), and 1108 authorizing, but not directing, the Debtor, inter alia, to pay prepetition wages, compensation and employee benefits as set forth therein; and upon the Declaration; and due and sufficient notice of the Motion having been given under the particular circumstances; and it appearing that no other or further notice need be provided; and it appearing that the relief requested by the Motion is in the best interests of the Debtor, its estate, its creditors, and other parties in interest; and after due deliberation thereon and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED that:

1. The Motion is GRANTED as set forth in this Order.
2. The Debtor shall be and hereby is authorized to pay (including to any third parties that provide or aid in the monitoring, processing or administration of the Prepetition Employee Obligations), in its sole discretion, the Employee Obligations, including but not limited to

¹ The last four digits of Pumpkin Patch LLC’s federal tax identification number are 4007. The mailing address for Pumpkin Patch LLC is 951 Mariners Island Boulevard, Suite 650, San Mateo, CA 94404.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

Employee Wage Claims, notwithstanding the limit set forth in 11 U.S.C. § 507(a)(4), Employee Benefit Obligations, up to the limit set forth in 11 U.S.C. § 507(a)(5), Employee Expense Obligations, Worker's Compensation Obligations, and Employer Taxes, as and when such obligations are due, upon entry of this order.

3. The Debtor shall be and hereby is authorized, in its sole discretion, to honor and continue its Employee Benefit Obligations that were in effect as of the Petition Date; provided, however, that such relief shall not constitute or be deemed an assumption or an authorization to assume any of such Employee Benefit Obligations, including, policies, plans, programs, practices, and procedures, under Bankruptcy Code section 365(a).

4. The Debtor's banks shall be and hereby are authorized to receive, process, honor and pay all pre- and postpetition checks and fund transfers on account of the Employee Obligations that had not been honored and paid as of the Petition Date, provided that sufficient funds are on deposit in the applicable accounts to cover such payments.

5. The Debtor's banks shall be and hereby are prohibited from placing any holds on, or attempting to reverse, any automatic transfers to any account of an Employee or other party for Employee Obligations, provided that sufficient funds are on deposit in the applicable accounts to cover such transfers.

6. The Debtor's shall be and hereby are authorized to issue new postpetition checks or effect new postpetition fund transfers on account of the Employee Obligations to replace any prepetition checks or fund transfer requests that may be dishonored or rejected.

7. The Debtor may pay any and all withholding, including social security, FICA, federal and state income taxes, garnishments, health care payments, retirement fund withholding and other types of withholding, whether these relate to the period prior to the date of the Debtor's

chapter 11 filing or subsequent thereto. Any party receiving payment from the Debtor is authorized and directed to rely upon the representations of the Debtor as to which payments are authorized by this order.

8. Nothing in the Motion or this Order or the relief granted (including any actions taken or payments made by the Debtor pursuant to the relief) shall (a) be construed as a request for authority to assume any executory contract under 11 U.S.C. § 365; (b) waive, affect or impair any of the Debtor's rights, claims or defenses, including, but not limited to, those arising from Bankruptcy Code section 365, other applicable law and any agreement; (c) grant third-party beneficiary status or bestow any additional rights on any third party; or (d) be otherwise enforceable by any third party.

9. Authorizations given to the Debtor in this Order empower but do not direct the Debtor to effectuate the payments specified herein, said Debtor retaining the business judgment to make or not make said payments, and in all instances subject to the condition that funds are available to effect any payment and in no event shall any person (Debtor, officer, director or otherwise) be personally liable for any amounts authorized for payment herein but not paid. This paragraph 9 does not apply to the payment of trust fund taxes.

10. Notwithstanding Bankruptcy Rule 6004(h), this Order shall be effective and enforceable immediately upon entry hereof.

11. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

Dated: Wilmington, Delaware

_____, 2009

The Honorable Brendan Linehan Shannon
United States Bankruptcy Judge

Pumpkin Patch



United States Employee Handbook

May 2009

Please note: This manual is a live document which may be changed from time to time in accordance with company requirements and in relation to US legislative issues. For legislative purposes the word 'handbook' is used in place of policies and procedures.

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Welcome to “the Patch!”

We are pleased that you have chosen to join Pumpkin Patch LLC. This U.S. Employee Handbook is intended to answer questions commonly asked by employees about their employment. It describes, in general terms, some of our employment guidelines, including those relating to policies, benefits, and work rules. We hope that it will serve as a useful reference document for employees throughout their employment at Pumpkin Patch. Please read it carefully.

To obtain information regarding specific employment policies or procedures, whether or not they are referred to in this handbook, employees should feel free to contact their manager and/or the Vice President – USA Operations.

Because Pumpkin Patch is a growing and changing organization, it reserves full discretion to add to, modify, or delete provisions of this Employee Handbook, or the policies and procedures on which they may be based, at any time without advance notice except that the at will employment relationship can only be changed in a written agreement signed by both the employee and the Vice President – USA Operations. No individual other than the Vice President – USA Operations has the authority to enter into any employment or other agreement that modifies company policy. Any such modification must be in writing and signed by the employee and the Vice President – USA Operations. For this reason, we urge employees to check with the Vice President – USA Operations to obtain current information regarding the status of any particular policy, procedure, or practice. Additional policies and procedures can be found in the Retail Standard Operating Procedures (SOP) manual in each store.

This handbook is the property of Pumpkin Patch, and is intended for personal use and reference by employees of Pumpkin Patch. It is to be read in conjunction with the Company Guidelines available on the intranet. Circulation of this handbook outside of Pumpkin Patch requires the prior written approval of the Vice President – USA Operations.

Employees should sign the acknowledgment forms at the back of this handbook, tear one out, and return it to the Human Resource department. This will provide Pumpkin Patch with a record that each employee has received and read the handbook.

Maurice Prendergast
CEO

Joann Ryan
Vice President – USA Operations

Hello all

The Patch is a well established and leading children's fashion brand which has enjoyed dressing generations of kids. We opened our first store in New Zealand in 1990 (after being a successful mail order catalogue), and haven't slowed down since. We now have over 200 one-stop kidswear stores across Australasia and the UK, and are still growing with our first stores in the United States opening in Fall 2005. The Patch also sells in high profile department stores in Ireland, Australia and the United States. The Pumpkin Patch collection is also widely available in the Middle East.

This sort of growth didn't just happen overnight, and it certainly doesn't happen unless you've got something special to offer that families demand. We feel Pumpkin Patch is exactly that, something special and we're passionate about it and so are our loyal customers. We place strong emphasis on innovative design that is affordable, every parent's dream. With every collection created, we ensure our garments are made from quality fabrics in fantastic styles, never forgetting about function. Our customers love the design features unique to the Patch.

This design philosophy encompasses the entire collection – from baby wear to children's wear, accessories, rainwear, footwear and maternity wear.

Designed in New Zealand, garments are manufactured in New Zealand and offshore by our suppliers. Once the range is in our New Zealand warehouse it is distributed globally.

Our people bring together a wealth of experience and knowledge. We are passionate about children's wear and are committed to meeting and exceeding customer's expectations of superior quality and service – innovative merchandise that represents value for money.

Currently Pumpkin Patch employs some 2180 people globally; 800 in New Zealand; 1,160 in Australia, 220 in the United Kingdom and over 500 in the USA. The Head Office and Warehouse which supports the global operation is located in East Tamaki, New Zealand. It is the Company's desire to continue to support the global operation from New Zealand. This requires people with well developed skills and experience in Design, IT, Logistics, Global Markets, Retail and Wholesale.

Throughout the business there is a culture of superior service and quality that influences all decision making. Our philosophy of integrity within our team, within supplier relationships and towards our customers, creates a platform of trust and commitment.

Pumpkin Patch, welcome aboard and let the fun begin!

STANDARDS OF BUSINESS CONDUCT

Summary

Ensure that at all times you take Pumpkin Patch's ethical standards into consideration. That you are mindful of our company secrets and do not do anything, which could bring the company into disrepute.

Policy

The conditions detailed in the Pumpkin Patch Standards of Business Conduct must be adhered to globally. However, the conditions will be read subject to the laws of each location. Where any conflict exists, the law will take precedence.

Ethical Standards

Pumpkin Patch is committed to ethical conduct and compliance with the law. Ensuring that each employee takes responsibility for his or her actions and the affect they may have on the Company, his/her colleagues and the surrounding environment is a key component of this commitment.

It is expected that all Pumpkin Patch employees conduct business in a manner which displays the highest standards of ethical behavior, including the following:

- Respect and courtesy for each individual;
- Confidentiality in matters relating to business and work relationships;
- Fair, honest and equitable dealings with employees and business associates;
- Professional and intellectual integrity; and
- Judicious use of company time and resources.

Accurate and Complete Records

Pumpkin Patch and its employees are subject to the Foreign Corrupt Practices Act of 1977 (the "FCPA"). Our policy is strict compliance with the provisions of the FCPA, which established certain accounting requirements and prohibits the bribery of foreign government officials.

Under the FCPA, the Company is subject to two interrelated accounting requirements. The first requires that we maintain accurate and complete Corporate records that reflect transactions between the Company and outside individuals and organizations. The recording of these transactions must be promptly and accurately entered in our books in accordance with generally accepted accounting principles and practices.

The second mandates that the Company devises and maintains a system of internal accounting controls sufficient to provide reasonable assurances that the Company's recordkeeping and accounting objectives will be attained.

The FCPA also requires that nothing of value be given directly to or indirectly to foreign government officials, foreign political parties, candidates for foreign political office, or any person where the purpose is to obtain special treatment from a foreign government or official, even if that person requires the payment.

No one should rationalize or even consider misrepresenting facts or falsifying records. It is

illegal, will not be tolerated, and will result in disciplinary action.

Product Safety

Pumpkin Patch is responsible for complying with all laws pertaining to product safety. Non-compliance with legislation in the product safety field may result in monetary penalty, costly administrative attention and litigation, and negative publicity.

Two federal laws cover most of the products sold by Pumpkin Patch: They are The Consumer Product Safety Act and The Federal Food, Drug and Cosmetic Act.

The Consumer Product Safety Act focuses on improving the safety of products manufactured for use by our customers in their homes, schools or recreation. The act promotes both mandatory and voluntary product safety standards and prohibits retailers, manufacturers and distributors from exporting products that do not meet the established product safety standards or which create unreasonable risk of serious injury or death.

The Federal Food, Drug and Cosmetic Act cover any food, drug, medical device or cosmetic that is adulterated or misbranded. Adulterated products are products that are defective, dangerous, impure or produced under unsanitary conditions. Misbranded products are products whose labels fail to contain required information or which contain false or misleading information.

Pumpkin Patch sells only products that are safe for their intended use and that satisfy applicable regulatory standards.

Business with Relatives

This guideline does not prohibit an employee from using his/her efforts to cause Pumpkin Patch to do business with a friend or relative or their business enterprises, provided that the proposal is in the best interest of Pumpkin Patch and:

- The employee has no significant financial interest in the business of the friend or relative;
- The employee does not receive a bonus, commission or other item of significant value from the friend or relative in connection with the business transaction.
- The employee notifies his/her manager prior to any transaction.

Competition Law Compliance

In the case of information that is price sensitive in respect of Pumpkin Patch, employees may not release any information. The crucial issue in determining if any information is price sensitive is whether it is of sufficient significance as to be likely to affect Pumpkin Patch's profit.

Confidentiality of Information

Employees must not, during the term of employment or thereafter, use for his/her own purposes, retain on his/her personal premises or disclose to any other person, trade secrets or confidential commercial information relating to Pumpkin Patch.

Proprietary Information

Pumpkin Patch employees must take every precaution not to share or reveal proprietary information with outsiders. Proprietary information must be stored in a locked room, desk, or file cabinet. Proprietary information may not be taken away from the office without permission from the Vice President – USA Operations.

Intellectual Property

Trademarks, including logos, must always be used exactly as they are registered or, in the case of non-registered marks, as established by custom of the Company.

Unauthorized use by other companies or individuals of marks or intellectual property in which the company has established rights will be vigorously prosecuted.

Unauthorized use of intellectual property in which other companies or individuals have protected rights is to be carefully avoided. Inventions, discoveries, ideas, concepts, works of authorship, including software and trade secrets created during the employment relationship—or which arise out of the employee's work or are created using company time, materials or assets—are owned by the Company. The employee will cooperate with the Company in documenting the Company's ownership of all such intellectual property.

Insider Trading

The Insider Trading Guidelines are applicable to directors and employees of Pumpkin Patch who are likely to have knowledge of, or access to, inside information. Pumpkin Patch is listed on the New Zealand Stock Exchange. You must always be alert to and comply with the securities laws and regulations governing this, including complying with the Securities and Exchange Commission (SEC) regulations for the United States. Please refer to Guideline 23 of the Company Guidelines available on the intranet.

There are no exceptions to this policy and its violation may result in serious criminal and civil penalties, in addition to disciplinary actions by the Company.

Disclosure and Communication

Pumpkin Patch will adhere to, advocate, and promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the Security and Exchange Commission (SEC), and other public communications made by the Company.

No employee may communicate with investors, financial analysts or the press, with the exception of the Executive Chairman or the Managing Director. If you receive any inquiries from shareholders, potential investors, analysts, the media or others, please forward them to the Vice President – USA Operations.

Smoking in the Work Place

Pumpkin Patch prohibits smoking in the workplace. Employees are required to follow all federal, state and local laws in addition to this.

Conflicts of Interest

General Statement

Employees are expected to devote their best efforts and attention to the full-time performance of their jobs. Employees are expected to use good judgment, to adhere to high ethical standards, and to avoid situations that create an actual or potential conflict between his/her personal interests and the interests of Pumpkin Patch. A conflict of interest exists when the employee's loyalties or actions are divided between Pumpkin Patch's interests and those of another, such as a competitor, supplier, or customer. Both the fact and the appearance of a conflict of interest should be avoided. Employees unsure as to whether a certain transaction, activity, or relationship constitutes a conflict of interest should discuss it with their immediate manager or the Vice President – USA Operations for clarification.

While it is not feasible to describe all possible conflicts of interest that could develop, some of the more common conflicts that employees should avoid include the following:

- Using proprietary or confidential Company information for personal gain or to Pumpkin Patch's detriment;
- Having a direct or indirect financial interest in or relationship with a competitor, customer, or supplier, except that ownership of less than one percent (1%) of the publicly traded stock of a corporation will not be considered a conflict;
- Using Pumpkin Patch assets or labor for personal use;
- Acquiring any interest in property or assets of any kind for the purpose of selling or leasing it to Pumpkin Patch;
- Committing Pumpkin Patch to give its financial or other support to any outside activity or organization; or
- Developing a personal relationship with a subordinate employee of Pumpkin Patch or with an employee of a competitor, supplier, or customer that might interfere with the exercise of impartial judgment in decisions affecting Pumpkin Patch or any employees of Pumpkin Patch.
- If an employee or someone with whom an employee has a close relationship (a family member or close companion) has a financial or employment relationship with a competitor, customer, supplier, or potential supplier, the employee must disclose this fact in writing to the Director of Stores. Employees should be aware that if they enter into a personal relationship with a subordinate employee or with an employee of a competitor, supplier, or customer, a conflict of interest might exist, which requires full disclosure to Pumpkin Patch.

Failure to adhere to this guideline, including failure to disclose any conflicts or to seek an exception, will result in discipline, up to and including termination of employment.

Receiving Gifts

Gifts or other forms of hospitality/entertainment should not be accepted without careful consideration.

Gifts or hospitality should not be accepted if:

- The public divulgence of its acceptance would damage the reputation of the Company, or
- The acceptance will potentially compromise the independence and objectivity of employees in performing their duties.

Pumpkin Patch employees are not permitted to accept funds in any form or amount, or any gift that has retail or exchange value of U.S. \$40.00 or more from individuals, companies, or representatives of companies having or seeking business relationships with Pumpkin Patch.

If you have any questions about the propriety of a gift, contact your manager or the Vice President – USA Operations.

Secondary Employment

Employees are not permitted to accept other employment by a competitor, potential competitor, supplier or customer regardless of the nature of the employment, while employed by Pumpkin Patch.

Employees are not permitted to engage in self-employment in competition with Pumpkin Patch.

Employees may engage in outside employment, provided such employment is disclosed and he/she receives written approval from his/her manager and the Vice President – USA Operations.

Relationship with Competitors

Any member of the Company who defames or disparages this Company's or any competitors' products, personnel or methods is liable for instant dismissal.

The divulgence of any confidential and/or sensitive Company information may result in disciplinary action, up to and including termination and/or prosecution.

Statements to the Media

Under no circumstances should an employee make statements and/or comments to the media. Doing so may result in disciplinary action.

Standard of Dress in Retail Stores

Pumpkin Patch sells high quality product. Pumpkin Patch retail employees are expected to reflect the quality of the product in their personal presentation. Clothing needs to be professional at all times. Acceptable attire for women includes: plain black trousers or skirt, plain blue denim skirt, solid black or white tops. Men may wear black or khaki pants and solid black or white collared shirts. Shoes must be black or brown, clean and well maintained, have closed toes and enclosed heels and be flat so that they are suitable for climbing ladders. It is important that all Pumpkin Patch employees dress professionally and fashionably for work. Clothes must be neat, clean and well pressed. Hair and makeup must be appropriate for selling children's wear. There should be no excessive piercing, visible tattoos or shocking or offensive hairstyles or colors. Items not suitable for a professional appearance include sweat suits and sweat shirts, shorts or miniskirts, bare midriffs, denim jeans, skirts with a faded/washed look, torn or tatty pieces, hems hanging down, plunging necklines, tank-tops, tennis/jogging shoes, sneakers, massage sandals, backless footwear, thongs or sandals.

The Pumpkin Patch Dress Code presents a consistent look and easily identifies employees to the customers. As representatives of Pumpkin Patch, employees are expected to maintain a professional standard of personal appearance by exercising sound judgment in dress and grooming. Any employee who does not meet the dress code requirements will be required to go

home and change into the appropriate attire and then return to work. If an employee is sent home to change for a violation of the dress code he/she will not be paid for this period of time per state and federal guidelines.

Management reserves the right to judge when an employee fails to meet this standard and to correct any employee violations.

EMPLOYEE RELATIONS

Summary

At Pumpkin Patch, we all share the responsibility for creating an environment that fosters teamwork, ethical behavior and fair and courteous treatment of each employee, customer and supplier.

Employment At Will

All employment at Pumpkin Patch is “at will”. This means that both employees and Pumpkin Patch have the right to terminate employment at any time, with or without advance notice, and with or without cause. Employees also may be demoted or disciplined and the terms of his/her employment may be altered at any time, with or without cause, at the discretion of Pumpkin Patch. No one other than the Vice President – USA Operations has the authority to alter this arrangement, to enter into an agreement for employment for a specified period of time, or to make any agreement contrary to this policy, and any such agreement must be in writing and must be signed by the Vice President – USA Operations and by the affected employee.

Equal Employment Opportunity

It is Pumpkin Patch’s policy to provide equal employment opportunity for all applicants and employees. Pumpkin Patch does not unlawfully discriminate on the basis of race, color, religion, sex (including pregnancy, childbirth, or related medical conditions), national origin, ancestry, age, physical disability, mental disability, medical condition, veteran status, marital status, sexual orientation, or any other basis protected by state or federal laws. When necessary, Pumpkin Patch also makes reasonable accommodations for disabled employees.

Pumpkin Patch prohibits the harassment of any individual on any of the basis listed above. For information about the types of conduct that constitute impermissible harassment and Pumpkin Patch’s internal procedures for addressing complaints of harassment, please refer to Pumpkin Patch’s Policy Against Harassment located below. This policy applies to all areas of employment including recruitment, hiring, training, promotion, compensation, benefits, transfer, and social and recreational programs. It is the responsibility of every manager and employee to conscientiously follow this policy.

Policy Against Harassment

Pumpkin Patch is committed to providing a workplace free of harassment (which includes harassment based on sex, pregnancy, childbirth, or related medical conditions), as well as harassment based on such factors as race, color, religion, national origin, ancestry, age, physical disability, mental disability, medical condition, marital status, sexual orientation, or veteran status. Pumpkin Patch strongly disapproves of and does not tolerate harassment of employees by managers or co-workers. Similarly, Pumpkin Patch will not tolerate harassment by its employees of non-employees with whom our employees have a business, service, or professional relationship.

Harassment includes verbal, physical, and visual conduct that creates an intimidating, offensive, or hostile working environment or that interferes with work performance. Such conduct constitutes harassment when (1) submission to the conduct is made either an explicit or implicit condition of employment; (2) submission to or rejection of the conduct is used as the basis for

an employment decision; or (3) the harassment interferes with an employee's work performance or creates an intimidating, hostile, or offensive work environment.

Harassing conduct can take many forms and includes, but is not limited to, the following: slurs, jokes, statements, profanity, gestures, assault, impeding or blocking another's movement or otherwise physically interfering with normal work, and pictures, drawings, or cartoons based upon an employee's sex, race, color, national origin, religion, age, physical disability, mental disability, medical condition, ancestry, marital status, sexual orientation, or veteran status.

Sexually harassing conduct in particular includes all of these prohibited actions as well as other unwelcome conduct such as requests for sexual favors, conversation containing sexual comments, and unwelcome sexual advances.

Any incident of harassment, including work-related harassment by any Pumpkin Patch employee or any other person, should be reported promptly to the Vice President – USA Operations, who is responsible for investigating the matter. Managers who receive complaints or who observe harassing conduct should inform the Vice President – USA Operations immediately. Pumpkin Patch emphasizes that an employee is not required to complain first to his or her supervisor if that supervisor is the individual who is harassing the employee.

Every reported complaint of harassment will be investigated thoroughly, promptly, and in a confidential manner. In addition, Pumpkin Patch will not tolerate retaliation against any employee for cooperating in an investigation or for making a complaint to the Vice President – USA Operations, the CEO, or any other manager.

In the case of Pumpkin Patch employees, if harassment is established, the offender will be disciplined. Disciplinary action for a violation of this policy can range from verbal or written warnings up to and including immediate termination, depending upon the circumstances.

All newly hired employees are given an initial training on harassment when they join the company. All employees must attend regular refresher training. Training explains what harassment is, how to be aware of conduct that could be offensive, how to use the Company's complaint procedures, how investigations are conducted, how the Company treats non-employee harassment, how to prevent discrimination and retaliation, and other important issues. All managers receive intensive, interactive classroom training covering harassment, discrimination, and retaliation at least every two (2) years, as well as within six (6) months of the time they become managers.

Sexual harassment and retaliation for opposing sexual harassment or participating in investigations of sexual harassment, or in proceedings or hearings conducted by the Department of Fair Employment and Housing (DFEH) or Equal Employment Opportunity Commission (EEOC), are illegal. In addition to the internal process for investigation and resolution, an employee has the right to complain to the DFEH at the state level and the EEOC on the federal level. To contact the DFEH, consult your local telephone directory under State Government Offices. To contact the EEOC, consult your local telephone directory under U.S. Government Offices. These agencies have the power to order reinstatement and other remedies and to award monetary damages.

Open Door Policy

Pumpkin Patch has an Open Door Policy that encourages employee participation in decisions affecting his/her daily professional responsibilities. Employees who have job-related concerns or complaints are encouraged to discuss them with his/her manager or any other management

representative with whom they feel comfortable. Pumpkin Patch believes that employee concerns can often be resolved through this type of informal and open communication.

Employees are encouraged to raise work-related concerns with his/her manager, or other management representative of their choice, as soon as possible after the events that cause the concern. Employees are further encouraged to pursue discussion of work-related concerns until the matter is fully resolved. Although Pumpkin Patch cannot guarantee that in each instance the employee will be satisfied with the result, Pumpkin Patch will attempt in each instance to explain the result to the employee if the employee is not satisfied. Pumpkin Patch will also attempt to keep all such expressions of concern, the results of its investigation, and the terms of the resolution confidential. In the course of investigating and resolving the matter however, some dissemination of information to others may be appropriate.

Employees who conclude that work-related concerns should be brought to the attention of Pumpkin Patch by written complaint and formal investigation may avail themselves of the “Internal Complaint Review Procedure” set forth in this Handbook. Employees who conclude that they have faced harassment should report the harassing behavior promptly to the Vice President – USA Operations under Pumpkin Patch’s “Policy Against Harassment” as set forth in this Handbook.

Internal Complaint Review Procedure

Purpose and Scope

The purpose of the “Internal Complaint Review Policy” is to afford all Pumpkin Patch employees the opportunity to seek internal resolution of work-related complaints. This policy is intended to supplement the “Open Door Policy” set forth in this Handbook which states the philosophy of Pumpkin Patch that all employees have free access to their manager or to other Pumpkin Patch supervisors of their choice to informally express their work-related concerns.

Filing of Complaint

Employees should file written complaints with the Vice President – USA Operations or the Human Resource Manager as soon as possible after the events that give rise to the employee’s work-related concerns. The written complaint should set forth in detail the reasons for the employee’s complaint. If you have any questions around this procedure, you can contact Human Resources at (650) 525-9202.

Investigation

The Vice President – USA Operations or his or her designee investigates the complaint, meeting separately with the employee and with others who either are named in the complaint or who may have knowledge of the facts set forth in the complaint. Pumpkin Patch will attempt to treat all internal complaints and their investigation as confidential, recognizing, however, that in the course of investigating and resolving internal complaints some dissemination of information to others may be appropriate.

On completion of the investigation, the Vice President – USA Operations orally reports his or her findings and conclusions to the employee. If the complaint is resolved to the employee’s satisfaction, the terms of the resolution should be recorded and signed by both the employee and a representative of the Vice President – USA Operations.

Appeal

If the complaint is not resolved to the employee’s satisfaction, the employee may submit a written request for review of the complaint to the Vice President – USA Operations or the CEO.

On completion of the appeal review, the employee will be told of the conclusion reached and the reasons for that conclusion. Decisions resulting from appeal reviews are final.

Rules of Conduct and Discipline

Pumpkin Patch will monitor the performance and conduct of its employees and take such action as the Company, in its sole discretion, deems necessary in response to conduct and performance that fall below the company's high standards and core role expectations.

The use of disciplinary procedures, such as counseling, corrective action or suspension, does not alter the employment at will status of employees.

Policy

Employees are expected to observe certain standards of job performance and good conduct. When performance or conduct does not meet Pumpkin Patch standards, Pumpkin Patch will try, when appropriate, to provide a reasonable opportunity to correct the deficiency. If, however, the employee fails to make the correction, he or she will be subject to discipline up to and including termination.

The rules set forth below are intended to provide employees with fair notice of what is expected of them. Necessarily, however, such rules cannot identify every type of unacceptable performance and conduct. Therefore, employees should be aware that conduct not specifically listed below but which adversely affects or is otherwise detrimental to the interests of Pumpkin Patch, other employees, or customers, may also result in disciplinary action.

Job Performance

Employees may be disciplined for poor job performance, including but not limited to the following:

- Unsatisfactory work quality or quantity;
- Poor attitude (for example, rudeness or lack of cooperation);
- Excessive absenteeism, tardiness, or abuse of break and lunch privileges;
- Failure to follow instructions or Pumpkin Patch procedures; or
- Failure to follow work safety rules.

Misconduct

There are certain types of behavior and actions by employees that may warrant immediate disciplinary action or immediate dismissal from the company. This includes but is not limited to:

- Dishonesty
- Theft or complicity in the theft of company assets or another person's money or property.
- Misusing, destroying or intentional damage to company property or unauthorized private use of company services, facilities, equipment, or resources.
- Profanity
- Refusing direction or instruction of managers pertaining to work (insubordination).
- Being under the influence of, manufacturing, dispensing, distributing, using, or possessing alcohol or illegal or controlled substances on Pumpkin Patch property or while conducting Pumpkin Patch business (including meals and breaks).

- Falsification or unauthorized alteration of company records or documents, employment applications, payroll records, timecards, or schedules. Making entries to another employee's timecard or time sheet.
- Unauthorized perusal and/or release of confidential or proprietary information (e.g., content of personnel files, wages, company finances, sales information, etc.)
- Violating conflict of interest rules.
- Unauthorized soliciting for memberships, subscriptions, or contribution on company premises in work areas during working hour
- Unauthorized distribution on non-company advertising material, handbills, posters, or written literature of any kind during working hours.
- Interfering with the work performance of others.
- Discrimination against fellow employees or customers.
- Offensive verbal or physical conduct, including, but not limited to, threatening, coercing, intimidating, or sexually harassing fellow employees or customers.
- Sleeping on the job or leaving work premises during work time without permission of a manager.
- Failing to report to work for three consecutive work days (job abandonment).
- Gambling on company premises or participating in other activities that violate local, state, or federal laws.
- Employee carelessness, recklessness, or negligence that contributes or may contribute to the injury of a person, damage to company property, or loss of store receipts or funds.
- Possession of firearms, explosives, or any lethal weapon on company property irrespective of any conflicting state weapons law.
- "Borrowing" cash or writing "IOU" for cash amounts from the registers or safe.
- Conviction of any felony or crime which can reasonably be construed to indicate that continued employment would constitute a threat or hazard to fellow employees, customers, the company, its property, or its reputation.
- Deliberate restriction or interference with work output or stopping work before the scheduled end of the shift.
- Abuse of discount privileges, including ringing personal transactions.
- Use of company computer system for any purpose that is not job related, including an harassing or discriminatory activity, or that otherwise is in violation of any practice or policy of the company, except to the extent that such use of the company computer system is permitted or protected by applicable law.
- Whether or not accomplished through the use of the company computer system, any Internet activity or other electronic communication or data (visual or text) transmission or storage of any kind (including Web sites, emails, blogs, instant messaging, text

messaging, chat rooms, pod casting) which is in violation of any practice or policy of the company or which otherwise causes harm to the company, except to the extent that such Internet activity, other electronic communication, data transmission, or storage is permitted or protected by applicable law.

Please note that this list is not all-inclusive. There may be other violations serious enough to warrant immediate disciplinary action or dismissal from the company.

Attendance

In addition to the general rules stated above, employees may be disciplined for failing to observe the following specific requirements relating to attendance:

- Reporting to work on time, observing the time limits for rest and meal periods, and obtaining approval to leave work early; and
- Notifying the supervisor in advance of anticipated tardiness or absence.

Disciplinary procedures enable employees to:

- Be informed of their opportunities;
- Understand the disciplinary procedure;
- Understand the consequences of failure to improve;
- Understand their rights under the procedure; and
- Understand their rights of appeal.

Pumpkin Patch follows the following types of disciplinary procedures when addressing substandard performance, policy and/or procedure violations and customer complaints. They are:

- Coaching for improved performance (documented)
- Requirement for improved performance (Verbal Warning)
- Corrective Action for improved performance (Written Warning)
- Final written warning
- Suspension and/or termination

Coaching for Improved Performance

Pumpkin Patch believes that coaching is a critical step in developing employees to meet standards and high levels of performance. Coaching for improved performance at Pumpkin Patch includes: One-on-one facilitation by observing the employee, informing the employee of the specific opportunity, asking for their feedback, role-playing and following-up with the employee for improved performance.

Verbal Warning

A Verbal Warning may be issued if an employee fails to improve their performance as a result of the coaching process.

Corrective Action for Improved Performance

Corrective action occurs when an employee fails to improve to meet Pumpkin Patch standards or substandard job performance. Corrective action is structured job performance feedback that documents performance and/or behavioral problems, suggests methods for remedying the specified problems and the timeframe during which improvement must take place.

Final Warning

Final corrective action takes place when performance or behavioral problems are serious in nature or previous efforts at correcting such problems have not been successful.

Suspension and or Termination

Suspension is a status during which an employee is relieved from work duties for a specified period of time. It is a disciplinary or investigative status only. Employees may be placed on suspension, with or without pay, when an investigation is warranted and is recorded in the employee's personnel file.

Typically, demotion, suspension and/or termination for poor performance will be preceded by verbal and written warning. However, Pumpkin Patch reserves the right to amend or accelerate the disciplinary process up to and including immediate termination of employment when Pumpkin Patch, through its managerial representatives, determines in its sole discretion that it is necessary or appropriate. The Vice President – USA Operations must approve all terminations, no exceptions.

Once an employee has met all the performance expectations on the corrective action and the level of performance meets expectations, the employee may be released from corrective action with the approval of his/her manager and the Vice President – USA Operations.

Voluntary Termination

Pumpkin Patch will consider an employee to have voluntarily terminated his or her employment if an employee does any of the following:

- Resigns from Pumpkin Patch in writing;
- Fails to return from an approved leave of absence on the date agreed by Pumpkin Patch; or
- Fails to report for work without notice to Pumpkin Patch for three (3) consecutive shifts.

Although advance notice is not required, Pumpkin Patch requests 2 weeks written resignation notice as a courtesy. This will allow the company time to arrange for a replacement.

Involuntary Termination

Employment may be terminated involuntarily for reasons that include poor performance, misconduct, or other violations of Pumpkin Patch's rules of conduct as set forth above. Notwithstanding this list of rules, Pumpkin Patch reserves the right to terminate or demote any employee with or without cause and with or without prior notice.

Termination Due to Reorganizations, Economics, or Lack of Work

From time to time, Pumpkin Patch may need to terminate employment as a consequence of reorganization, job elimination, economic downturn, or lack of work. Should Pumpkin Patch

consider such terminations necessary, Pumpkin Patch will attempt to provide all affected employees with advance notice when practical. Layoff benefits associated with such terminations, if any, will be as specified in the notice.

Unauthorized Possession of Company Product and Assets

Any person found in possession of unauthorized product and/or assets will be subject to disciplinary procedures, which may result in their termination.

- The Company may require an employee to demonstrate that she/he is not in unauthorized possession of Company product and/or property. Such demonstrations may only be conducted with prior approval of the Vice President – USA Operations and may include the examination of bags, vehicles, the drawing tight of clothing, the removal of coats, etc. The employee shall be advised of their rights and that they can have a witness present provided such witness is available. Failure by an employee to cooperate and/or participate in this procedure may result in termination of employment.
- All cases of unauthorized possession must be reported immediately to the employee's manager and the Vice President – USA Operations for action as required.
- Termination due to unauthorized possession may result in criminal prosecution.

Donations

Pumpkin Patch fully supports children and their families. If you wish to support a local charity or organization seek approval from your manager first.

Our aim is to support community groups and charities that focus on the wellbeing of children ages 0 – 12 years by providing donations in the form of money, clothing and/or gift certificates.

Each store has been allocated funds to share with their local charities as they wish. Please email the Vice President – USA Operations to request a copy of the donations request form. This form must be faxed directly to the Vice President – USA Operations for authorization.

Gift Certificate Donation amounts:

- U.S. \$200 per store annually, U.S. \$50 maximum per gift certificate

Procedure

Store Managers should seek a written request from charitable organizations, which includes a tax-exempt identification number. Upon approval by the Store Manager, a Charitable Contribution form should be completed and emailed to the Regional Manager who will forward to the Vice President – USA Operations.

All other requests for charitable contributions (cash, clothing donations) should be directed to the Vice President – USA Operations.

We do not collect money on behalf of charities within our stores as this may compromise the security of our POS.

Compliance

Failure to comply with Pumpkin Patch policies and guidelines, including those captured in the Employee Handbook, may lead to disciplinary action, up to and including termination. Failure to comply with a Company investigation into violations of policies or failure to report known

violations or illegal actions may lead to disciplinary action, up to and including termination.

Financial Responsibility

Pumpkin Patch employees must take responsibility for their personal finances. Pumpkin Patch does not provide pay advances or personal loans.

Garnishments and Levies

Employee garnishments and levies are costly to Pumpkin Patch. When served, Pumpkin Patch will process the garnishment or levy for an employee in compliance with federal and state laws. However, the employee may be subject to disciplinary action in accordance with federal and state laws if multiple garnishments or levies are made against that employee.

Company Credit Cards

Certain Pumpkin Patch employees are eligible to receive a corporate credit card with the approval of the Vice President – USA Operations. All corporate credit cards are to be used for business charges only. In the event the employee has violated this policy, Pumpkin Patch will issue a promissory note to handle any monies owed to Pumpkin Patch by the employee in accordance with federal and state laws. Pumpkin Patch may revoke the corporate credit card privilege at any time.

EMPLOYMENT

Pumpkin Patch is committed to a positive employment experience. To this end, Pumpkin Patch has set guidelines that govern the employment experience for all employees. It is the responsibility of all Pumpkin Patch employees to follow these guidelines, as they are designed to create consistency in the workplace.

Equal Employment Opportunity

It is Pumpkin Patch policy to offer equal opportunities to all individuals regardless of race, religion, color, national origin, sex, age, sexual orientation, mental or physical disability, pregnancy, covered veteran status or any other classification protected by applicable, antidiscrimination laws. Company guidelines support this with procedures and objectives to ensure fair employment.

Only the merit of the individual measured against the position description will be considered when we recruit, hire, promote, transfer, and make all other employment actions. All employee decisions must be made without prejudice or discrimination in accordance with the principles of equal opportunity. Accordingly, disciplinary action will be warranted if an employee fails to adhere to this policy.

Should there be any identification of discriminatory behaviour and/or practice, the Human Resource Manager or Vice President – USA Operations should be contacted immediately.

Recruitment and Selection

Pumpkin Patch is committed to the concept of “Candidate Relations.” We recognize that candidates make themselves, to some extent, vulnerable when applying for positions. Therefore we make a commitment to every candidate to treat applications with confidentiality and to maintain his/her self-esteem.

Internal Recruiting

Pumpkin Patch encourages employees to seek other opportunities within the company that meet their interests and skills. Employees should advise their manager, complete a new application for the position and submit for consideration under the recruiting guidelines.

Store managers should contact the candidate’s current manager for an internal reference check. Current managers should complete a performance review on the transferring employee in order to close them out of their current position.

External Recruiting

Store managers should partner with their direct manager to determine external recruiting needs. The Human Resource Manager must approve advertising requests.

Procedure

Pumpkin Patch Store managers must use the following recruiting guidelines:

- Determine specific staffing needs
- Obtain authorization to fill the position/s and how (internally/externally)
- Obtain/update the position description
- Action the process by job posting for internal candidates and recruiting/advertising for external candidates
- Screen candidate applications

- Interview and assess candidates
- Check references
- Make selection
- Make offer; ensure proper offer letter use

Confidentiality

We are committed to preserving candidates' confidentiality at every stage of the recruitment process in accordance with government legislation.

These guidelines should be followed:

- Employment applications should be kept secure;
- Reference checks may only be conducted with the knowledge and consent of the candidate;

Employment References and Verification

Pumpkin Patch employees may not give employment or other references for current or former employees on behalf of the Company. Any and all inquiries regarding present or past employees are to be forwarded to the Human Resource Manager.

Pumpkin Patch provides only the following information in response to inquiries about employees:

- Current employees: Verification of employment, job title, and date of hire.
- Former employees: Verification of employment, job title at termination, date of hire and termination date.

Other information such as salary, job chronology, and quality of job performance may be provided in response to a written request only when authorized in writing by the employee due to legal compulsion, such as a subpoena.

Employees who choose to give references in a purely personal capacity may not use Pumpkin Patch letterhead, may not comment on an employee's performance and may not imply that they are representing the Company in doing so.

Employment of Relatives

Employment of relatives is permitted at Pumpkin Patch as long as the employment does not create problems of supervision i.e. direct reporting relationships, confidentiality, morale or conflict of interest.

Employee Status

Pumpkin Patch employees must refer to the position description for specific requirements regarding work hours, availability and status. It should be noted that all employees, regardless of their status, are at will employees, and are hired for an indefinite period of time.

Exempt and Non-Exempt Status

All Pumpkin Patch employees will be informed when hired whether they are considered a non-exempt or exempt employee based on the type of work the employee normally performs. Exempt applies to certain administrative, sales, professional, and executive staff. Non-exempt applies to all other employees.

- Employees in exempt positions are not eligible for overtime pay as their salaries already take into account that they may be required to work long hours.
- Employees in non-exempt positions are eligible for overtime pay (see Overtime policy).

Full-Time Exempt Employees

Full-Time Exempt employees are regularly scheduled to work a minimum of 40 hours or more per week and are eligible for Pumpkin Patch's full benefit package subject to the terms, conditions, and limitations of each benefit program. Please refer to the U.S. Benefits Handbook for minimum work hour requirements and benefit eligibility, and complete details about the benefit program.

Full-Time Non-Exempt Employees

Full-Time Non-Exempt employees are regularly expected to work a minimum of 32 hours per week and are eligible for Pumpkin Patch's full benefit package subject to the terms, conditions, and limitations of each benefit program. Please refer to the U.S. Benefits Handbook for minimum work hour requirements and benefit eligibility, and complete details about the benefit program. The hours for which they are hired to work are flexible and schedules are based on work availability and may frequently change as determined by the location in which they work and the needs of the business.

Part-Time Employees

All part-time employees are non-exempt and are regularly scheduled to work fewer than 32 hours per week. Specific hour requirements are determined upon hire. Part-time employees are eligible for Pumpkin Patch's part-time benefit package subject to the terms, conditions, and limitations of each benefit program. Please refer to the U.S. Benefits Handbook for minimum work hour requirements and benefit eligibility, and complete details about the benefit program.

Interns and Temporary Employees

Certain employees are hired on a temporary basis. Temporary employees may be full-time or part-time and are not eligible for benefits, other than the employee discount, and those required by law such as Workers' Compensation and Social Security. Please refer to the U.S. Benefits Handbook.

Interns are hired for a specified and/or limited period of time no longer than six months. Interns may be full-time or part-time and are not eligible for benefits, other than the employee discount, and those required by law such as Workers' Compensation and Social Security. Please refer to the U.S. Benefits Handbook.

Seasonal Employees

Seasonal employees can be hired for holiday help, abnormal workload assistance, or other needs as dictated by the business. They are paid hourly and work fewer than 1,000 hours a year. Seasonal employees are not eligible for benefits, other than the employee discount, and those required by law such as Workers' Compensation and Social Security. Please refer to the U.S. Benefits Handbook.

Independent Contractors and Consultants

Independent contractors and consultants are not Pumpkin Patch employees. They are retained for a specified and/or limited period of time, have terms and conditions of assignment that are detailed in a consulting contract, and are paid a fee for services rendered. They are not eligible for Pumpkin Patch employee benefits.

Personnel Files and Records

The information in the employee's personnel file is permanent and confidential, and must be kept up-to-date. The employee should inform his/her manager immediately whenever there are changes in personal data such as address, telephone number, marital status, number of dependents, and persons to notify in case of emergency.

The employee has the right to inspect his or her personnel file at reasonable times, at a reasonable place, and on reasonable notice. In addition, employees have the right to request copies of all employment related documents that they have signed. An employee may inspect only his or her own personnel file and only in the presence of the Human Resource Manager.

Personnel files are the property of Pumpkin Patch and may not be removed from Pumpkin Patch's premises without written authorization from the Vice President – USA Operations.

It is the policy of Pumpkin Patch not to release information from an employee's personnel file outside of the company. (See Employment References and Verification policy)

Compensation

Pumpkin Patch offers a compensation package that includes various components depending on position. Employee compensation is personal and should be kept confidential at all times.

Direct Deposit

Pumpkin Patch offers direct deposit of paychecks. Instead of receiving paychecks on Friday, wages can be directly deposited into the bank account of choice. It is cash in the bank account on payday! To enroll, speak with your manager.

Base Pay

A Pumpkin Patch employee's base pay recognizes the competitive market value of the job, as well as the skills, competencies and performance of the employee.

Merit Increases

Pumpkin Patch employees are eligible for an annual salary review during the performance review process. Merit increases are based on the employee's individual performance, results, knowledge, competencies and skills.

Overtime Pay

Pumpkin Patch will pay all non-exempt employees for overtime in accordance with applicable federal and state laws. The employee's manager must authorize all overtime, in advance, in writing.

Overtime pay is based on actual hours worked. Hours that are paid but not worked, such as holiday pay, flexible time off and continuation pay are not considered as time worked for purposes of computing overtime.

Hours cannot be carried over from a week to any other week or payroll period.

Please refer to the state wage poster located in your work location for standard and overtime pay calculations. For questions regarding pay status, please speak with your manager or the Human Resource Manager

CA: Daily overtime pay is paid at the rate of 1 ½ times the regular rate of pay for every hour worked after the completion of 8 hours worked at the regular rate of pay in one (1) workday. Overtime is paid at the rate of double the regular rate of pay for every hour worked after the

completion of 12 hours worked in one (1) workday. Weekly overtime pay is paid at the rate of 1/1/2 times the regular rate of pay for every hour worked after the completion of 40 hours worked at the regular rate of pay in one (1) workweek. Seventh consecutive workday overtime is paid at the rate of 1/1/2 times the regular rate of pay for every hour worked on the seventh consecutive day worked in one (1) workweek.

CO: Daily overtime pay is paid at a rate of 1 ½ times the regular rate of pay for every hour worked after the completion of 12 hours worked at the regular rate of pay in one (1) workday.

Pay Day

Pumpkin Patch employees are paid for all work performed, as well as any eligible paid time off, less applicable withholding taxes required by federal and state laws and authorized deductions.

Pumpkin Patch direct deposits payroll checks bi-weekly on Fridays into employee bank accounts for the two-week period ending the previous Saturday.

Payroll checks will be issued for those employees who do not take advantage of direct deposit to arrive in store by Friday of the payroll week.

Timekeeping

Accurately recording time worked is the responsibility of every non-exempt employee and exempt employee. Both exempt and nonexempt employees are required to record their hours daily at the time that they begin and end their work. Employees must log out and in for meal periods. Exempt employees must also record absences from work.

Attendance and Punctuality

Pumpkin Patch expects employees to be reliable and punctual in reporting for scheduled work. This means that the employee is ready to begin working at the start of their shift. If an employee is unable to work a scheduled shift, the employee (not a family member or friend) must contact their manager at least two hours prior to the start of his/her scheduled shift. The employee is encouraged to find his/her own replacement. Tardiness and absenteeism places a burden on other employees and on Pumpkin Patch. Both may lead to disciplinary action, up to and including termination. After three consecutive absences without notifying the manager, an employee will be considered to have voluntarily abandoned his/her job.

Emergency Closings

In the event of severe weather conditions or extraordinary situations, the company may decide to close the store or office. Employees will be notified at his/her contact number by their manager should this occur. If employees fail to report to work when the store or office is open, he/she will not be paid wages for that day.

Pumpkin Patch will follow the following pay schedule for all stores that close due to an emergency. Pumpkin Patch and its management representatives reserve the right to modify the below schedule at anytime and to define the definition of an “emergency”.

	Day 1 store is closed	Day 2 store is Closed	Day 3 store is closed	Day 4 +, store is closed.
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Store Managers	Paid scheduled. as	Paid scheduled. as	Paid scheduled. as	Option to use FTO
Co-Managers and all Full Time	Paid scheduled. as	Paid scheduled. as	Paid scheduled. as	Option to use FTO
Assistant Managers	Paid scheduled. as	Paid scheduled. as	Option to use FTO	Option to use FTO
Retail Sale Associates	Paid scheduled. as	Paid scheduled. as	N/A	N/A

Schedules

Pumpkin Patch schedules according to business demands and the operating hours of each location. Employee work schedules may vary by availability as designated upon hiring, location and season. Employee work schedules are normally posted by Thursday preceding each work week. If an employee is unable to work a scheduled shift, he/she must notify the manager and attempt to find a replacement.

Breaks and Meal Periods

Breaks and meal periods should be scheduled to ensure that work is accomplished on time and that staffing levels are appropriate. Breaks and meal periods may not be combined or added to the beginning or ending of a scheduled shift. All unpaid meal periods must be scheduled to allow for an uninterrupted meal period. If a manager cannot be relieved of his/her duties for the entire meal period, he/she will be paid for that time.

You must sign in and out for your meal period. Upon returning from your rest break, you must initial the daily magic sheet indicating that you have taken your rest break(s).

Pumpkin Patch refers to the following table for break and meal period requirements by shift which exceeds all federal and state laws.

Scheduled Hours	Rest Break	Meal Period (un-paid for non-exempt)
3.5 – 4:59 hour shift *	One paid 15-minute break (Must be taken before the third hour worked)	No meal period
5.0-6.59 hour shift	One paid 15-minute breaks	One 1/2-hour meal period (meal must be taken prior to the 5 th hour worked)
7.0-9.0 hour shift	Two paid 15-minute breaks	One 1/2-hour meal period (meal must be taken prior to the 5 th hour worked)
9:01 hour shift	Two paid 15-minute breaks	Two ½ - hour meal periods

* **Oregon:** A paid 15 minute rest period is required if an employee works between 2:01 – 4:59 hours.

Termination of Employment

Termination is the day on which an employee leaves the employment of Pumpkin Patch for any reason. Termination of employment can occur through resignation, job elimination or dismissal.

Resignation

Resignation is a voluntary termination of employment by the employee. Although advance notice is not required, Pumpkin Patch requests 2 weeks written resignation notice as a courtesy. This will allow the company time to arrange for a replacement. The written resignation should include the employee name, date, title, reason for resignation and signature. Pumpkin Patch reserves the right to designate a last day of work that is earlier than the employee's resignation date. An employee working under a resignation notice must work all scheduled shifts, otherwise the employee's last day actually worked will be considered his/her termination date.

Job Elimination

Should job elimination due to reorganization, economic downturn, lack of business or elimination of a position be necessary, Pumpkin Patch will attempt to provide all affected employees with advance notice when practical. Layoff benefits associated with such terminations, if any, will be as specified in the notice.

Dismissal

Dismissal is an involuntary termination of employment that is initiated by Pumpkin Patch. Before taking action, an employee's manager must review the reasons for the dismissal with the Vice President – USA Operations and Human Resource Manager. However, certain employee actions can result in immediate dismissal. These actions include, but are not limited to:

- Poor performance, including insubordination or refusal to perform assigned work without

- proper justification;
- Violation of policy or procedure, including those in the U.S. Employee Handbook and U.S. Standard Operations Manual;
- Inappropriate, disrespectful or abusive language, gestures or conduct, including retaliation of any kind;
- Unlawful discrimination or harassment of any kind;
- Threatening an employee, customer or visitor with physical violence or physical intimidation or coercion;
- Misusing, destroying or damaging property of the company, fellow employees, or customers;
- Theft or unauthorized removal of property;
- Possession of dangerous or unauthorized materials such as firearms or explosives;
- Being under the influence of alcoholic beverages, narcotics and/or other intoxicants on company property or appearing for duty under such conditions;
- Gambling while on duty;
- Sleeping while on duty;
- Allowing unauthorized people on company property during non-business hours or in non-public areas and permitting unauthorized photography inside and/or around any company facility;
- False entries on or material omissions from company records, documents, etc;
- Merchandise purchase with the intent to resell in any place, including the internet;
- Allowing or falsifying any time-keeping records;
- Failure to make bank deposits within guidelines;
- Unauthorized absence of three consecutive shifts and/or frequently or excessively being tardy or absent from work;
- Working unauthorized overtime;
- Disregard for the designated meal and/or break periods;

Exit Procedures

When an employee terminates employment with Pumpkin Patch, the employee will receive his/her final pay check in accordance with state and federal laws. Human Resources will process all terminations and determine the final disposition of all benefits to which an employee may be entitled to.

Before leaving the employ of Pumpkin Patch, employees must return all company property that was issued or acquired during the course of his/her employment. Such property includes but is not limited to keys, files, credit cards, handbooks, manuals, discount cards, cell phones, computers, tools, company cars, parking stickers or passes and any other company equipment and materials.

Benefits

Health coverage (medical, dental, vision) ceases on the last day of the month in which an employee's termination date falls.

Employees and family members enrolled in the health coverage may have a right to COBRA continuation coverage, which is a temporary extension of coverage. The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

A COBRA Notice will be sent to the employee’s last known address approximately two weeks following the termination date. This notice will outline the rights under COBRA, the procedure for electing COBRA coverage and the costs associated with electing COBRA coverage.

All accrued, but unused Flexible Time Off (FTO) will be paid to the employee on his/her final pay check (or as soon as possible) and in keeping with state and federal guidelines.

Retirement benefit information, if applicable, will automatically be sent to his/her last known address within 30 days following the termination date. See Plan booklet for details.

All other benefits cease upon termination from Pumpkin Patch.

Final Paycheck

State	Voluntary	Involuntary
Arizona	The following payday	Within 3 working days or within the next payday, whichever is sooner.
California	Immediately if employee has given at least 72 hours notice, otherwise within 72 hours.	At the time of discharge.
Colorado	The following payday.	No later than twenty-four hours after the start of Pumpkin Patch’s next regular workday.
Maryland	The following payday.	The following payday.
Virginia	The following payday.	The following payday.
Texas	The following payday.	Within six days.
Oregon	Immediately if an employee has given at least a 48 hour notice. Within 5 days or on the next scheduled payday (whichever is first) if an employee does not give 48 hours notice or fails to return to work.	The end of the next business day.
Washington	The following payday.	The following payday.

EMPLOYEE BENEFITS

U.S. Benefits Handbook

Benefits for both full-time and part-time employees are outlined in the U.S. Benefits Handbook.

HEALTH, SAFETY AND SECURITY

Environmental Health and Safety

Pumpkin Patch is committed to the safety and well being of all employees. We aim to act in an environmentally friendly manner wherever possible. We encourage all employees to proactively participate in keeping the working environment safe. Accordingly, Pumpkin Patch has instituted an Injury and Illness Prevention Program (IIPP) designed to protect the health and safety of all employees. (See Injury and Illness Prevention Program).

Pumpkin Patch aims to apply the best international standards of practice in all its locations which relate to the health and safety of all its employees and to non-company personnel on company premises, and the conservation of the environment, and to give a high priority to these activities.

The Company is committed to

- Providing a safe and healthy working environment, including safe systems of work for all employees and non-company personnel on company premises.
- Paying due regard to all consequences of its activities on the environment.

Pumpkin Patch will:

- Comply with all laws and regulations applicable to its business activities.
- Maintain records and reporting procedures for assessing and reviewing the impact of its activities on the environment, and on employee health and safety on a regular basis.
- Actively promote and recognize employee representation on Health and Safety Committees to manage company health and safety systems.
- Proactively seek to identify continuous improvement initiatives it can take to safeguard the health and safety of its employees and non-company personnel on company premises and the physical environment.
- Ensure health and safety information is available to all employees.

Pumpkin Patch expects all its employees and non-company personnel on company premises to fulfill their part of these responsibilities by being actively involved in the promotion of Best Workplace Safety Management Practices.

This policy statement covers all Pumpkin Patch locations and will be reviewed periodically or as required.

Injury and Illness Prevention Program

Every employee should understand the importance of safety in the workplace. By remaining safety conscious, an employee can protect his/her own interests as well as those of his/her coworkers. Accordingly, the company emphasizes “safety first” and expects all employees to take steps to promote safety in the workplace. In keeping with this commitment, the Company has established an “Injury and Illness Prevention program” (IIPP).

Responsibility

The Vice President – USA Operations has been designated as the U.S. IIPP administrator and has the authority and is responsible for the overall management and administration of occupational safety and health matters for the Company. All managers are responsible for carrying out the IIPP in his/her work area.

Compliance with IIPP

Employees must understand that compliance with the IIPP is a condition of employment and that he/she will be evaluated on his/her compliance, together with other aspects of an employee's performance, as part of the performance appraisal process. This responsibility applies to employees at every level and in all positions within the Company. Employees who are unaware of proper safety procedures will be trained and/or retrained. Due to the importance of safety considerations to the Company, employees who violate safety standards, who cause dangerous or hazardous situations, or who allow such conditions to remain when they could be effectively corrected, will be subject to disciplinary action up to and including termination.

Communication

Matters concerning occupational health and safety will be communicated to employees by means of this policy, staff meetings, and formal and informal training and posting.

Reporting Unsafe Conditions

It is essential that all employees comply fully with the standards and practices of the Company that are designed to promote a safe and healthful work environment.

Whenever an employee identifies an unsafe condition or a health and safety risk, it is the employee's responsibility to report the matter immediately to his/her manager. If the Manager is not readily available, the employee should immediately inform the Human Resource Manager so that any unsafe condition can be promptly corrected. The report may be verbal or written. Employees are strongly encouraged to report any situations of this nature and need not fear any form of reprisal as the result of his/her compliance with this policy. Employees who identify hazards in the work place may report the situation anonymously if they choose.

Injury/Illness Investigation

Occupational injuries and illness will be investigated in accordance with established procedures which include interviewing the injured worker and witnesses, examining the workplace, determining the cause, taking corrective action to prevent a recurrence and recording the findings and actions taken.

Correcting Unsafe Conditions

Where it is determined that an unsafe or unhealthy condition, work practice or procedure is observed, discovered or reported, the Company will take those steps which it determines are appropriate under the circumstances to correct the condition, practice, or procedure in a timely manner. The severity of a hazard will be considered along with other relevant factors when evaluating the most appropriate method of correcting any hazardous situation and the time frame within which the correction will be made.

Employees will be informed of any hazard affecting them and interim protective measures will be taken, as appropriate, until the hazard is corrected. If an imminent hazard exists that cannot be abated immediately without endangering one or more employees or property, the Company may find it appropriate to remove all exposed personnel from the area in which the hazard exists, unless they are necessary to correct the existing condition. Where employees are found necessary to correct the hazardous condition, they will be provided necessary safeguards. Employees should not enter an imminent hazard area without appropriate protective equipment, training and specific approval from the program administrator or her designee.

The results of any investigation resulting from an employee safety suggestion or report of hazard will be distributed to all affected employees or posted on Company bulletin boards.

Medical Emergencies

For serious injuries or health problems, call 911. Give the 911 operator the address, and directions if necessary. Then, immediately advise the Human Resource Manager of the circumstances.

If an employee desires to seek immediate medical attention, the manager or his/her designee will drive the injured/ill employee to the nearest hospital or medical facility. If necessary, an ambulance will be dispatched.

For minor injury or health problems, there is a First Aid safety kit located in the restroom.

Inspections

The IIPP administrator and/or managers will conduct inspections to identify unsafe work conditions and practices:

- Annually in all work areas;
- Whenever new substances, processes, procedures or equipment introduced into the workplace present a new safety hazard; and
- Whenever the administrator or manager is made aware of a new or previously unrecognized hazard.

Training

Managers will receive training on recognizing safety hazards. They will provide general training in workplace safety and specific instructions regarding hazards unique to any job assignment to employees who report to them. Training will be provided to all employees and those given new job assignments for which training was not previously received. Training will also be provided when new substances, processes, procedures or equipment are introduced into the workplace and present a new hazard. Finally, training will be provided whenever the Company is made aware of a new or previously unrecognized hazard.

Record Keeping

The IIPP administrator or his/her designee will keep records of inspections, including the name of the person conducting the inspection, the unsafe condition or work practices identified, and the corrective action taken. The records will be maintained for three years.

The IIPP administrator or his/her designee will also keep records of safety training, including training dates, type of training provided, names of attendees and trainers. These records will be maintained for three years.

Every effort will be made to correct unsafe or unhealthy conditions, work practices or procedures in a timely manner. To meet this objective, it is essential that all employees cooperate and assist the Company in providing a safe workplace for everyone.

Workers' Compensation

Pumpkin Patch's Workers' Compensation carrier is noted on the Workers' Compensation posting in each work location, The Hartford for all U.S. locations other than locations in Washington. Washington is monopolistic and Pumpkin Patch files injuries/illnesses in this state directly with the appropriate state agency.

Should an employee be injured at work, or in the course of their work, the company provides Workers' Compensation coverage. The employee's manager is responsible for ensuring the

Workers' Compensation procedures are followed correctly and immediately.

Procedures

- The Manager must complete an Employee Incident Report (EIR) on the day of the injury/illness and fax it to the Vice President – USA Operations and the Human Resources department.
- The Manager must notify the Human Resource Manager.
- If the injury occurs in California, the injured employee will need to complete an additional state form – DWC-1. Once the Human Resources department receives the EIR and state form, the claim will be filed.

Workplace Injury

If emergency medical attention is required, employees should call 911. If non-emergency medical attention is required, the employee should contact their doctor or visit a local medical facility. All medical bills (except for Washington) should be forwarded directly to the Workers' Compensation carrier. All other medical bills should be forwarded to the applicable state agency.

If the medical provider determines that the injured employee must be excused from work, a note from the medical provider detailing the number of days the employee is to be absent. The injured employee will be placed on a Workers' Compensation Leave.

If the employee qualifies for leave under the Family and Medical Leave Act (FMLA), the California Family Rights Act (CFRA) or any other state/federal leave provision, the leave time taken for the work related injury/illness will also be counted against the employee's annual entitlement under FMLA, CFRA or any other state/federal leave provision. Please refer to the U.S. Benefits Handbook, Leave of Absence for further details.

Customer Injury

If a customer is injured on Pumpkin Patch premises, the manager on duty must complete a Customer Incident Report and fax it to the Human Resources Manager.

If a customer requests a contact number, please refer him/her to the Human Resources Manager.

Employee Assistance Program (EAP)

The Employee Assistance Program (EAP) is part of Pumpkin Patch's global commitment to the safety and wellbeing of all employees. We all have problems from time to time and this is a confidential way of getting help for you and your family.

EAP helps employees deal with a range of personal and work related issues, which can affect work performance. The issues may include:

- Marital or Family Difficulties
- Alcohol or Drugs
- Violence
- Parenting Problems

- Workplace Conflicts
- Grief
- Anxiety

Employees may be provided with three visits annually to EAP at no cost. All communications and interviews with EAP are treated as “Strictly Confidential”.

An employee’s continued employment or career prospects will not be jeopardized by virtue of seeking assistance under the Employee Assistance Program. However, in situations where work performance or attendance fails to improve, the Company may reserve the right to take formal disciplinary action.

Self Referral

Employees may seek help by directly contacting EAP of their own accord.

Suggested Referral

An employee may seek help at the suggestion of a co-worker or manager, without any formal action being taken. Managers may suggest attendance to an employee.

Manager Referral (non mandatory)

An employee may be given the option of participating in the program or accepting the consequences of his/her impaired work performance. When a manager recommends an employee to EAP, a doctor’s note is required to include the following information:

- That the employee has kept the appointment;
- That the employee is addressing his/her issues; and
- An indication of length of time away from work, if appropriate.

Contact Details

Harris Rothenberg Toll free 1-877-243-6215

Alternatively contact the Human Resource Department.

Government Inspections

Pumpkin Patch locations must comply with federal, state and local regulations and requirements related to the inspecting agency’s area of authority.

If a government inspector arrives, the manager on duty should:

- Ask for official credentials;
- Determine the nature of and reason for the inspector’s visit; and
- Notify your Regional Manager, Human Resource Manager and/or Vice President – USA Operations immediately.
- Remain with the inspector at all times.

Contracts and Legal Documents

Pumpkin Patch must review all contracts and legal documents before they are executed. Do not agree to or sign any contract or legal document. Only employees authorized by the Managing Director may execute such documents on behalf of Pumpkin Patch.

Health Insurance Portability and Accountability Act (HIPAA) of 1996

Pumpkin Patch is committed to using protected health information to the extent of and in accordance with the uses and disclosures permitted by HIPAA. Pumpkin Patch understands that medical information about you and your health is personal.

All Pumpkin Patch employees are prohibited from using, accessing or disclosing protected health information to any person or entity, internally or externally, except as required and permitted in the course of the employee's duties and responsibilities or as permitted under HIPAA.

Employees have the right to inspect and copy, amend, request an accounting of disclosures, request restrictions and request confidential communications of his/her protected health information.

Substance Abuse

The Company is committed to the health, safety, wellbeing and productivity of Pumpkin Patch employees, contractors and visitors. Drug and alcohol use impairs individuals' capacity to perform their job and may result in the risk of injury or a threat to the wellbeing of the impaired employee, other employees/contractors, visitors to Pumpkin Patch and members of the public.

The Company will not tolerate unsafe, unproductive or offensive situations in the workplace resulting from the effects of the consumption of drugs or alcohol or any other substance that may affect the well-being of its employees.

Employees who attend work under the influence of drugs and/or alcohol, or who consume drugs and/or alcohol on the premises will be subjected to disciplinary action, up to and including termination.

The following acts in particular should not be done under the influence of drugs and/or alcohol:

- Operation of any machinery
- Driving of vehicles

Reasonable Suspicion and Post-Accident Drug Testing

If a manager has reasonable suspicion that an employee is under the influence of drugs and/or alcohol, then the manager will take appropriate action to ensure a safe, productive and inoffensive work environment.

The employee's behavior will be investigated. If the investigation reveals that there has been a breach of this policy, appropriate action will be taken in accordance with the disciplinary action procedures.

Reasonable suspicion drug and alcohol testing may be required of the employee.

Prescription Drugs

If you take prescription drugs please check with your doctor to establish if the use of the drug will impact your work performance and particularly your ability to operate machinery i.e. freight elevator, trash compactor. If so, please obtain this advice in writing and provide it to your Manager.

Counseling Support

The Company recognizes that these illnesses can be treated and will therefore encourage and support recovery so long as such a problem does not impact fellow employees or productivity.

Confidential assistance can be provided through the Human Resources Department or the Employee Assistance Program (EAP). (See Employee Assistance Program)

Weapons and Firearms

Possession of weapons or firearms is strictly prohibited at Pumpkin Patch locations. Possessing a weapon or firearm on Pumpkin Patch property or while conducting Pumpkin Patch business will result in disciplinary action, up to and including immediate termination.

Workplace Violence

Pumpkin Patch is committed to providing a workplace that is free from acts of violence and threats of violence. Pumpkin Patch has established a strict policy that prohibits any employee from threatening or committing any act of violence in the workplace, while on duty, while on company related business, or while operating any vehicle or equipment owned or leased by Pumpkin Patch. This policy applies to all employees. Pumpkin Patch has zero tolerance for employees who make threats, engage in threatening behavior, or commit acts of violence against employees, visitors, guests, other individuals, their property, or company property. Compliance with this policy is every employee's responsibility.

Employees should report any incident involving a threat of violence or act of violence immediately to the Director of Stores, who will investigate the matter and take appropriate corrective action. This may include disciplinary action, up to and including termination.

Employees who become aware of any workplace security hazards, or who have suggestions for increasing security in the workplace, should speak with the Human Resources Manager or the Vice President – USA Operations.

Restraining Orders

If Pumpkin Patch locations are listed on a restraining order as a protected area, the employee must give Pumpkin Patch copies of the petition for the order as well as the actual order.

LOSS PREVENTION

Pumpkin Patch has policies and procedures that must be followed that serve to protect the employee and the Company.

Protecting Company Assets

One of the most important responsibilities is to protect the cash and inventory of the store. Follow policies and procedures at the cash register, fill out paperwork accurately, and provide the best customer service possible.

Managers are responsible for securing and maintaining control of all Pumpkin Patch assets including but not limited to cash, merchandise, bank deposits, Company records and supplies.

Cash Handling

During register training, cash handling responsibilities are discussed and trained. As a reminder,

- Ring all sales immediately, count back change to the customer, put the money in the register, and give each customer a receipt.
- Close the register drawer after each transaction.
- Handle voids, refunds and exchanges according to policy and procedure. Call a manager for approval where applicable.
- Only managers may ring up employee discount transactions.
- Employees are not permitted to make change for themselves, customers, or other employees from the cash register.

Security Policies

- Stockroom doors must be closed at all times during business hours.
- Gates must be closed and locked during opening and closing procedures when counting the cash tills.
- Back doors may only be used to process shipment and remove trash.
- All employees must enter and exit through the front entrance door.
- Only scheduled store employees or corporate employees on a business related visit are allowed in non-selling areas or in Pumpkin Patch stores during non-business hours.
- Keep purses and packages in secured areas in backrooms designated by a manager. Pumpkin Patch cannot assume responsibility for personal property brought into the store.
- Pumpkin Patch conducts bag and coat checks at the front door before any employee leaves the store.

Failure to adhere to these company procedures may result in disciplinary action up to, and including separation

Shoplifters

Magic Care customer service is the best way to discourage shoplifters. Employees who see a person take merchandise and conceal it, must follow these steps.

1. Notify a manager immediately.
2. Follow the person in an obvious way so that he or she knows you are there.
3. Provide Magic Care customer service to the person.
4. Do not accuse anyone of shoplifting. If the person is in the store, no merchandise has been stolen.
5. Do not attempt to stop the person if he or she leaves the store.
6. Only a manager may confront a shoplifter, and only after having been trained by Pumpkin Patch and his/her Regional Manager.

COMPANY PROPERTY AND CONFIDENTIAL AND PROPRIETARY INFORMATION

General Guidelines

The security of Company property is of great importance to Pumpkin Patch. Company property includes not only tangible property, like merchandise and registers, but also intangible property such as information. All employees share responsibility to ensure that proper security is maintained at all times.

Confidential and Proprietary Information

Proprietary information includes all information relating in any manner to the business of Pumpkin Patch and its affiliates, consultants, customers, clients, and business associates obtained by Pumpkin Patch employees during the course of their work. This Handbook, for example, contains proprietary information. Confidential information is any information that is not known generally to the public or the industry. Customer lists, customer files, personnel files, computer records, financial and marketing data, process descriptions, research plans, formulas, and trade secrets are examples of confidential information.

Given the nature of Pumpkin Patch's business, protecting proprietary and confidential information is of vital concern. This information is one of the most important assets of the Company and enhances Pumpkin Patch's opportunities for future growth, and indirectly adds to the job security of all employees.

Employees must not use or disclose any proprietary or confidential information that they obtain during their employment. This obligation remains even after an employee's employment relationship with Pumpkin Patch ends.

Security

Pumpkin Patch has included security procedures in the Retail Standard Operations Manual, which specifically sets out rules and regulations for maintaining control of entrances, exits, restricted areas, document control, and record keeping. Specific regulations regarding the protection of Pumpkin Patch property, traffic throughout its locations, and designation of restricted areas are issued by the Senior VP Store Operations and written in the Retail Standard Operating Procedures (SOP) manual, the U.S. Employee Handbook and posted on bulletin boards. Employees are expected to abide by these regulations.

Keys

Unauthorized possession, use or duplication of Pumpkin Patch keys is prohibited and may result in disciplinary action, up to and including termination. Company keys must be returned to the Company upon demand or termination.

Stores

If an employee misplaces a store key or deems it lost, the Regional Manager must be notified immediately.

Technology Use and Privacy Policy

Where appropriate, Pumpkin Patch provides employees with access to a computer, email and internet facilities. These facilities are to be used as effective communication tools for business

purposes and for acceptable use for your work.

Technology Resources Definition

Technology Resources consist of all electronic devices, software, and means of electronic communication including, but not limited to: personal computers and workstations; lap-top computers; mini and mainframe computers; computer hardware such as disk drives and tape drives; peripheral equipment such as printers, modems, fax machines, copiers, scanners and digital cameras; computer software applications and associated files and data, including software that grants access to external services, such as the internet; electronic mail; telephones; cellular phones; pagers; and voicemail systems.

Authorization

Access to Pumpkin Patch's Technology Resources is within the sole discretion of Pumpkin Patch. Generally, employees are given access to Technology Resources based on their job functions. Only employees whose job performance will benefit from the use of Technology Resources will be given access to the necessary technology.

Technology Use Policy

Failure to comply with any of the following policies will result in disciplinary action, up to and including termination. Moreover, Pumpkin Patch reserves the right to advise appropriate legal authorities of any violation of law by any employee.

Password Security

Individual employees are held responsible for maintaining the confidentiality of their passwords.

Prohibited Use

Employees are prohibited from using technology resources:

- In breach of any censorship laws;
- To create derivative works, forward, or distribute copyrighted materials unless the employee has the author's written permission;
- To transmit e-mail regarding personal matters;
- To forging the identity of a user or machine in an electronic communication.
- In an attempt to monitor or tamper with another user's electronic communication or reading, copying, changing, or deleting another user's file or software without appropriate direction or an explicit agreement of the owner/user.
- To use or communicate any information which may be considered offensive, derogatory, harassing, profane, discriminatory or which may be intimidating to the recipient;
- To breach any obligation of confidentiality or proprietary information;
- To infringe on the privacy of any individual; or
- In any manner which may bring Pumpkin Patch into disrepute.

These lists are not all-inclusive. Any questions concerning the appropriateness of communications should be forwarded to Human Resources.

Back-ups

All critical data and business systems are to be backed-up on a regular basis. Please confirm needs with the IT Department rather than assuming work is backed up.

System Configuration

All software and hardware must be installed via the IT department.

Illegal Software

Illegal copying of software and the use of games or other unauthorized software is not permitted.

Internet

Employees must not download, retrieve or send gross, indecent, or sexually explicit materials, access gambling sites or illegal drug-oriented sites from the internet or from email at anytime. This behavior is considered serious misconduct and may result in the immediate termination of the employee(s) involved.

Email Use

The email facility is a means of internal communication with employees or external communication with customers and stakeholders for the purposes of efficiently and effectively carrying out your work.

Junk Mail

Please do not spread junk mail or chain letters. Computers are for business purposes only.

Virus Protection

Any external media such as diskettes or CD's that are authorized must be scanned for viruses by IT prior to use on Company computers. Please note all external diskettes should be treated with caution, i.e. assume they have a virus until proven otherwise.

Virus Detection

All suspected cases of computer virus infection should be reported immediately to the IT department.

Record Retention

All records are to be retained for the correct length of time as per individual department retention policies and state and federal laws.

Access

All information held on the computer system is the property of Pumpkin Patch. The Company may access all emails or review all back-up facilities to ensure that this policy is being adhered to or for any other purposes as the organization determines necessary.

Health and Safety

All equipment should be in a good state of cleanliness, be properly cared for and comply with Company Safety Standards.

Confidentiality

The Company reserves the right to review and/or access any information an employee stores or views on their PC. The IT department carefully monitors all internet access.

Solicitation and Distribution

Solicitation

Solicitation (soliciting for participation, membership, attendance, or subscriptions) for any non-company sponsored activity by one employee of another employee is prohibited at all times during the working time of either individual. Working time does not include lunch periods or breaks. Additionally, solicitation for contributions (payment of money) for any non-company sponsored activity is prohibited at all time. Examples include, but are not limited to, the sale or distribution of Girl Scout cookies, raffle tickets, candy bars, Avon, Tupperware, etc.

Distribution

Employees are not permitted to distribute non-company advertising material, handbills, posters, or written literature of any kind during working time. Working time does not include lunch periods or breaks. Employees are not permitted to distribute non-company advertising materials, handbills, posters, or writer literature of any kind in work areas. For this purpose, the term, “work area” applies to all places where employees regularly work or conduct business, including areas where customers may transact business with company employees. The term “work area” does not include any areas set aside for non-work purposes. Distribution of literature by persons who are not employees is prohibited on company premises at all times.

The solicitation and distribution policies apply to all communications on company property, including, but not limited to, communications on the company’s computer, e-mail, Internet, voicemail, and telephone systems.

EXPENSE GUIDELINES

General Guidelines

Pumpkin Patch will reimburse employees for all ordinary, necessary and reasonable travel, entertainment and other related business expenses incurred while traveling on Company business, or that are connected to transacting Company business. Exercise prudent judgment when incurring and/or authorizing expenses covered under this policy.

Timely submission of expense claims (within 30 days), along with proper receipts to support them is required.

Managers must approve submitted expense claims and ensure they comply with these policy guidelines. Manager signatures on the reports indicate that they have reviewed the propriety and mathematical accuracy of the report and its receipts, and agree with the nature of the expense.

Exceptions to this policy may occur. Approvers must explain and sign off on any policy deviations that are on the report. They must seek the Vice President – USA Operations approval for final review.

Employee questions about whether or not an expense is reimbursable should be directed to your manager before incurring the expense.

The Finance department will verify the propriety and mathematical accuracy of submitted reports. The department has a responsibility to report questionable expenses or serious violations of this policy to the Vice President – USA Operations for further review.

Travel with a Spouse

Approval for an employee to take his/her spouse on a business trip must be obtained in advance from the employee's manager. Approval will be at the sole discretion of the Company and any costs incurred by the spouse will be at the expense of the employee.

Expense Claim Process

Pumpkin Patch requires that employees complete the appropriate expense claim form and attach all original receipts for expenses.

- Complete the Pumpkin Patch LLC Expense Claim form;
- Use the Account Number codes designated for each expense;
- Tape receipts on an 8 ½" x 11" page.
- Where necessary state the names of the employee/s an expense is for and the business purpose of the expense. (Meals, entertainment, etc.)
- Forward expenses to your manager for approval.

Travel Expenses

Corporate Credit Cards may be used to charge airfare, car rentals, hotel expenses, meals and other miscellaneous expenditures.

Pumpkin Patch employees that do not have a Corporate Credit Card will be reimbursed for reasonable expenses incurred for business travel including transportation, lodging, meals and other miscellaneous expenditures. The employee must provide full explanations for all expenses. Only reasonable expenses will be accepted.

The Company will provide a comprehensive insurance covering all likely contingencies relating to international travel. Details will be provided to the employee prior to departure and are available from the Finance department. Employees are expected to provide their own insurance coverage for domestic travel if he/she so wishes. This is at the sole discretion of the individual traveler.

Travel Arrangements

Please consider the cost of travel and select the most cost effective airlines and trains. Plan and book as early as possible to secure less expensive rates. Layovers may be necessary to secure the best rate.

Hotel Accommodation

Please try to utilize 3 Star accommodations where possible.

Rental Cars

Please select compact or economy cars with unlimited mileage whenever possible to secure less expensive rates. Always return rental cars with a full tank of gas. Employees should always take the insurance coverage offered by the rental car company.

Parking/Tolls/Speeding violations

Employees should use long term parking or off-site parking at the airport. Employees should take advantage of ticket validation opportunities and provide receipts whenever possible. Parking and speeding violations are not reimbursable expenses.

Relocation

The Company may choose to support national/international moves within the Company by providing financial assistance. This will depend on the level of the role and the tenure of the employee and is solely at the discretion of Pumpkin Patch.

Any transfer or secondment is subject to mutual agreement by the Company and the employee. A secondment is an international move for a period of one year or less. Financial assistance and allowances will be assessed on an individual basis at the discretion of the Company. The Company may pay employees costs incurred when they permanently relocate to a role within the Company. These are considered 'Company Requested Moves'.

Please note the following guidelines; however the Human Resource department will provide a detailed relocation reimbursement policy if a relocation is considered. Guidelines include:

- Transportation for employee and immediate family to the new location;
- Removal, storage and insurance of personal household effects;
- Hotel accommodation;
- Transfer allowance;
- Termination within 12 months of relocation.

Transportation

The Company will pay the one way fare for the employee and any dependent family members moving to the new location. This could include airfare, train fare, gas costs and ferry passages

for family members and one vehicle.

Removal/Storage/Insurance of Household Effects

The Company will pay for the packing, removal and delivery of the employee and, where applicable, dependent family member's personal household effects.

This does not include pets, trailers, caravans, boats, etc.

The Company will pay for up to four week's storage in the new location while the employee is securing accommodation.

The Company will pay the insurance for the employee's personal household removal. This insurance coverage will commence from the time the goods are packed and collected to the expiration of the four weeks storage and/or upon delivery to the new accommodation.

Should the employee require the goods to be stored for longer than four weeks, both the storage and insurance charges will be payable by the employee.

Hotel Accommodation

The Company may pay for up to four week's hotel accommodation (excluding meals, laundry and telephone expenses) in a room with full cooking facilities, for the employee and the employee's dependent family members transferring to the new location.

Termination within 12 Months

Should the employee terminate from the Company within 12 months, the employee will be liable to reimburse the Company based on a pro-rata of the total lump sum of relocation costs paid.

Employee Requested Move

The Company will not reimburse the transfer costs of any employee who requests a move both nationally or internationally. However financial assistance may be provided at the Company's discretion for 50% of the cost of the airfare. Airfare must be paid back, on a pro-rata basis, if the employee leaves within one year of the transfer.

Motor Vehicles

Company vehicles must be well maintained and drivers must comply with all road rules, both federal and state.

Company Vehicles

Those employees who require the use of a Company vehicle will be provided with suitable vehicles, which will be operated under the procedures set out below.

- Vehicles will be available for use on Company business and may be driven by authorized Company drivers as required.
- The expense of maintaining Company vehicles, including registration and insurance will be covered by the Company. Insurance claims resulting from an accident incurred during private use may attract an excess to be paid by the employee. Operating expense (e.g. oil and gas) arrangements will be discussed with the employee at the time the vehicle is provided. Employees allocated a vehicle must ensure that regular, required maintenance of the vehicle is accomplished as directed by the manufacturer or leasing agent. The vehicle must be kept in good repair, i.e. washed on a regular basis.
- To protect the Company's insurance position, no person may drive a Company vehicle without a valid and current driver's license. The license will be photo copied by your manager and a copy forwarded to the Payroll department.

- Where any person has his/her driving license cancelled for any reason, they will cease to be eligible to drive a Company vehicle while the cancellation continues. Any person allocated a Company vehicle or who normally drives a Company vehicle must advise their Manager immediately if their license is in jeopardy and/or cancelled. Any employee who does not notify their manager may face disciplinary action.
- Persons other than Company employees and the spouse of a person allocated the vehicle will not be permitted to drive Company cars unless exceptional circumstances exist as follows:
 - The Vice President – USA Operations has granted prior approval;
 - The employee becomes ill or otherwise unfit to drive in the event of an emergency and the driver is accompanied by the employee.
- Should an accident occur when any vehicle is being driven in breach of any of the driver's rules, the employee will be held responsible for the insurance excess (if it is not recovered from a third party by our insurers) and may be held responsible for the whole cost of repairs.
- Where an employee's Company car is involved in an accident during private use, the employee must send a copy of the Insurance Claim to their manager. The Manager in conjunction with a Finance department representative will review the circumstances and determine whether any payment by the employee towards the excess payment mentioned in above is appropriate.
- All Company vehicles are fully insured, however, employee's personal effects that are carried or stored in the vehicle are not covered. The employee at their own cost should arrange for separate coverage for these contents.
- Where Company drivers are required to attend, as a representative of the Company, any client or supplier function where alcohol consumption is likely they are encouraged to use alternative transport (e.g. Taxis) rather than drive.
- If a Company vehicle is authorized for personal use, passengers may be carried at the discretion of the person to whom the vehicle has been allocated.
- It is expected that employees who are responsible for a Company vehicle comply with all road rules and drive in an appropriately safe manner.
- Vehicles provided under this Policy will be replaced at such intervals as the Company may determine.
- When a Company vehicle is being replaced/renewed, the employee must ensure that the vehicle being replaced is clean both inside and out and returned in good condition to the leasing company.
- Vehicle types and/or price ranges will be determined by the Vice President – USA Operations, CEO and Human Resources departments, and will be reviewed as necessary.

Personal Car for Company Business

When employees are required to use their personal car on Pumpkin Patch business, other than traveling to his/her "home" location, they will be reimbursed for mileage at the prescribed Internal Revenue Service mileage rate. Mileage to and from the "home" location will not be reimbursed. This mileage allowance covers all motor vehicle costs. Toll charges supported by receipts are reimbursable; the Company will not assume liability for damages, breakdowns, accidents or violations of law. All employees who use their personal vehicle for business use are required to carry adequate automobile insurance and to maintain a good driving record.

To be reimbursed for mileage, the employee must complete a Mileage Expense Record, which includes the travel destination and reason for all claimed mileage.

Cell phone use

Your safety and well being are extremely important to us. Unless absolutely unavoidable, company cell phones and or business related phone calls are not permitted while driving a moving vehicle, as such distractions can cause accidents and injuries. If a cell phone must be used, a hands-free car kit should be utilized. Whenever possible, employees should not make or receive telephone calls while driving. Under no circumstances should employees use cell phones during adverse weather or difficult traffic conditions. Employees are required to comply with all state and local laws regarding the use of wireless phones while driving.

Violations of Company Policies and Guidelines

If you violate any of the policies and guidelines of the company, or if you knowingly permit a violation, you may be subject to appropriate disciplinary action, up to and including termination and/or reimbursement of any loss to the company that results from your actions.

U.S. Employee Handbook Acknowledgment

Please read the U.S. Employee Handbook and fill out and return one copy of this acknowledgment to the Human Resources Manager within one week of employment.

I acknowledge that I have received a copy of Pumpkin Patch LLC's U.S. Employee Handbook.

- I understand that I am responsible for reading the Handbook and for knowing and complying with the policies set forth in the Handbook during my employment with Pumpkin Patch.
- I understand that the policies and procedures contained in the Handbook are guidelines only and are not intended to create any contractual rights or obligations, express or implied, and shall not be construed to create any type of right to a "fair procedure" prior to termination or other disciplinary action.
- I understand that Pumpkin Patch has the right to amend, interpret, modify, or withdraw any of the provisions of the Handbook at any time in its sole discretion, with or without notice.
- I understand that while I have asked for an explanation of everything that was not clear to me, Pumpkin Patch cannot anticipate every issue that may arise during my employment. If I have any additional questions regarding any of the policies or procedures, I should consult the Vice President – USA Operations.
- I understand and agree that my relationship with Pumpkin Patch is "at-will," which means that my employment is for no definite period and may be terminated by me or by Pumpkin Patch at any time and for any reason with or without cause or advance notice. I also understand that Pumpkin Patch may demote or discipline me or otherwise alter the terms of my employment at any time in its discretion, with or without cause or advance notice.
- I understand and agree that the terms of this Acknowledgment may not be modified or superseded except by a written agreement signed by me and the Vice President – USA Operations, that no other employee or representative of Pumpkin Patch has the authority to enter into any such agreement, and that any agreement to employ me for any specified period of time or that is otherwise inconsistent with the terms of this Acknowledgment will be unenforceable unless in writing and signed by me and the Vice President – USA Operations, and further understand and agree that if the terms of this Acknowledgment are inconsistent with any policy or practice of Pumpkin Patch now or in the future, the terms of this Acknowledgment shall control.
- I understand and agree that this Acknowledgment contains a full and complete statement of the agreements and understandings that it recites, that no one has made any contrary promises or commitments to me, and that this Acknowledgment supersedes all previous agreements, written or oral, express or implied, relating to the subjects covered in this Acknowledgment.

Employee Name: _____

Location: _____

Employee Signature/Date: _____

Manager Signature/Date: _____

EMPLOYEE HANDBOOK COPY

U.S. Employee Handbook Acknowledgment

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Employee Name: _____

Location: _____

Employee Signature/Date: _____

Manager Signature/Date: _____

**EMPLOYEE FILE COPY
(SIGN, DATE AND MAIL TO USA OFFICE)**

Pumpkin Patch



United States Benefits Handbook

May 2009

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Welcome to the Patch!

We are pleased that you have chosen to join Pumpkin Patch LLC. The USA Benefits Handbook is intended to answer questions commonly asked by employees about the benefits available to them. We hope that it will serve as a useful reference document for employees throughout their employment at Pumpkin Patch.

The benefits referred to in the Benefits Handbook are effective February 1, 2009. Please be aware that the Company could amend, supplement, or rescind portions of the benefits provided based on the changing needs of the business. Please also realize that policies and procedures relating to the benefits in this handbook can be found in the USA Employee Handbook and/or in the Store Operating Procedures (SOP) Manual.

Please read it carefully. If you require further information, employees should feel free to contact their manager and/or Human Resources.

This handbook is the property of Pumpkin Patch, and is intended for personal use and reference by employees of Pumpkin Patch. Circulation of this handbook outside of Pumpkin Patch requires the prior written approval of the Vice President – USA Operations. This handbook must be returned to your manager upon separation.

Again, welcome! We are pleased you have joined the Patch!

Joann Ryan
Vice President – USA Operations

All Employee Benefits

General Information

Pumpkin Patch LLC is pleased to offer an excellent benefits package that is very competitive with those of other retailers and has designed its benefit program to ensure the wellbeing of both full-time and part-time employees and their family's health care needs. Our programs include access to medical, dental, and life insurance coverage for employees, spouses or domestic partners, and children; income continuation if an employee is unable to work due to illness or injury; a 401(k) savings plan with company matching contributions, tuition assistance; employee discounts and a bonus program.

Please review the benefits detailed in this handbook and keep it for your reference. If you have any questions, please contact the US Human Resource Department.

Merchandise Discount

Pumpkin Patch is proud of our quality products and we are happy to provide all employees with a discount to enable them to purchase our products for their family and for reasonable gift giving. This policy is at the sole discretion of the Company. Employees may purchase Pumpkin Patch to a total retail value of \$3000 per calendar year. Employees will be issued a letter and card detailing their discount from the US Office once they have been with the Company for a period of one month.

Discount

11 hours or less per week	20% discount
12 hours or more per week	40% discount

Exceptions

- So that our customers can purchase our products at the beginning of the season a waiting period exists and will be communicated to all staff at the beginning of the season.
- If there are stock shortages the company may suspend the use of the merchandise discount at any time.
- If you order product through our mail order service you will be asked to pay for all delivery charges.
- Employee holds are for 24 hours only.
- The discount can not be used to purchase gift cards or vouchers.
- The employee discount does not apply to sales items. If you do make purchases during sale time you can choose either the sales price (the price in which the item is available to the public) or apply the employee discount to the recommend retail price listed on the original price tag, which ever is the lowest.
- It is strictly prohibited for any employee to sell Pumpkin Patch products (including those you have purchased using your staff discount card) at any time, or under any circumstances, outside of the Company's normal operations. Examples of such prohibited activities include but are not limited to; eBay auctions, TradeMe auctions, Local Market stalls, or similar activities. Failure to abide by this condition could result in the termination of your employment.

All employees are asked to present their card, identification or letter detailing their discount rate and employee number to the Store Manager when purchasing items. The discount is only applicable to the employee whose name appears on the discount card. Only a Manager may ring up an employee purchase. The discount card must be returned to your manager upon termination.

Retirement Benefits - 401(k) Plan

Pumpkin Patch offers eligible employees the opportunity to participate in our 401 (k) Retirement Plan in order to assist with planning future financial security. The 401 (k) Plan, offered through ADP and Merrill Lynch, is a long-term savings program that allows employees to set aside income on a tax-deferred basis. Pumpkin Patch also provides a company match if you choose to participate in the plan.

Employees will receive a 401 (k) enrollment kit with instructions for enrolling in the plan from the USA Human Resource Department once they reach the eligibility requirements of 6 months of continuous service and 21 years of age. The preferred method of enrolling into the plan is using the secure internet site www.mykplan.com or by calling 1-800-MY-K-PLAN. If you do not have a kit please contact Human Resources.

Highlights of the plan include:

- The opportunity to save on a pre-tax basis
- A company match equal to 100% of the first 2% of pay that you contribute on a pre-tax basis. The vesting period for the employer match account is 0-1yrs 0%; 1-2years 20%; 2+years of service 100%. Any income you contribute to the plan pre-tax are always yours to keep, even if you leave Pumpkin Patch. Upon termination, you may roll the account to your new employer's plan or to a Rollover IRA account.
- A number of diversified funds, including asset allocation funds, for you to invest the contributions in. Please read the fund's prospectus and fact sheet carefully before investing.
- A loan feature, which provides the ability to borrow from your account and pay back both principal and interest to your own account. Please talk with our financial advisor to determine whether a 401(k) Loan is right for you.
- Rollovers: the Pumpkin Patch 401(k) plan accepts rollover from your previous employer. A rollover form must be obtained prior to initiating this process.
- Employees are eligible to join the 401 (k) Plan when they are 21 years of age or older, regardless of how many hours worked per pay period.

Please read the fund's prospectus and fact sheet carefully before investing. You should also review all the information in the enrollment kit including the Merrill Lynch "Investing Wisely" brochure. For administrative questions about the plan please call: 1-800-MY-K-PLAN (695-7526) Should you require assistance in learning more about the investments or have questions about retirement planning, please contact our Merrill Lynch Advisor, Joseph Soranno at 800-999-1185 or direct at 212-382-8527.

Employee Assistance Program (EAP)

The Employee Assistance Program (EAP) is part of Pumpkin Patch's global commitment to the safety and wellbeing of all employees. We all have problems from time to time and this is a confidential way of getting help for you and your family.

EAP helps employees deal with a range of personal and work related issues, which can affect work performance. The issues may include:

- Marital or Family Difficulties
- Alcohol or Drugs
- Violence
- Parenting Problems
- Workplace Conflicts
- Grief
- Anxiety

Employees may be provided with three visits annually to EAP at no cost. All communications and interviews with EAP are treated as “Strictly Confidential”.

An employee’s continued employment or career prospects will not be jeopardized by virtue of seeking assistance under the Employee Assistance Program. However, in situations where work performance or attendance fails to improve, the Company may reserve the right to take formal disciplinary action.

Self Referral

Employees may seek help by directly contacting EAP of their own accord.

Suggested Referral

An employee may seek help at the suggestion of a co-worker or manager, without any formal action being taken. Managers may suggest attendance to an employee.

Manager Referral (non mandatory)

An employee may be given the option of participating in the program or accepting the consequences of his/her impaired work performance. When a manager recommends an employee to EAP, a doctor’s note is required to include the following information:

- That the employee has kept the appointment;
- That the employee is addressing his/her issues; and
- An indication of length of time away from work, if appropriate.

Contact Details

Harris Rothenberg (24 hour/Toll Free) 1-877-243-6215

Patch Star Clubs

It has always been our aim as a company to share our successes with employees and it is even more important that as we continue to grow that we recognize the hard work and contribution that each employee makes to the Pumpkin Patch team. These awards are our small way of saying thanks for all the great effort that goes into making Pumpkin Patch a success.

Employees must complete both the year and hour requirements as indicated below to be eligible for the Patch Star Clubs. Invitation to join the Patch Star Club is at the full discretion of the board and the program guidelines can be modified at any time.

Six Star Club

The Six Star Club recognizes employees who have been with the business for six years and have worked 10,000 hours.

Ten Star Club

The Ten Star Club recognizes employees who have been with the business for 10 years and who have worked at least 16,600 hours.

Fifteen Star Club

The Fifteen Star Club recognizes employees who have been with the business for 15 years and who have worked at least 25,000 hours.

When an employee reaches the years of service, hour requirements and after board approval, they will be invited into the Star Club program. Awards at each level are subject to change. Please contact the USA Human Resource department if you have any questions.

Store Incentive

All employees benefit from the Store Incentive program. The Store Incentive program provides between \$100.00 and \$200.00 dollars (depending on store volume) monthly to each store for meeting or exceeding the monthly sales target. The Store Manager utilizes this incentive to reward the entire sales team through contests, prizes, store parties, and or snacks. The Store Manger is responsible for deciding how this incentive will be allocated.

Leaves of Absence

Pumpkin Patch recognizes that situations may arise in an employee's personal life where time is needed away from work. A leave of absence may be granted without affecting an employee's length of service. When an employee returns to work from an approved leave of absence within the specified time frame, the employee will be reinstated in the current position, or a comparable position. Pumpkin Patch provides job-protected time off in accordance with the Family and Medical Leave Act (FMLA) and all State specific leave programs. All leaves must be approved by the US Human Resource Department. Please contact the US Human Resource Department for a leave packet.

Family and Medical Leaves

FMLA provides employees who qualify with up to 12 work weeks of unpaid, job protected leave in a 12 month period for the birth and care of a newborn child (through birth, foster care or adoption), to care for an immediate family member (spouse, child, or parent) with a serious health condition or when the employee is unable to work because of a serious health condition. To be eligible for FMLA an employee must have worked for at least one year and with at least 1,250 hours prior to the commencement of the leave. An eligible employee who wishes to take FMLA must provide at least 30 days advance notice when the leave is foreseeable.

Medical Leave

Employees may be granted either a paid or unpaid medical leave of absence based on the disability plan eligibility. Please refer to the Short Term and Long Term Disability plan section of this handbook for details and eligibility requirements. All medical leaves are subject to proper medical certification. Medical leaves run concurrently with FMLA and State Leave Programs.

Personal Leave

Employees may request an unpaid personal leave for up to 30 days, provided that all FTO is exhausted upon commencement of the leave. Personal leaves require the VP of US Operations approval and are granted or denied on the needs of the business. To request a Personal Leave, fax a completed and signed EAF to the US Human Resource Department, with your managers signature.

Military Family Leave

Eligible employees are entitled to up to 12 weeks of leave because of “any qualifying exigency” arising out of the fact that the spouse, son, daughter, or parent of the employee is on active duty, or has been notified of an impending call to active duty status, in support of a contingency operation. An eligible employee of a covered service member who is recovering from a serious illness or injury sustained in the line of duty on active duty is entitled to up to 26 weeks of leave in a single 12-month period to care for the service member.

Workers Compensation

Employees injured at work are eligible for worker’s compensation benefits that may provide income continuation benefits and/or medical care. Employees must immediately report workplace injuries to the manager on duty and the USA Human Resources Department. Our Workers Compensation policy is administered through The Hartford. For questions, please contact the US Human Resource Department or The Hartford directly at (800)-327-3636.

Bereavement Leave

Death of an immediate family member, defined as a spouse, domestic partner, legal guardian, child, parent, sibling, grandparent, or grandchild, including the immediate family of an employee’s spouse/domestic partner may request up to 3 business days for grieving or funeral arrangements. Full-Time employees receive full pay; Part-time employees receive full pay using the employee’s average pay for hours worked over the last 6 months. To request a Bereavement Leave, fax a completed and signed EAF to the US Human Resource Department prior to commencement of the leave.

Jury/Witness Duty Leave

Pumpkin Patch recognizes its civic duty to permit all employees time off to serve as a juror. Any employee with a minimum of 6 months service may request a Jury/Witness Duty Leave for up to 10 business days, provided that the employee is required to be in court. Full-Time employees receive full pay. Part-time employees receive full pay using the employee’s average pay for hours worked over the last 6 months. To request a Jury/Witness Duty Leave, fax a completed and signed EAF and your summons or court order to the US Human Resource Department prior to commencement of the leave. Proof of attendance is required.

Military Service Leave

A Military Service Leave may be granted for up to five years to any employee absent from work due to “service in the uniformed services.” Uniformed services is defined by USERRA to include Army, Navy, Air Force, Marine Corps, Coast Guard, Army National Guard, Air National Guard, commissioned corps of the Public Health Service, and any other category of persons designated by the President of the United States in time of war or emergency. Employees on approved military leave will be re-employed if they return within the timelines established by USERRA. Required leave documents must be provided to the Benefits department prior to the beginning of the leave. Contact the US Human Resources Department to request a Leave packet as soon as the need for the leave is known.

Voting Time Away from Work

Any employee who does not have sufficient time to vote in a general or state election outside of regular working hours due to the employee's polling place being closed prior to or following the employee's scheduled work shift is eligible for two hours at the beginning or end of the employee's regular shift. Both full and part-time employees receive full pay for the two hours. Employees must request time off for voting at least 3 calendar days prior to the requested time-off and must receive manager approval. Fax a completed and signed EAF to the US Human Resource Department for approval.

California Employees

California Family Rights Act (CFRA)

CFRA allows eligible employees to take up to 12 workweeks of paid or unpaid, job-protected leave to care for a parent, spouse or child with a serious health condition, the employee's own serious health condition or to bond with a new child (through birth, foster care or adoption). FMLA and CFRA in most cases run concurrently. Leave taken for the birth, care, adoption or foster placement of a child must be concluded within 12 months of the qualifying event. Leave may be taken in one continuous 12-workweek period or, when medically necessary, in intermittent increments of one hour or more for a total of 12 workweeks. To be eligible for CFRA leave, an employee must have been employed within the State of California for at least 12 months AND have worked at least 1,250 hours during the 12 month period immediately preceding the leave.

California Pregnancy Disability Leave (PDL)

In addition to leave provided under the FMLA and the CFRA, an employee who is disabled due to pregnancy, childbirth or related medical condition (including prenatal care and severe morning sickness) is entitled to pregnancy disability leave for the period of actual disability up to 4 months. Intermittent leave or a reduced work schedule may be taken if medically necessary. An employee is eligible for pregnancy disability leave at the time of hire and need not meet the length of service eligibility requirements of the FMLA and CFRA. PDL is not counted against an employee's entitlement to leave under the CFRA; however, the state share for health benefit coverage is maintained for only a total of 12 weeks in a 12 month period under the FMLA/CFRA/PDL.

California Leave Entitlements

Eligible employees are entitled to take up to 12 weeks of leave in a 12-month period under the CFRA and FMLA. In most cases, FMLA leave due to pregnancy, childbirth or a related medical condition and PDL run concurrently. PDL of up to four months is provided to an employee who is actually disabled due to pregnancy. However, leave under PDL and leave under CFRA are separate and distinct entitlements and do not run concurrently. An employee disabled due to pregnancy may take up to four months of PDL leave, and, if eligible may be entitled to an additional 12 weeks of CFRA leave to care for a child after the birth. The maximum possible combined leave for both PDL leave and CFRA leave for the reason of the birth of a child is four months and 12 workweeks.

Benefits for Full-Time Employees and Part-Time Assistant Managers

Medical, Dental, Vision, Flexible Spending Accounts, Life and Disability Plan Eligibility

Pumpkin Patch offers benefit programs to both full-time employees and part-time Assistant Manager employees.

Full-Time Employees

Full-time employees are defined as those employees who work a minimum of 32 hours per week.

Full-time/Exempt

Full-time, exempt employees are eligible to enroll on the first day of the month following his/her date of hire. Example – hire date is 7/8/07, eligibility commences on 8/1/07.

Full-time/Non-Exempt

Full-time, non-exempt employees are eligible to enroll on the first day of the month following 3 months of continuous employment. Example – hire date is 8/15/07, eligibility commences on 12/1/07.

Part-Time Employees

Part-time employee hours vary by position and can range from 8-31 hours per week on a consistent basis are our not eligible for the Medical, Dental, Vision, Life and Disability plans outlined below.

Part-time Assistant Managers

Part-time, Assistant Managers are eligible to enroll on the first day of the month following 3 months of continuous employment. Example – hire date is 8/15/07, eligibility commences on 12/1/07.

Rehires

If re-hired within 6 months after termination from Pumpkin Patch, employees are eligible to re-join the benefit plans on the first day of the month following the re-hire date. This is on the condition that the employee was benefit eligible when terminated. Example – Termination date is 4/25/07, and re-hired on 7/6/07. As this is within the 6 months period and the employee was benefit eligible when terminated, the employee is eligible to rejoin the benefit plan on 8/1/05.

Dependents

Eligible dependents are entitled to participate in the medical, dental and vision plans.

Eligible dependents include:

- Spouse (unless legally separated);
- Domestic partner (complete and submit an Affidavit of Domestic Partnership to qualify);
- Dependent children or domestic partners dependent children who are unmarried, financially dependent on the employee and under the age of 19 and children between the ages of 19 and 25 if they attend school full-time;
- Dependent children or domestic partners dependent children who are unmarried, financially dependent on the employee and mentally or physically impaired.

Cost Sharing

Although Pumpkin Patch pays the substantial majority of the costs, plan participants share in the cost of some of the benefit programs. Since employees share in the cost it is important to ensure that employees participate in the plans that are most valuable to them and their family.

Pumpkin Patch’s philosophy is that we all share in the responsibility of controlling ever-increasing health care costs. To keep the participant’s share of health care costs as low as possible, it is important to take advantage of the routine and preventive care features of the medical and dental plan, and to use the preferred provider networks whenever possible.

Enrollment Forms

The USA Office must receive enrollment forms, including waiver of coverage if coverage is being declined, within 30 days of the eligibility date. If forms are not received within 30 days, coverage will be denied.

Coverage may be amended each year during open enrollment (per plan limitations). Open enrollment is January of each year. If you do not participate in open enrollment, the same coverage the previous year will apply, with the exception of the flexible spending account. You must actively enroll in the flexible spending account each calendar year.

Medical Benefits

HMO Medical Plan (Available to California employees only)

Pumpkin Patch offers the Blue Shield Access+ HMO. The plan has no annual deductible and no lifetime maximum, however you are required to designate an in-network Primary Care Physician (PCP) who will coordinate all care. You can locate a PCP on Blue Shield’s web site at www.blueshieldca.com or by calling Blue Shield Member Services at 1-800-424-6521.

Costs per Pay Period

Employee Only	\$21.34
Employee + Child (ren)	\$70.42
Employee + Spouse	\$80.33
Employee + Family	\$124.26

To see the full plan details, please go to <http://www.sequoia.com/> and enter pumpkinben at the login screen.

PPO Medical Plan

Pumpkin Patch offers the Shield Spectrum PPO 250-80/60 Standard plan. The plan has a \$250 annual deductible per individual and \$500 per family. You can choose to see any doctor of your choice, but would receive a larger discount if you see a doctor that is a Blue Shield Preferred Provider. You can locate a Blue Shield Preferred Provider on Blue Shield’s web site at www.blueshieldca.com or by calling Blue Shield Member Services at 1-800-424-6521.

Costs per Pay Period

Employee Only	\$31.14
Employee + Child (ren)	\$78.30
Employee + Spouse	\$89.98
Employee + Family	\$140.15

To see the full plan details, please go to <http://www.sequoia.com/> and enter pumpkinben at the login screen.

Dental Plans

Pumpkin Patch offers the Met Life Dental Plan. The dental plan allows you to choose a participating dentist or a non-participating dentist. You can locate participating and non-participating dentists by going to <http://metlife.com> since dental cards are not issued.

Costs per Pay Period

Employee Only	\$4.72
Employee + Child (ren)	\$10.45
Employee + Spouse	\$10.67
Employee + Family	\$17.17

To see the full plan details, please go to <http://www.sequoia.com/> and enter pumpkinben at the login screen.

Vision Plans

Pumpkin Patch offers you the VSP Vision Plan. The plan has no annual deductible. You can find a VSP Doctor by visiting or by calling 800-877-7195. You can locate participating and non-participating vision providers by going to <http://vsp.com> since vision cards are not issued.

Costs per Pay Period

Employee Only	\$4.25
Employee + 1	\$8.14
Employee + 2 or more	\$11.13

To see the full plan details, please go to <http://www.sequoia.com/> and enter pumpkinben at the login screen.

Life Insurance/AD&D

Life and AD&D insurance provides financial security in the event of death or serious injury. Benefits eligible employees are automatically enrolled in Life, Accidental Death & Dismemberment (AD&D) insurance equal to two times your annual pay. Pumpkin Patch pays the entire cost of this program in most states. To see the full plan details, please go to <http://www.sequoia.com/> and enter pumpkinben at the login screen.

Short Term Disability

Benefits eligible employees are automatically enrolled in Short Term Disability (STD). STD provides salary continuation during absence from work due to non-occupational illness or injury up to 12 weeks of total disability. If the employee meets the definition of disability, benefits will begin on the eighth consecutive work day and pay up to 66.7% of your normal pre-disability wages. Pumpkin Patch pays the entire cost of this program in most states. To see the full plan details, please go to <http://www.sequoia.com/> and enter pumpkinben at the login screen.

Long Term Disability

Benefits eligible employees are automatically enrolled in Long Term Disability (LTD). LTD provides salary continuation during absence from work due to non-occupational illness or injury up to your normal retirement age under the Social Security Act. However, if the employee becomes disabled at or after age 65 benefits are payable according to an age-based schedule.

If the employee meets the definition of disability, benefits will begin 90 days following an accidental injury or sickness and pay up to 66.7% of your normal pre-disability wages. Pumpkin Patch pays the entire cost of this program in most states. To see the full plan details, please go to <http://www.sequoia.com/> and enter pumpkinben at the login screen.

Flexible Spending Accounts (Section 125)

Pumpkin Patch offers flexible spending accounts to employees for both Health and Dependent Care. A Flexible Spending Account (FSA) is a tax-favored program that allows employees the opportunity to pay for eligible out-of-pocket health care and dependent care expenses with pre-tax dollars.

You decide to have an amount of your choice deducted incrementally from your paycheck, up to an annual maximum of a **\$1000.00** for Health Care and **\$3000.00** for Dependent Care. These contributions to your flexible spending account are made before any taxes (payroll or income) and are taken from your earnings. You then file claims against your FSA for reimbursement of eligible expenses you have incurred.

- Health Care Spending Account (FSA) is designed to reimburse for out-of-pocket health care expenses incurred by you or your eligible dependents that are not reimbursable through any other benefit. Examples of eligible expenses are medical deductibles, copays, prescription eyeglasses, vision exams, dental expenses and many others. Your entire elected annual contribution goal amount is immediately available upon your enrollment in the FSA plan, even before you have made all of your payroll contributions to meet your elected goal amount. You must also remember to use all of your contributions each plan year as no contribution amount may be carried over to subsequent plan years and will not be refunded.
- Dependent Care Spending Account A Dependent Care Flexible Spending Account (FSA) is designed to reimburse for expenses incurred to care for your eligible dependents. Examples of eligible expenses are daycare, after school care and elder care. After you have incurred an eligible expense, you may be reimbursed up to your contribution balance at the time of the reimbursement request. Claims submitted for expenses that exceed your current contribution balance will be partially paid and the unpaid balance will automatically pay as additional contributions are applied to your account. You must also remember to use all of your contributions each plan year as no contribution amount may be carried over to subsequent plan years and will not be refunded.

The Internal Revenue Service has defined what expenses are eligible for reimbursement and it is always best to verify the eligibility of an item or service prior to incurring the expense.

For additional information, a multimedia presentation and assistance with contribution planning, please visit <https://www.flexdirect.adp.com/login.aspx>.

Business Travel Accident Insurance

Pumpkin Patch will provide a comprehensive insurance covering all likely contingencies relating to international travel on behalf of the company. Details are available from the US Office. Employees are expected to provide their own insurance coverage for domestic travel if his/she so wishes. This is at the sole discretion of the individual traveler.

Amending Benefit Elections

Most of the benefit choices are binding for the entire plan year. Changes are permitted to benefit choices at the beginning of each plan year and if a qualifying event occurs. Please note

that the employee is responsible for notifying the USA Human Resource Department within 30 days of a qualifying event. Documentation must be provided with the change request.

A qualified event is defined as:

- A change in marital status, including marriage, divorce, legal separation, annulment, or death of spouse.
- A change in the number of dependents, including birth, adoption, placement for adoption or death of a dependent.
- A termination or commencement of employment by the employee, the employee's spouse or his/her dependent(s).
- A change in the number of hours the employee or those of his/her spouse or dependent, including a switch between full-time and part-time, a strike or lockout, or commencement or returns from unpaid leave of absence.
- A dependant satisfies or ceases to satisfy requirements for an unmarried dependent.
- A change in the employee's place of residence or work, or that of his/her spouse or dependent(s).
- Enrollment in health coverage outside of Pumpkin Patch.
- Contact the Human Resources department for a complete list of qualifying events.

Please note that if an employee or his/her dependents are joining Pumpkin Patch's health plans due to a loss of coverage from another provider/employer, a HIPAA (Health Insurance Portability and Accountability Act) certificate from the prior carrier is required.

Cobra Continuation Coverage

If enrolled in the Pumpkin Patch health plan, the employee may be entitled to COBRA continuation coverage. This is a temporary extension of coverage at the employee's expense (plus a 2% administration fee), under the plan if the employee should otherwise lose coverage. Federal law states your right to COBRA under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). This notice gives only a summary of COBRA continuation coverage rights. For more information please review the Summary Plan Description or get a copy of the Plan Document from Human Resources.

COBRA Qualifying Events

COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." A qualified beneficiary is someone who will lose coverage under the Plan because of a qualifying event. Depending on the qualifying event, employees, spouses of employees, and dependent children of employees may be qualified beneficiaries. Qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

An employee will become a qualified beneficiary if he/she loses coverage because either one of the following qualifying events happened:

- Hours of employment are reduced, or
- Employment ends for any reason other than your gross misconduct.

The spouse of an employee will become a qualified beneficiary if he/she loses coverage because of any of the following qualifying events:

- Spouse dies;
- Spouse's hours of employment are reduced;
- Spouse's employment ends for any reason other than his/her gross misconduct;
- Spouse becomes enrolled in Medicare (Part A, Part B, or both); or

- Divorce or legal separation.

Dependent children become qualified beneficiaries if he/she loses coverage because of any of the following qualifying events:

- Parent-employee dies;
- Parent-employee's hours of employment are reduced;
- Parent-employee's employment ends for any reason other than his/her gross misconduct;
- Parent-employee becomes enrolled in Medicare (Part A, Part B, or both);
- Parents become divorced or legally separated; or
- Child stops being eligible for coverage under the plan as a "dependent child."

COBRA will be offered only after Pumpkin Patch has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction of hours of employment, death of the employee, or enrollment of the employee in Medicare (Part A, Part B, or both), Pumpkin Patch must notify the Plan Administrator of the qualifying event within 30 days of these events.

For the qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child), the employee must notify Pumpkin Patch within 60 days after the qualifying event occurs. This notice must be sent to: Pumpkin Patch LLC, 950 Tower Lane, Suite 860, Foster City, CA 94404, Attn: Human Resource Department.

Once notice is received that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. For each qualified beneficiary who elects COBRA continuation coverage, COBRA will begin on the date that Plan coverage would otherwise have been lost.

COBRA continuation coverage is temporary continuation coverage. When the qualifying event is the death of the employee, enrollment of the employee in Medicare (Part A, Part B, or both), divorce or legal separation, or a dependent child losing eligibility as a dependent child, COBRA continuation coverage lasts for up to 36 months.

When the qualifying event is the end of employment or reduction of the employee hours of employment, COBRA continuation coverage lasts for up to 18 months. There are two ways in which this 18-month period of COBRA can be extended:

- Disability extension of 18-month period;
- Second qualifying event extension of 18-month period.

Disability Extension of 18-month period

If the employee of anyone covered under the Plan is determined by the Social Security Administration to be disabled at any time during the first 60 days of COBRA continuation coverage and the employee notifies the Plan Administrator in a timely fashion, the employee and his/her entire family can receive up to an additional 11 months of COBRA, for a total maximum of 29 months. The employee must ensure the Plan Administrator is notified of the Social Security Administration's determination within 60 days of the date of the determination and before the end of the 18-month period for COBRA continuation coverage. The notice should be sent to: Pumpkin Patch, 950 Tower Lane, Suite 860 Foster City, CA 94404, Attn: Benefits Department.

Second Qualifying Event Extension of 18-month Period

If the employee’s family experiences another qualifying event while receiving COBRA continuation coverage, the spouse and dependent children in his/her family can get additional months of COBRA continuation coverage to a maximum of 36 months. This extension is available to the spouse and dependent children if the former employee dies, enrolls in Medicare (Part A, Part B, or both), or divorces or legally separates. The extension is also available to a dependent child where that child stops being eligible under the Plan as a dependent child. The Plan Administrator must be notified within 60 days of the second qualifying event. The notice should be sent to: Pumpkin Patch, 950 Tower Lane, Suite 860 Foster City, CA 94404, Attn: Benefits Department.

California Legislative ruling AB 1401

Additionally, in accordance with California legislative ruling AB 1401, once the eighteen months of Federal COBRA continuation coverage has been exhausted, employees may be eligible for an additional extension of coverage up to a maximum duration of 36 months between the federal and state program. The responsibility for notifying the carrier of his/her address and contact information for continuing with this new extended coverage lies with the employee.

Employees may also be eligible for a conversion policy if the group plan is terminated. Please refer to the carrier ID card for the applicable member service phone numbers should assistance be required.

Flexible Time Off (FTO)

Pumpkin Patch offers Flexible Time Off (FTO) benefits to US Office employees, Full Time employees and Part-Time Assistant managers. Employees begin to accrue FTO from their date of hire. The rate at which FTO accrues is dependent on position and length of service. This is illustrated in the tables below. FTO will be documented on employee paychecks each payroll period.

Employees may only request time off (FTO) that has been accrued. Once an employee has reached the maximum accrual for the calendar year, they will not be able to accrue further FTO until his/her hours have been used and they drop below the maximum. Exempt employees must take FTO in full day increments. Non-exempt employees may take FTO in hourly increments.

FTO will not be approved during blackout periods except in extreme circumstances and must be approved by the VP of US Operations. Backout dates will be determined by store business needs and always includes from November 1st through December 31st.

Regional Manager Employees and US Office Management

	Bi-Weekly Accrual Hours	Annual FTO Hours	Maximum Accrual Hours
Years 1-3	6.77 hrs.	176 annual	176 max
Years 3-5	7.69 hrs.	200 annual	200 max
Years 5-7	8.92 hrs.	232 annual	232 max
Years 7+	9.54 hrs.	248 annual	248 max

Store Full-Time Employees and US Office Administration

	Bi-Weekly Accrual Hours	Annual FTO Hours	Maximum Accrual Hours
Years 1-3	5.23 hrs.	136 annual	136 max
Years 3-5	6.15 hrs.	160 annual	160 max
Years 5-7	7.38 hrs.	192 annual	192 max
Years 7+	8.00 hrs.	208 annual	208 max

Part-Time Assistant Store Managers

	Bi-Weekly Accrual Hours	Annual FTO Hours	Maximum Accrual Hours
Years 1-3	1.54 hrs.	40 annual	40 max
Years 3-5	1.85 hrs.	48 annual	48 max
Years 5-7	2.46 hrs.	64 annual	64 max
Years 7+	3.08 hrs.	80 annual	80 max

Holidays

Pumpkin Patch offers six paid holidays per calendar year as listed below.

- New Year’s Day (January 1st)
- Memorial Day
- Independence Day (July 4th)
- Labor Day
- Thanksgiving Day
- Christmas Day (December 25th)

Exempt Employees

Exempt employees receive holiday pay equal to a regular day’s pay for each of the designated holidays. Exempt employees should either take the designated holiday off with pay, or schedule and take an alternate paid “holiday day” off within 30 calendar days following the designated holiday, or it will be forfeited. Employees who work on a designated holiday will not receive any holiday pay in addition to their regular wage for that day. Holiday pay that has not been taken will not be paid out upon termination.

Full-time/Non-Exempt Employees (Co-Manager, Full-time Stock Coordinator)

Full-time, non-exempt employees receive 8 hours of holiday pay, or less if their regular work day is less than 8 hours, of each of the designated holidays. Non-exempt employees should take the designated holiday off, using 8 (or less) hours of holiday pay. If a Non-Exempt employee works on the designated holiday, they will be paid the holiday pay in addition to their actual hours worked for that day.

Part-time Assistant Store Managers

Part-Time Assistant Store Managers receive 4 hours of holiday pay for each of the designated holidays. Part-time Assistant Store Managers should take the designated holiday off, using 4 hours of holiday pay. If a Part-time Assistant Store Manager works on the designated holiday, they will be paid the holiday pay in addition to their actual hours worked for that day.

Store Closure

If the store is closed due to a designated holiday, full-time exempt employees may will receive holiday pay equal to their regular pay for the day, full-time non-exempt employees will receive 8 hours (or less) of holiday pay and Part-Time Assistant Managers will receive 4 hours (or less) of holiday pay.

If the store is closed due to a holiday that is not designated as a Pumpkin Patch holiday (Easter Sunday), then the Store Manager should schedule this as a regular day off.

Holidays should be entered on the employee's time sheet. Employees on a leave are not eligible for holiday pay.

Educational Development Program

Pumpkin Patch recognizes the importance of continuing education. Following all federal and state laws, Pumpkin Patch will reimburse educational expenses 100% up to a maximum of \$2500 per calendar year for all Full Time employees and Part-Time Assistant Managers that are enrolled in classes or programs that are directly related to our business.

In order to be eligible for this benefit, you must:-

- Complete six months continuous employment with Pumpkin Patch
- Work a minimum of 20 hours per week
- For undergraduate work, employees must earn a grade of 'C' or better
- For graduate work, employees must earn a grade of 'B' or better

Please complete the Educational Development Program form (available on the intranet) to request approval, prior to course commencement. This form should be submitted to the VP of USA Operations who will confirm acceptance of the course for this program. Reimbursement payments will only be made upon receiving confirmation of grades achieved after completion of the course. If you voluntarily resign from your position within a year from your last reimbursement, you must repay Pumpkin Patch 100% of your reimbursement.

Store Manager Bonus

Store Managers are entitled to participate in the store's discretionary bonus program. Please see the Store Manager Bonus booklet for details or speak with your Regional Manager.

Exhibit A
Wages and Salaries

1. The Debtor employs approximately 440 Employees, all of which provide a myriad of services to the Debtor.

2. A full-time Employee ("Full-time Employee") works 32 hours or more in a workweek, on a regular and continuous basis. Approximately 85 of the Employees work full-time. A part-time Employee ("Part-time Employee") works between 8 and 31 hours in a work week, on a regular and continuous basis. Approximately 337 of the Employees work part-time. Approximately 15 of the Employees are temporary employees.

3. Approximately 400 of all Employees are hourly wage earners (collectively, the "Hourly Employees") and approximately 40 are salaried personnel (collectively, the "Salaried Employees"). The average monthly payroll for the Debtor's Employees in a typical, non-Christmas-season month is approximately \$425,444.60, including payroll taxes. The Debtor uses ADP Payroll Services to administer its payroll and the actual disbursements of payroll funds to Employees.

4. Salaried Employees are paid every two weeks. Salaried Employees collectively are paid approximately \$190,000 per month; this includes amounts on account of payroll taxes and car allowances for key Employees. As of June 27, 2009, the Debtor estimates that approximately \$95,000, including payroll taxes, exists in accrued but unpaid payroll for Salaried Employees.

5. Hourly Employees generally are paid every two weeks. Hourly Employees are paid approximately \$235,444.60 each month, including amounts on account of payroll taxes. The Debtor estimates that, as of June 27, 2009, approximately \$117,722.30, including payroll taxes, exists in accrued but unpaid payroll for Hourly Employees.

6. Store managers are also entitled to participate in the store's discretionary bonus program. In addition, each store manager is eligible for a \$200.00 bonus for each month in which he or she meets the sales target for his or her store in such month.

7. There are presently no Employees who are owed in excess of \$10,950 for prepetition wages or salaries.

Exhibit B

Other Compensation: Vacation, Personal, Sick Time, and Business Expenses

Vacation, Holiday and Paid Time-Off

1. **Flexible Time Off:** Employees are eligible to accrue paid vacation, sick days and personal days (collectively, “FTO”). Select Employees accrue FTO hours each payroll period as documented on Employee paychecks for such period. Such Employees accrue FTO from their date of hire and the rate at which it accrues is dependent on position and length of service. See Employee Handbook, pgs. 17 – 18 for a full description of how FTO is accrued.

2. **Holidays:** In addition to accrued FTO, the Debtor offers six paid holidays per calendar year – New Year’s Day (January 1), Memorial Day, Independence Day (July 4), Labor Day, Thanksgiving Day, and Christmas Day (December 25). A full description of the Debtor’s holiday policies is set forth in the Employee Handbook at pages 18 – 19.

Expense Reimbursement

3. The Debtor routinely reimburses Employees for certain Business Expenses. Most Employees who are reimbursed for their expenses are department heads, general managers, field managers, merchandise buyers and division managers who incur business expenses as part of their jobs.

4. Certain Employees have not yet been reimbursed for Reimbursable Expenses previously incurred. Certain Reimbursable Expenses have been incurred through the use of corporate credit cards for which the Debtor and Employees may be liable. The Debtor processes expense reports on a monthly basis. The Debtor reimburses approximately \$600.00 per quarter, or approximately \$200.00 per month, in Reimbursable Expenses.

5. Certain Employees utilize cars leased by the Debtor (the “Company Cars”). Employees utilizing the Company Cars receive an adjustment to their salary to compensate them

for the additional tax liability resulting from the treatment of their use of the Company Cars as a taxable benefit. In addition, certain Employees are given a fixed monthly allowance to be used toward expenses incurred in connection with their use of personal vehicles for business-related purposes. The Debtor incurs expenses related to Employees' car travel, including lease payments, the allowances described above, gas expenses charged to corporate credit cards and maintenance charges (collectively, the "Car Payments").

Exhibit C
Employee Benefit Plans

1. Full-time, exempt employees are eligible to enroll for the employee benefit plans outlined below on the first day of the month following his/her date of hire (e.g., if the hire date is August 15, 2009, eligibility commences on September 1, 2009). Full-time, non-exempt employees are eligible to enroll for the benefit plans outlined below on the first day of the month following 3 months of continuous employment (e.g., if the hire date is August 15, 2009, eligibility commences on December 1, 2009). Part-time, Assistant Managers are eligible to enroll on the first day of the month following three (3) months of continuous employment. No other part-time employees are eligible for any of the programs described below.¹

Medical Plans

2. The Debtor provides a number of Employees and their dependents² with medical benefits under a self-funded medical plan (the “Medical Plan”) administered by Blue Shield. Approximately 182 persons, including 92 Employees and roughly 90 Employee dependents, are covered under the Medical Plans.

3. The Medical Plans are funded through contributions by participating Employees and by the Debtor. The cost of the Medical Plan is borne primarily by the Debtor, but Employees contribute to the Medical Plan through payroll deductions.³ Employee contributions are deducted from weekly paychecks to pay for that month’s coverage.

¹ For purposes of this exhibit the term “Employees” only includes those employees that are eligible for the benefit plans as described above.

² Medical, dental and optical benefits are only offered to dependents of Full-time Employees and Part-Time Assistant Managers.

³ In addition, the Debtor uses a third-party administrator in connection with COBRA coverage for former Employees. The Debtor pays approximately \$160.00 to ADP, the third-party administrator, each month for its services. Pursuant to the American Recovery and Reinvestment Act of 2009, the Debtor is responsible for

(Footnote continued on next page)

4. The Medical Plan costs the Debtor approximately \$43,000 each month. This amount includes payments of administrative fees and as of June 29, 2009, the Debtor's administrative fees under the Medical Plans were fully paid.

Dental Plan

5. The Debtor offers its Employees dental benefits (the "Dental Plan") through MetLife. A total of 170 Employees participate in the Dental Plan. Employee contributions are deducted from weekly paychecks to pay for that month's coverage. The total cost of the Dental Plan is approximately \$6,400 per month.

Vision Plan

6. The Debtor offers its Employees vision benefits (the "Vision Plan"), under a fully insured and self-funded plan administered by VSP Vision. A total of 143 Employees and dependents participate in the Vision Plan, including 87 Employees and 61 dependents. Employees eligible to receive benefits under the Medical Plan automatically receive benefits under the Vision Plan. Employees must be eligible to receive benefits under the Medical Plan (the "Uncovered Employees") in order to have the option of purchasing benefits under the Vision Plan. The total cost of the Vision Plan is approximately \$410.00 per month.

Life, Short-Term Disability and Long-Term Disability Insurance

7. The Debtor provides its Employees life, short-term disability and long-term disability insurance (collectively, the "Life Insurance Plans").

8. The Debtor provides its Employees with a short-term disability plan to provide income replacement coverage in the event that they are unable to work for an extended period

(Footnote continued from previous page)

65% of each Employee's COBRA coverage costs for nine months following any such Employee's involuntary termination of employment, provided that such Employee elects COBRA coverage upon termination.

due to illness or injury. Under the short-term disability policy, benefits begin on the eighth day of illness. Benefits are payable for a maximum of 12 weeks of disability. Disability payments are 66.7% of the Employee's average weekly pay with a maximum determined by the applicable local state.

9. The Debtor provides its Employees with long-term disability plan to provide income replacement coverage in the event that they are unable to work for an even greater extended period due to illness or injury. Under the long-term disability policy, there is a ninety (90) day waiting period during which the Employee receives short-term disability payments. After the ninety (90) days the Employee will begin to receive tax-free income replacement that is a pre-determined percentage of the Employee's monthly pay.

10. The Debtor provides its Employees with term life and accidental death and dismemberment insurance ("Life and Accidental Death and Dismemberment Insurance") at a rate of two times such Employee's annual base salary.

11. The Debtor remits approximately \$1,900 per month to Prudential for the short and long-term disability plans and the Life and Accidental Death and Dismemberment Insurance.

Flexible Spending Accounts

12. The Debtor offers its Employees flexible spending accounts ("FSAs") for both health care and dependent care as more fully described in the Employee Handbook. The Debtor initially funds the health care FSAs, and Employees electing to participate in the FSAs fund the FSAs through payroll deductions, up to a maximum annual amount of \$1,000. The Debtor pays approximately \$200.00 per month to ADP in connection with its administration of the FSAs.

13. In addition to the FSAs, the Debtor provides Health Reimbursement Accounts (collectively "HRAs" and each singly, an "HRA") to its Employees working in its Stonestown

store in San Francisco, California. Employees are entitled to reimbursement for health care costs from the HRAs. Pursuant to the San Francisco Health Care Security Ordinance, the Debtor is obligated to contribute \$1.85 per Employee per hour to an HRA for each Employee working at the Stonestown store. Accordingly, the Debtor's contribution obligations fluctuate depending on number of Employees and number of hours worked. The Debtor anticipates that its HRA contribution obligations will not exceed \$5,000 for the first two quarters of fiscal year 2009. Benefit Dynamics administers the HRAs on behalf of the Debtor, and the Debtor pays Benefit Dynamics approximately \$400.00 per quarter for its administrative services.

Exhibit D
Savings and Retirement Plans

1. Eligible Employees each year may contribute 20% of their pre-tax compensation for investment in a 401(k) plan (the “401(k) Plan”) managed by ADP and Merrill Lynch. Employees are eligible to participate in the 401(k) Plan once they have performed 6 months of continuous service and reached 21 years of age. Employees who participate in the 401(k) Plan are eligible to receive a matching contribution from the Debtor equal to 100% of the first 2% of pre-tax wages contributed to the 401(k) Plan by the Employee. The matching contributions become vested over the course of an Employee’s service with the Debtor as more fully set forth on page 6 of the Employee Handbook. On average, the Debtor withholds approximately \$850 for each two-week pay period in vesting amounts for Employees participating in the 401(k) Plan. In addition, the Debtor pays approximately \$350 per month to ADP in connection with its administration of the 401(k) Plan.

Exhibit E
Workers' Compensation

1. Workers' compensation benefits provided by the Debtor are covered primarily under the Debtor's workers' compensation insurance program administered by The Hartford.

2. The Debtor remits \$9,583 in working capital per month to The Hartford used to pay workers' compensation claims on behalf of the Debtor for Employees nationally, excluding Employees employed at Stores in the State of Washington. In addition, the Debtor pays a premium of approximately \$2,800 per quarter to the State of Washington in respect of Employees employed at Stores in Washington.