

## **KEY EMPLOYEE INCENTIVE PLAN**

### **INTERNATIONAL GARDEN PRODUCTS, INC.**

#### **ARTICLE 1. Establishment and Purpose**

**1.1 Establishment.** International Garden Products, Inc., (“**Company**”) hereby adopts the Key Employee Incentive Plan (the “**KEIP**”), effective as of March \_\_, 2011 (the “**Effective Date**”), subject to approval by the Bankruptcy Court (as defined herein).

**1.2 Purpose.** The purpose of the KEIP is to provide incentive compensation to thirteen key employees of the Company (as defined herein) upon the achievement of certain goals deemed by the Company to be critical in maximizing the value of the Company and their assets. This KEIP is designed to induce the Participants (as defined herein) to increase their contribution to the Company, with a focus on consummation of a sale of the Assets (as defined herein) and/or confirmation of a plan of reorganization or liquidation under chapter 11 of the Bankruptcy Code (as defined herein). The Participants have been required to undertake significant responsibilities related to the sale of the Assets. The continued efforts required of the Participants to achieve the goals of the KEIP will extend well beyond their ordinary course responsibilities and their entitlement to payments under the KEIP will occur only upon successful achievement of such goals.

#### **ARTICLE 2. Definitions**

**2.1 “Assets”** means collectively Debtors’ Assets.

**2.2 “Asset Sale”** means consummation of a sale of the Assets of one or more Debtors.

**2.3 “Award”** means the Base Incentive Award and/or the Variable Senior Management Award, as applicable.

**2.4 “Bankruptcy Code”** means chapter 11 of title 11 of the United States Code, as amended from time to time.

**2.5 “Bankruptcy Court”** means the United States Bankruptcy Court for the District of Delaware.

**2.6 “Base Salary”** means a Participant’s annual rate of base salary or wages (excluding bonuses, contributions to or benefits under an employee benefit plan, fringe benefits, and other such forms of compensation) in effect as of the effective date of the KEIP or the last day of employment if a Participant’s employment is terminated and such Participant is entitled to an Award pursuant to Article 6 hereof.

**2.7 “Beneficiary”** means the beneficiary or beneficiaries designated in accordance with Article 7 hereof to receive the amount, if any, payable under the KEIP upon the death of a Participant.

**2.8** “**Board**” means the Board of Directors of the Company.

**2.9** “**Cause**” means (a) the conviction of the Participant for commission of a felony or misdemeanor under Federal law or the law of the state in which such action occurred, (b) dishonesty in the course of fulfilling the Participant’s employment duties, or (c) willful and deliberate failure on the part of the Participant to perform his employment duties in any material respect.

**2.10** “**Debtors**” means the following entities: International Garden Products, Inc., Iseli Nursery, Inc., Weeks Wholesale Rose Grower, Inc., California Nursery Supply, and Old Skagit, Inc.

**2.11** “**Disability**” means complete and permanent inability by reason of illness or accident to perform the duties of the occupation for which a Participant was employed by an Employer when such disability commenced. All determinations as to the date and extent of disability of a Participant shall be made by the Board in its sole discretion, upon the basis of such evidence, including independent medical reports and data, as the Board deems necessary and desirable, and all such determinations of the Board shall be final.

**2.12** “**Net Cash Sale Proceeds**” means the aggregate net cash proceeds received from the Asset Sales after repayment in full of all obligations owing to the DIP Agent and DIP Lenders (including all principal, interest, fees and expenses).

**2.13** “**Participants**” shall have the meaning set forth in Article 4 hereof.

**2.14** “**Performance Objectives**” shall have the meaning set forth in Section 5.1 hereof.

**2.15** “**Person**” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity (or any department, agency, or political subdivision thereof).

### **ARTICLE 3. Administration**

The KEIP shall be administered by the Board. The Board’s powers and authorities include, but are not limited to (a) approving the payments granted under the KEIP, (b) interpreting the KEIP’s provisions, (c) determining whether and to what degree the Performance Objectives have been achieved, and (d) administering the KEIP in a manner consistent with its purpose.

### **ARTICLE 4. Eligibility and Participation**

The Participants are listed on Exhibit A attached hereto. Each Participant is eligible to participate in the Performance Objectives. In order to be eligible to receive any Award under Article 5 herein, any Participant with an employment agreement with a Debtor that predates the bankruptcy petition date must acknowledge and agree that this KEIP supercedes and replaces such employment agreement. Eligibility for such Participant will be effective upon the entry of

an order of the Bankruptcy Court authorizing rejection of such employment agreement and the Participant's waiver of any and all claims under such employment agreement.

## **ARTICLE 5. Awards**

**5.1 Performance Objectives.** The Performance Objectives shall be achievement of the Asset Sale and/or confirmation of a plan of reorganization or liquidation of each of the Debtors' businesses. The Performance Objectives have been approved by the Board.

**5.2 Allocation of Base Incentive Award.** Upon adoption of the KEIP, the Base Incentive Award for each Participant shall be as set forth on Exhibit A. Participants Jay Hulbert and James Holding shall receive payment of the allocated Base Incentive Award on the earlier of (a) closing of the final Asset Sale, or (b) confirmation of a plan of reorganization or liquidation under chapter 11 of the Bankruptcy Code and liquidation of the businesses and substantially all of the Assets (other than real estate).

All other Participants shall receive payment of the allocated Base Incentive Award on the earlier of (a) closing of the applicable Asset Sale, or (b) confirmation of a plan of reorganization or liquidation under chapter 11 of the Bankruptcy Code for the Debtor by whom the Participant is employed and liquidation of the business and substantially all of the Assets (other than real estate).

**5.3 Variable Senior Management Award.** Upon the adoption of the KEIP, the Variable Senior Management Award shall be as set forth on Exhibit A. Payment of the Variable Senior Management Award may be in a lump sum upon the closing of the final Asset Sale, or in increments upon the closing of each Asset Sale. Incremental payments will be calculated upon the aggregate Net Cash Sale Proceeds to date as set forth in Exhibit A, minus prior Variable Senior Management Award payments received. Allocation of the Variable Senior Management Awards among eligible Participants will be determined by the Company's Board of Directors.

## **ARTICLE 6. Involuntary Termination**

If a Participant's employment is terminated by the Company without Cause, or due to death or disability of the Participant prior to the Asset Sale, such Participant shall be entitled to receive the Bonus Incentive Award earned to such date.

## **ARTICLE 7. Designation of Beneficiaries**

**7.1 Designation and Change of Designation.** Each Participant may file with the Company a written designation of one or more persons as the Beneficiary who shall be entitled to receive the Awards (if any) payable under the KEIP upon the Participant's death. A Participant may, from time to time, revoke or change a Beneficiary designation without the consent of any prior Beneficiary by filing a new designation with the Company. The last designation received by the Company shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Company prior to the Participant's death.

**7.2 Absence of Valid Designation.** If no Beneficiary designation is in effect at the time of a Participant's death, if no designated Beneficiary survives the Participant, or if a designation conflicts with law, then the Participants estate shall be deemed to have been designated by the Participant and shall receive the Awards (if any) payable under the KEIP upon the Participants death. If the Board is in doubt as to the right of any person to receive such amount, the Board may retain such amount, without liability for any interest thereon, until the rights thereto are determined, or the Board may pay such amount into any court of appropriate jurisdiction, and such payment shall be a complete discharge of the liability under the KEIP.

## **ARTICLE 8. Duration; Amendment, Suspension, and Termination**

**8.1 Duration of KEIP.** The KEIP shall terminate for each Debtor the earlier of (a) payment of all Awards authorized under the KEIP to Participants of that Debtor, (b) dismissal of the bankruptcy case, or (c) conversion of the chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code.

**8.2 Amendment, Suspension, and Termination of KEIP.** The Board reserve the right at any time to amend, suspend, or terminate the KEIP in whole or in part and for any reason and without the consent of any of the Participants or any Beneficiary; provided, however, that any such amendment that materially increases benefits in the aggregate under the KEIP shall be subject to the approval of the Bankruptcy Court.

## **ARTICLE 9. General Limitations and Provisions**

**9.1 Tax Withholding.** The Company shall have the right to deduct from all payments under the KEIP an amount sufficient to satisfy all withholding tax requirements.

**9.2 No Right, Title, or Interest in the Debtors' Assets.** The Participants shall have no right, title, or interest whatsoever in or to any investments which the Debtors may make to aid it in meeting its obligations under the KEIP. Nothing contained in the KEIP, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Debtors and any of the Participants or any other person. To the extent that any person acquires a right to receive payments from any Debtor under the KEIP, such right shall be no greater than the right of an unsecured general creditor of that Debtor. All payments to be made hereunder shall be paid from the general funds of the Debtor and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts.

**9.3 No Right to Continued Employment.** Participation in this KEIP shall impose no obligation on the Debtors to continue the service of any Participant and shall not lessen or affect any right that the Debtors may have to terminate the service of such Participant. No Participant or other person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of the Participants, or holders or beneficiaries of Awards (whether or not such Participants are similarly situated).

**9.4 No Alienation of Benefits.** Except insofar as may otherwise be required by law, no amount payable at any time under the KEIP shall be subject in any manner to alienation by anticipation, sale, transfer, assignment, bankruptcy, pledge, attachment, charge, or encumbrance

of any kind nor in any manner be subject to the debts or liabilities of any person, and any attempt to so alienate or subject any such amount, whether presently or thereafter payable, shall be void and of no effect whatsoever. If any person shall attempt to, or shall, alienate, sell, transfer, assign, pledge, attach, charge, or otherwise encumber any amount payable under the KEIP, or any part thereof, or if by reason of such person's bankruptcy or other event happening at any such time such amount would be made subject to such person's debts or liabilities or would otherwise not inure to the benefit of such person, then the Board, if it so elects, may direct that such amount be withheld and that such amount or any part thereof be paid or applied to or for the benefit of such person, such person's spouse, child or other dependents, or any of them, in such manner and proportion as the Board may deem proper.

**9.5 Payments to Person Other Than Employee.** If the Board shall determine that any of the Participants is unable to care for such person's affairs because of illness or accident, or if such person is a minor, or has died, then any payment due such person or such person's estate (unless a prior claim therefor has been made by a duly appointed legal representative), may, if the Board so directs the Company, be paid to such person's spouse, child or other dependent, relative, an institution maintaining or having custody of such person, or any other person deemed by the Board to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Board, the Company and the Debtors therefor.

**9.6 Severability.** In the event that any provision of the KEIP shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the KEIP, and the KEIP shall be construed and enforced as if the illegal or invalid provision had not been included.

**9.7 Unfunded KEIP; Governing Law.** The KEIP is intended to constitute an unfunded bonus program, and all rights thereunder shall be governed by and construed in accordance with the laws of Delaware, without regard to the conflicts of law principles of such State.

**9.8 Headings.** Headings to sections in this KEIP are for the convenience of the parties only and are not intended to be part of or to affect the meaning or interpretation hereof.

**9.9 Gender and Number.** Except where expressly required by the context of the KEIP, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.