

CROWN MEDIA HOLDINGS, INC.

GIFTS & ENTERTAINMENT
POLICY

Effective Date: September 24, 2015

CROWN MEDIA – GIFTS & ENTERTAINMENT POLICY

SUMMARY	
	Summary of Reimbursable Expense - <i>Subject to supervisor approval</i> (full detail on following pages)
Receipt of gifts and entertainment	If value is greater than \$200; Need pre-approval to accept.
No Cash	Gifts of cash or cash equivalents (e.g. gift cards or certificates) may generally not be accepted or given.
No Travel or Accommodation	Gifts of travel or accommodation may not be accepted or given.
Giving Meals and Entertainment (attended)	Reimbursable if reasonable; and business discussed immediately before, during or immediately after.
Giving Gifts and Entertainment (unattended)	Reimbursable if reasonable, value is under \$200 and there is a clear business purpose. Not reimbursable if given to Crown Media (or any Hallmark Cards affiliate) employee.

POLICY	
Scope	This policy applies to all employees of Crown Media Holdings and its subsidiaries. Any deviation to these policies requires review and approval by the CFO and/or CEO.
Policy	The company allows the giving and receiving of gifts, meals and entertainment that <ul style="list-style-type: none">• are consistent with the needs of the business and are an accepted business practice, and• are not solicited, nor could be construed as a bribe• are properly documented with a clear and concise business purpose, and• are submitted and approved in accordance with this policy.

CROWN MEDIA – GIFTS & ENTERTAINMENT POLICY

Table of Contents

OVERVIEW, EMPLOYEE RESPONSIBILITIES, AND VIOLATION OF POLICY..... 4

RECEIVING GIFTS 5

CASH AND CASH EQUIVALENTS (GIFT CARDS/CERTIFICATES) 6

TRAVEL AND ACCOMODATIONS 6

MEALS 6

ENTERTAINMENT 7

GIFTS 7

PRIZES AND AWARDS 8

EXPENSE REPORTING AND REIMBURSEMENT 8

OVERVIEW, EMPLOYEE RESPONSIBILITIES, AND VIOLATION OF POLICY

SCOPE

This policy applies to all employees of Crown Media Holdings. Any deviation to these policies requires review and approval by the CFO and/or CEO.

This policy provides guidelines for giving and accepting gifts and entertainment including participation in group business meals.

OVERVIEW

Gifts are a normal part of business life. Buying a meal for a customer or receiving flowers from a vendor are acceptable business practices that foster goodwill and create lasting relationships. But we must be careful. The exchange of gifts and entertainment in connection with a business transaction should never imply an intention to seek or receive favorable treatment. Even if there is no deliberate intention to influence the outcome, the perception of bad intention could still be damaging for you personally and for the Company.

The policy goal is to help make sure that all business transactions are impartial and objective, without outside influence.

POLICY

The giving and/or receipt of a gift, meal or entertainment are acceptable provided:

1. It is consistent with accepted business practice, and
2. The gift or entertainment could not be perceived as a bribe, does not make the recipient feel obligated, or make it difficult for the recipient to make a fair decision, and
3. Public disclosure of the gift or entertainment would not embarrass the Company, and
4. The gift is NOT in the form of cash or its equivalent (e.g. the giving or receiving of gift certificates is never acceptable)
5. The gift is not solicited or encouraged by the recipient or their agent, and
6. The gift or entertainment does not establish a pattern of extensiveness or frequency so as to raise questions of propriety

PURPOSE

The purpose of this policy is to:

- Describe employees' responsibilities with respect to gifts and entertainment, including their responsibilities to conduct business with integrity and in a fiscally responsible manner.
- Describe what gift and entertainment expenses are reimbursable, and how these expenses should be submitted and are paid.

CROWN MEDIA – GIFTS & ENTERTAINMENT POLICY

RESPONSIBILITIES

Employees must:

- Remember that they are representatives of the company and corporate brand.
- Use prudent judgment when accepting or giving gifts and entertainment.
- Be fiscally responsible when spending money on behalf of the company.
- Review and approve expense reports in a timely manner.

VIOLATION OF POLICY

Compliance with this policy is mandatory.

All expenses are subject to review by Finance, Internal Audit, Human Resources, Legal, and senior management without prior notification to the employee.

Targeted and random audits on of gifts, meals and entertainment expense reimbursements and/or requests for reimbursement may and will be conducted at any time. Employees must cooperate with these audits.

Failure to comply with any part of this policy (including incurring expenses or accepting gifts and entertainment for personal gain) – whether discovered in connection with an audit or otherwise – will result in disciplinary action including, but not limited to, termination of employment (even for a first offense), delay or withholding of reimbursement, and/or restitution to the company.

Situations not covered in this policy or questions about this policy should be directed to the Finance Department.

RECEIVING GIFTS

In general the receipt of gifts valued at under \$200 such as promotional items, received in the ordinary and customary course of business (including participation in meals and entertainment for which the value to the recipient is less than \$200) can generally be accepted as long as such gifts have not been solicited. Gifts or entertainment that could be construed as a bribe or are excessive or could be considered embarrassing for the Company (e.g. entertainment at “adult” themed establishments) should be respectfully declined.

If for business reasons it is important to accept a gift or attend a meal or entertainment whose value is in excess of \$200, or is otherwise inconsistent with this policy, permission should be sought from the CFO or General Counsel before such gift is accepted. If such pre-approval is impractical, the situation should be reported to the CFO or General Counsel as soon as possible.

In addition, if an employee or member of the employee's family accepts gifts, favors, travel and entertainment valued at more than \$200 during any calendar year from a single party as a result of their employment with Crown Media, the employee must notify the Controller.

CROWN MEDIA – GIFTS & ENTERTAINMENT POLICY

Personal gifts between employees do not need to be reported under this policy.

CASH and CASH EQUIVALENTS (gift cards/certificates)

Cash may never be accepted as a gift. Nominal amounts of cash equivalents (e.g. gift cards or certificates) aggregating less than \$25 may be accepted if otherwise in compliance with this policy.

Gifts of cash or cash equivalents (e.g. gift cards) may NOT be made to business associates.

Gift certificates and gift cards are considered cash gifts by the IRS and, as such, are always subject to taxation regardless of dollar value.

TRAVEL AND ACCOMODATIONS

Offers of travel and/or accommodation (e.g. to/from a hosted entertainment event) should not be accepted.

MEALS

Business Meals – attended by one, or more, employees

- Attended meals involving corporate employees and/or business guests will be paid for by the company only when a clear business purpose is served and a substantial and legitimate business discussion occurs immediately before, during, or after the event.
- Employees must use prudent judgment to ensure that any meal expenditures are reasonable and in the best interests of the company. Excessive meal expenses may not be reimbursed. It is the employees' responsibility to understand what their supervisor considers excessive in a particular context.
- Business meeting and entertainment meal expenses should be expensed, in accordance with the Company's Travel & Business Expense policies, to the **Meals and Entertainment: Business Meals (Attendees)** expense category.
- Meals that are expected to cost over \$200 per head must be pre-approved by the CFO or CEO.
- The business purpose must be fully explained on the expense report and full name, job title and company name for each participant must be listed.
- When two or more employees have a shared responsibility for an expense, the shared expense should be charged and reported by the highest ranking employee.
- Meals and entertainment should not be hosted at establishments that could be considered inappropriate or in keeping with the corporate brand (e.g. "adult oriented establishments").

CROWN MEDIA – GIFTS & ENTERTAINMENT POLICY

Non-reimbursable Meal Expenses

The Company does not reimburse employees for social meals including, but not limited to:

- Meal expenses incurred by non-business guests.
- Expenses incurred for events such as Bosses Day, Administrative Assistant's Day, and "last day" luncheons.
- Holiday luncheons for staff.
- Expenses for food and beverages during regular employee break periods and personal celebrations (such as birthdays, baby showers, or wedding showers) unless approved by the CFO.
- Meals for an employee's first day at work.

ENTERTAINMENT

Attended Entertainment and Events

Entertainment at which an employee is, or employees are, present should be treated in a similar manner to Business Meals-attended.

- Reimbursement requests for business entertainment should be reported in accordance with the Company's Travel & Business Expense Policies, to the **Entertainment-Other category**.
- Entertainment, including event sponsorships, that exceed \$200 per person must be pre-approved by the CFO and/or CEO.
- Entertainment solely for the benefit of employees must be pre-approved by the CFO/CEO and coordinated with HR. Such events include, but are not limited to picnics, parties, golf and other outings.

Unattended Entertainment and Events

Entertainment at which an employee is not present (e.g. the gift of theater tickets) should be treated as a gift (see below).

GIFTS

Gifts to Business Associates

- Gifts to business associates will be paid for by the company only when there is a clear and legitimate business purpose or reason for the gift.
- Employees must use prudent judgment to ensure that any gift is reasonable and in the best interest of the company.
- All gift purchases must be pre-approved by an employee's supervisor. And all gifts valued over \$200 must have documented pre-approval by the CFO and/or CEO.

Gifts to employees of Crown Media, Hallmark Cards or its affiliates

- Gifts to employees includes all gifts provided directly to an employee or a relative of (or anyone else with close personal ties to) an employee.

CROWN MEDIA – GIFTS & ENTERTAINMENT POLICY

- All gifts including without limitation gifts for employee recognition, thank-yous, retirement and bereavement must be coordinated with Human Resources and pre-approved by the CFO. The Company does not generally pay for (or reimburse) personal gifts, including but not limited to gifts to celebrate birthdays, holidays, weddings or births.
- The company does not generally allow the gifting to, or appropriation by, of employees outdated, obsolete or replaced equipment; prizes, premiums giveaways, and other merchandise from expired or discontinued contests and promotions; or any other corporate asset. Such items may occasionally be given to employees with coordination of Human Resources and the pre-approval of the CFO and/or CEO, provided the gifted items are of de minimums value and no longer have a business use.
- Gifts to employees will be reported to the IRS in a similar manner to prizes and awards.

PRIZES AND AWARDS

Prizes and awards to employees of Crown Media, Hallmark Cards or its affiliates

- All incentive programs, sweepstakes and other activities that could result in prizes or awards (of cash, merchandise or any other item or service of value) being presented to employees must be coordinated with Human Resources and be pre-approved by the CFO.
- No employee may promise, commit to, or present a prize or award of any kind to any other employee without the pre-approval of Human Resources and/or the CFO.
- Crown Media will report all cash gifts, prizes and awards given to employees in gross wages subject to FICA and federal and state income taxes. The Company will also include all non-cash gifts, prizes and awards in gross wages except in the following circumstances
 - De minimus fringe benefits (e.g. occasional tickets to theater or sporting events and gifts that express sympathy for recent death or major illness of an employee or an employee's family)
 - Certain non-cash achievement awards
 - Certain non-cash traditional retirement gifts

Promotional prizes and awards

- Prizes and awards in conjunction with promotional sweepstakes and other marketing and promotional campaigns should be coordinated with the Company's Marketing and/or Publicity departments. These departments are responsible for keeping appropriate and accurate records of all such awarded prizes and their recipients.
- Any promotional sweepstakes or other marketing campaign that offers any individual prize or award valued in excess of \$200 must be pre-approved by the CFO.

EXPENSE REPORTING AND REIMBURSEMENT

Whenever practicable, gifts, entertainment, prizes and awards should be paid directly by the company through its established purchasing policies. Where meals, gifts and entertainment are

CROWN MEDIA – GIFTS & ENTERTAINMENT POLICY

paid for by an employee they must be charged to the corporate charge card and reported in accordance with the Company's Travel and Business Expense Policy.