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Under the Bonus Plan, each fiscal year's performance goal for the Company's Chief Executive Officer is linked to consolidated earnings from continuing operations before giving effect to Mr. Rubin's bonus and all income taxes of the Company and its subsidiaries, minus extraordinary income, plus extraordinary expenses, minus capital gains, and plus capital losses ("Earnings"). The Bonus Plan provides that the percentage used to determine the amount of Mr. Rubin's Incentive Bonus (as defined below) for a given fiscal year will fluctuate year to year based on the Earnings achieved by the Company in the applicable fiscal year according to the following scale:

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Amount Of Bonus Payable As A Percent Of Earnings		Amount Of Earnings Achieved By The Company In The Applicable Fiscal Year			
5%	\$	- 0 -	to	\$	30,000,000
6%	\$	30,000,001	to	\$	40,000,000
7%	\$	40,000,001	to	\$	50,000,000
8%	\$	50,000,001	to	\$	60,000,000
9%	\$	60,000,001	to	\$	70,000,000
10%	\$	70,000,001	or more		

The Incentive Bonus will be calculated by multiplying the applicable percentage by the Earnings. The amount of the Incentive Bonus is then reduced by the salary paid to Mr. Rubin in the applicable fiscal year. The Bonus Plan also provides that Mr. Rubin's Incentive Bonus for any fiscal year may not exceed \$15,000,000.

The Earnings formula described above constitutes a performance goal under Section 162(m) of the Code for which the Company seeks shareholder approval. The ratification of the material terms of the performance goals established for the Company's Chief Executive Officer under the Bonus Plan by the Company's shareholders will allow the bonus payments to Mr. Rubin described above to be fully tax deductible in fiscal 2009.

Because the Incentive Bonus is linked to Earnings during each fiscal year in which the Bonus Plan is in effect, the actual Incentive Bonus to be received by Mr. Rubin for each such fiscal year pursuant to the Bonus Plan is not currently determinable. However, for the fiscal year ended February 29, 2008, Mr. Rubin received \$5,054,234 as an Incentive Bonus. The amendments would change the Bonus Plan to correct certain clerical errors and to clarify the timing of payments under the Bonus Plan. Code Section 409A, among other things, imposes strict limitations on the deferral and payment of deferred compensation. The amendments clarify that an Incentive Bonus is not subject to the requirements of Section 409A of the Code because an Incentive Bonus payable with respect to the Company's taxable year is paid within the first two and one-half months following the end of that taxable year. The amendments would not have affected the amount of the Incentive Bonus payable under the Bonus Plan for fiscal 2008 or in subsequent fiscal years. In the event the terms of the performance goals are not ratified and the amendments to the Bonus Plan are not approved, then Mr. Rubin's bonus arrangement under the Bonus Plan will continue in effect and any compensation in excess of the \$1,000,000 paid to Mr. Rubin may not be fully deductible.

Section 162(m) of the Code limits the deductibility of compensation in excess of \$1,000,000 paid during the Company's taxable year to the chief executive officer or to any employee whose total compensation for the taxable year is required to be reported to shareholders in the proxy statement by reason of such employee being among the four highest compensated officers for the taxable year (other than the Chief Executive Officer) unless the compensation is performance-based and paid pursuant to a plan approved by the shareholders. The Bonus Plan is intended to allow the Compensation Committee to pay benefits that qualify as performance-based compensation within the meaning of Section 162(m) of the Code. The Board of Directors is submitting the terms of the performance goals under the Bonus Plan to the shareholders for ratification and approval because shareholder ratification and approval is required in order to permit full deductibility of all bonus awards under the Bonus Plan. In furtherance of this purpose, the Bonus Plan authorizes the Company's Compensation Committee to establish and administer performance goals pursuant to which eligible executives in addition to our Chief Executive Officer may receive designated cash bonus (the Incentive Bonus) compensation.

The Bonus Plan is administered by the Compensation Committee, which consists of two or more outside directors within the meaning of Section 162(m) of the Code. The Compensation Committee has the authority to construe and interpret the Bonus Plan, except as otherwise provided in the Bonus Plan, and may adopt rules and regulations governing the administration thereof. The Bonus Plan, including the performance goals stated therein, can be amended by the Compensation Committee alone, unless such amendment is required to be approved by the Company's shareholders under applicable law. At this time, the sole participant under the Bonus Plan is Mr. Gerald J. Rubin, the Chairman of the Board, Chief Executive Officer and President of the Company. The Compensation Committee in its sole discretion determines additional executives (together with Mr. Rubin, the Participating Executives) that may be eligible for Incentive Bonus awards and, subject to the terms of the Bonus Plan, the amount of such Incentive Bonuses payable to such executives. Any key employee (including any officer) of the Company or

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any of its subsidiaries is eligible to be selected by the Compensation Committee as a Participating Executive. Under the Bonus Plan, the Board of Directors is entitled, in its sole discretion, to approve or disapprove, but not amend, any proposed performance goal established by the Compensation Committee with respect to any Participating Executive prior to such performance goal becoming effective.

With respect to Participating Executives other than Mr. Rubin, performance goals established under the Bonus Plan may be, but need not be, different for each fiscal year, and different performance goals may be applicable to different Participating Executives. The specific performance goal must be established by the Compensation Committee in advance of the deadlines applicable under Section 162(m) and while the performance relating to the performance goal remains substantially uncertain within the meaning of Section 162(m). Each Participating Executive may receive an Incentive Bonus if and only if the performance goal established by the Compensation Committee is attained.

With respect to any Participating Executive other than Mr. Rubin, no such Participating Executive shall receive an Incentive Bonus under the Bonus Plan for any fiscal year in excess of \$1,000,000. The performance goals for Participating Executives other than the Chief Executive Officer may be based on any one or any combination of financial goals or other objective goals, which may be Company-wide, on an individual basis or otherwise, and (i) with respect to financial goals, may be expressed, for example, in terms of net income, earnings per share, earnings from continuing operations, cash flow, return on equity, return on assets or other return ratios, or stock price of the Company, and (ii) with respect to objective goals, may include the attainment of various productivity and long term growth objectives, including for example, reductions in the Company's overhead ratio and expenses to sales ratios. The Bonus Plan contains a more complete description of each of these business criteria. In addition, no Participating Executive shall receive any payment under the Bonus Plan unless the Compensation Committee has certified, by resolution or other appropriate action in writing, that the amount thereof has been accurately determined in accordance with the terms, conditions and limits of the Bonus Plan and that the performance goal and any other material terms previously established by the Compensation Committee or set forth in the Bonus Plan were in fact satisfied.

Any Incentive Bonus granted by the Compensation Committee under the Bonus Plan shall be paid as soon as practicable following the end of the Company's taxable year and no later than the fifteenth day of the third calendar month following the end of the taxable year, unless the Compensation Committee elects to defer such payment in its sole discretion following the Compensation Committee's written certification of its determination. Any such payment shall be in cash or cash equivalents, subject to applicable withholding requirements.

No Incentive Bonus will be paid for any fiscal year unless the Participating Executive is an employee of the Company at the end of that fiscal year, except that if the Participating Executive's employment terminates during a fiscal year by reason of death, disability, retirement or a Change in Control (as defined in the Bonus Plan), the Participating Executive (or the Participating Executive's beneficiary) will receive the Incentive Bonus for that fiscal year, prorated to the date of termination of employment.

Because the other Participating Executives under the Bonus Plan are to be determined from time to time by the Compensation Committee, in its discretion, it is impossible at this time to indicate the precise number, name or positions of the other executives who will receive Incentive Bonuses or the amounts of such Incentive Bonuses.

Vote Required for Approval and Recommendation

The affirmative vote of a majority of the votes cast at the Annual Meeting is required to ratify the terms of the performance goals established under the Helen of Troy 1997 Cash Bonus Performance Plan for the Company's Chief Executive Officer and for any other Participating Executives and to approve the amendments to the Bonus Plan described in this Proposal 5. An affirmative vote by a shareholder shall also be deemed to be approval of the terms of the performance goals under the Bonus Plan for purposes of Section 162(m) of the Code.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THIS PROPOSAL.

**PROPOSAL 6: APPOINTMENT OF AUDITOR AND INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
AND AUTHORIZATION OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS TO SET THE AUDITOR S
REMUNERATION**

Under Bermuda law, our shareholders have the responsibility to appoint the auditor and independent registered public accounting firm of the Company to hold office until the close of the next annual general meeting and to authorize the Audit Committee of the Board of Directors to set the auditors remuneration.

The Audit Committee nominated Grant Thornton LLP as the Company s auditor and independent registered public accounting firm for the 2009 fiscal year. A representative of Grant Thornton LLP, the Company s auditor and independent registered public accounting firm for the 2008 fiscal year is expected to be present at the Annual Meeting with the opportunity to make a statement if the representative desires to do so. The Grant Thornton LLP representative is also expected to be available to respond to appropriate questions.

The affirmative vote of a majority of the votes cast at the Annual Meeting is required to appoint Grant Thornton LLP as our auditor and independent registered public accounting firm and authorize the Audit Committee to set the auditor s remuneration as described in this Proposal 6.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THIS PROPOSAL.

SHAREHOLDER PROPOSALS

Shareholders intending to present proposals at the 2009 annual general meeting of shareholders and desiring to have those proposals included in the Company's proxy statement and form of proxy relating to that meeting must submit such proposals, in compliance with Rule 14a-8 of the Exchange Act, to be received at the executive offices of the Company no later than April 23, 2009. For proposals that shareholders intend to present at the 2009 annual general meeting of shareholders outside the processes of Rule 14a-8 of the Exchange Act, unless the shareholder notifies the Company of such intent by April 23, 2009, any proxy solicited by the Company for that annual general meeting will confer on the holder of the proxy discretionary authority to vote on the proposal so long as such proposal is properly presented at the meeting.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's Directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Directors, executive officers and greater than 10% shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Except as noted below, to the Company's knowledge, based solely on review of the copies of such reports furnished to the Company and written representations that no other reports were required, during fiscal 2008, all Section 16(a) filing requirements applicable to the Directors, executive officers and greater than 10% shareholders were satisfied. A Form 4 of Adolpho R. Telles reporting the purchase of Common Stock on November 9, 2007 was filed late on November 15, 2007.

OTHER MATTERS

Except as described in this proxy statement, the Board of Directors knows of no other matters to be presented at the Annual Meeting. If other matters properly come before the Annual Meeting or any adjournment thereof, the holders of the proxies are authorized to vote on these matters in accordance with management's discretion.

HOUSEHOLDING OF MATERIALS

Some banks, brokers, and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of the Company's proxy statement or annual report may have been sent to multiple shareholders in the same household. The Company will promptly deliver a separate copy of either document to any shareholder upon request by writing the Company at the following address: Helen of Troy Limited, 1 Helen of Troy Plaza, El Paso, Texas 79912, Attention: Investor Relations; or by calling the Company at the following phone number: (915) 225-4748. Any shareholder who wants to receive separate copies of the annual report and proxy statement in the future, or who is currently receiving multiple copies and would like to receive only one copy for his or her household, should contact his or her bank, broker, or other nominee record holder, or contact the Company at the above address and phone number.

ELECTRONIC DELIVERY OF SHAREHOLDER COMMUNICATIONS

If you received your Annual Meeting materials by mail, we encourage you to conserve natural resources, as well as significantly reduce the Company's printing and mailing costs, by signing up to receive shareholder communications via e-mail. With electronic delivery, you will be notified via e-mail after the annual report and the proxy statement are available on the Internet, and you can submit your proxy appointment and instruction online. Electronic delivery can also help reduce the number of bulky documents in your personal files and eliminate duplicate mailings. To sign up for electronic delivery:

1. If you are a registered holder (you hold your shares of Common Stock in your own name through our transfer agent, Computershare Investor Services, LLC, or you have stock certificates), you can elect to have next year's communications sent to you electronically as part of this year's on-line proxy appointment and instruction process at WWW.PROXYVOTE.COM by following the instructions that will be provided to you on screen when you submit your proxy.

2. If you are a beneficial holder (your shares are held by a brokerage firm, a bank or a trustee), you may contact your broker or visit their web site. Most brokers have made provisions for you to sign up on-line for electronic delivery of shareholder reports and mailings.

Your electronic delivery enrollment will be effective until you cancel it.

HOW TO OBTAIN OUR ANNUAL REPORT, PROXY STATEMENT

AND OTHER INFORMATION ABOUT THE COMPANY

From time to time, we receive calls from shareholders asking how they can obtain more information regarding the Company. The following options are available:

1. Our Investor Relations site, which can be accessed from our main Internet website located at www.hotus.com, contains Company press releases, earnings releases, financial information and stock quotes, as well as corporate governance information and links to our SEC filings. This proxy statement and our 2008 Annual Report to Shareholders are both available at this site.
2. You may also request a free copy of our Annual Report or proxy statement by contacting Helen of Troy Investor Relations, Robert D. Spear, at (915) 225-4748, or via e-mail at rspear@hotus.com, or send written correspondence to Helen of Troy Limited, Attn: Investor Relations, One Helen of Troy Plaza, El Paso, Texas 79912.

YOUR VOTE IS IMPORTANT

APPENDIX A

HELEN OF TROY LIMITED

2008 EMPLOYEE STOCK PURCHASE PLAN

1. **Purpose.**

The purpose of this Plan is to provide an opportunity for Employees of the Company and its Designated Subsidiaries to purchase Common Stock of the Company and thereby to have an additional incentive to contribute to the prosperity of the Company. It is the intention of the Company that this Plan qualify as an Employee Stock Purchase Plan under Section 423 of the Code although the Company makes no undertaking nor representation to maintain such qualification.

2. **Definitions.**

(a) Board shall mean the Board of Directors of the Company.

(b) Code shall mean the United States Internal Revenue Code of 1986, as amended.

(c) Committee shall mean the committee appointed by the Board in accordance with Section 12 of this Plan.

(d) Common Stock shall mean the common shares of the Company, par value \$.10 per share, or any stock into which such common shares may be converted or for which it may be exchanged.

(e) Company shall mean Helen of Troy Limited, a Bermuda company.

(f) Compensation shall mean an Employee's wages or salary which are reportable as wages or other compensation on the Employee's Form W-2, plus pre-tax contributions of the Employee under a cash or deferred

arrangement (401(k) plan) or cafeteria plan maintained by the Company or a Designated Subsidiary, but excluding, however, (a) non-cash fringe benefits, (b) special payments as determined by the Committee (e.g., moving expenses, unused vacation, severance pay), (c) income from the exercise of stock options or other stock purchases, (d) income from bonuses and (e) any other items of Compensation as determined by the Committee.

(g) Designated Subsidiary shall mean a Subsidiary which has been designated by the Board or the Committee as eligible to participate in this Plan.

(h) Employee shall mean an individual classified as an employee (within the meaning of Section 3401(c) of the Code and the regulations thereunder) by the Company or a Designated Subsidiary on the Company payroll records during the relevant participation period.

(i) Entry Date shall mean the first day of each Option Period.

(j) Exercise Date shall mean the last business day of each Exercise Period.

(k) Exercise Period shall mean a three (3) month, six (6) month or other period as determined by the Committee. The first Exercise Period during an Option Period shall commence on the first day of such Option Period. Subsequent Exercise Periods, if any, shall run consecutively after the termination of the preceding Exercise Period. The last Exercise Period in an Option Period shall terminate on the last day of such Option Period. The Committee may determine that the length of Exercise Periods during an Option Period are different.

(l) Fair Market Value shall mean, as of any date that requires the determination of the Fair Market Value of Common Stock under this Plan, the value of a share of Common Stock on such date of determination, calculated as follows:

(i) If shares of Common Stock are then listed or admitted to trading on a Nasdaq market system or a stock exchange which reports closing sale prices, the Fair Market Value shall be the closing sale price on such date on such Nasdaq

market system or principal stock exchange on which the share is then listed or admitted to trading, or, if no closing sale price is quoted on such day, then the Fair Market Value shall be the closing sale price of the share on such Nasdaq market system or such exchange on the next preceding day on which a closing sale price is reported;

(ii) If shares of Common Stock are not then listed or admitted to trading on a Nasdaq market system or a stock exchange which reports closing sale prices, the Fair Market Value shall be the average of the closing bid and asked prices of the share in the over-the-counter market on such date; or

(iii) If neither clause (i) nor (ii) is applicable as of such date, then the Fair Market Value shall be determined by the Board in good faith using any reasonable method of evaluation, which determination shall be conclusive and binding on all interested parties.

(m) Option Period shall mean a period of up to twelve (12) months as determined by the Committee. The Committee may determine that the Option Period and the Exercise Period are the same.

(n) Participant shall mean a participant in this Plan as described in Section 4 of this Plan.

(o) Plan shall mean this Helen of Troy Limited 2008 Employee Stock Purchase Plan, as amended from time to time.

(p) Shareholder shall mean a record holder of shares of Common Stock entitled to vote under the Company's By-Laws, as amended from time to time.

(q) Subsidiary shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, as described in Section 424(f) of the Code.

3. **Eligibility.**

Any Employee regularly employed on a full-time basis by the Company or by any Designated Subsidiary on an Entry Date shall be eligible to participate in this Plan with respect to the Option Period commencing on such Entry Date, provided that the Committee may establish administrative rules requiring that employment commence some minimum period (e.g., one pay period) prior to an Entry Date to be eligible to participate with respect to that Entry Date and provided further that (a) the Committee may extend eligibility to part-time Employees pursuant to criteria and procedures established by the Committee and (b) the Committee may impose an eligibility period on participation of up to two (2) years with respect to participation on any prospective Entry Date. The Committee may also determine that a designated group of highly compensated Employees (e.g., Employees subject to Section 16(b) of the Securities Exchange Act of 1934, as amended (the Exchange Act)) are

ineligible to participate in this Plan. An Employee shall be considered employed on a full-time basis unless his or her customary employment is less than twenty (20) hours per week or five (5) months per year. No Employee may participate in this Plan if immediately after an option is granted the Employee owns or is considered to own (within the meaning of Section 424(d) of the Code), shares of stock, including stock which the Employee may purchase by conversion of convertible securities or under outstanding options granted by the Company, possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any of its Subsidiaries. All Employees who participate in this Plan shall have the same rights and privileges under this Plan except for differences which may be mandated by local law and which are consistent with Section 423(b)(5) of the Code. Subject to continued compliance with Section 423 of the Code, the Committee may impose other restrictions on eligibility and participation of Employees who are officers and directors to facilitate compliance with federal or state securities laws or foreign laws.

4. **Participation.**

4.1 An Employee who is eligible to participate in this Plan in accordance with Section 3 may become a Participant by filing and completing the appropriate form or following the procedures prescribed by the Committee, in each case, on a date prescribed by the Committee prior to an applicable Entry Date. An eligible Employee may authorize payroll deductions at the rate of any whole percentage of the Employee's Compensation, not to exceed fifteen percent (15%) of the Employee's Compensation, or such lesser percentage as specified by the Committee as applied to an Entry Date or Option Period. All payroll deductions may be held by the Company and commingled with its other corporate funds. No interest shall be paid or credited to the Participant with respect to such payroll deductions except where required by local law as determined by the Committee. A separate bookkeeping account for each Participant shall be maintained by the Company

under this Plan and the amount of each Participant's payroll deductions shall be credited to such account. A Participant may not make any additional payments into such account.

4.2 Under procedures established by the Committee, a Participant may suspend or discontinue participation in this Plan at any time during an Exercise Period by completing and filing the form or following the procedures prescribed by the Committee. Subject to Section 4.1, a Participant may increase or decrease his or her rate of payroll deductions only effective on an Entry Date by electing such an increase or decrease by completing and filing the form or following the procedures prescribed by the Committee. If an appropriate form is not completed and filed or if the procedures established by the Committee are not followed, the rate of payroll deductions shall continue at the originally elected rate throughout the Option Period unless the Committee determines to change the permissible rate.

If a Participant suspends participation during an Exercise Period, his or her accumulated payroll deductions will remain in this Plan for purchase of shares as specified in Section 6 on the following Exercise Date, but the Participant will not again participate until he or she again enrolls in the Plan in accordance with Section 4.1. The Committee may establish rules limiting the frequency with which Participants may suspend and resume payroll deductions under this Plan and may impose a waiting period consistent with Section 423 of the Code on Participants wishing to resume suspended payroll deductions. If a Participant discontinues participation in this Plan, the amount credited to the Participant's individual account shall be paid to the Participant without interest (except where required by local law). In the event any Participant terminates employment with the Company or any Subsidiary for any reason (including death) prior to the expiration of an Option Period, the Participant's participation in this Plan shall terminate and all amounts credited to the Participant's account shall be paid to the Participant or the Participant's estate without interest (except where required by local law). Whether a termination of employment has occurred shall be determined by the Committee. The Committee may also establish rules regarding when leaves of absence or change of employment status (e.g., from full-time to part-time) will be considered to be a termination of employment, and the Committee may establish termination of employment procedures for this Plan which are independent of similar rules established under other benefit plans of the Company and its Subsidiaries.

In the event of a Participant's death, any accumulated payroll deductions will be paid, without interest, to the estate of the Participant.

5. **Offering.**

5.1 The maximum number of shares of Common Stock which may be issued pursuant to this Plan shall be 350,000 shares. The Committee may designate any amount of available shares for offering for any Option Period determined pursuant to Section 5.2.

5.2 Each Option Period, Entry Date and Exercise Period shall be determined by the Committee. The Committee shall have the power to change the duration of future Option Periods or future Exercise Periods, and to determine whether or not to have overlapping Option Periods, with respect to any prospective offering, without shareholder approval, and without regard to the expectations of any Participants.

5.3 With respect to each Option Period, each eligible Employee who has elected to participate as provided in Section 4.1 shall be granted an option to purchase that number of shares of Common Stock which may be purchased with the payroll deductions accumulated on behalf of such Employee (assuming payroll deductions at a rate of fifteen percent (15%) of Compensation) during each Exercise Period within such Option Period at the purchase price specified in Section 5.4 below; provided, however, (a) in no event shall the Employee be entitled to accrue rights to purchase shares under this Plan (and all other employee stock purchase plans, as defined in Section 423 of the Code, of the Company and its Subsidiaries) at a rate which exceeds \$25,000 of the Fair Market Value of such stock (determined at the time the option is granted) for any calendar year in which such option is outstanding at any time, and (b) the maximum shares subject to any option shall in no event exceed 2,000.

5.4 The option exercise price under each option shall be the lower of: (a) a percentage (not less than eighty-five percent (85%)) established by the Committee (Designated Percentage) of the Fair Market Value of the Common Stock on the Entry Date on which an option is granted, or (b) the Designated Percentage of the Fair Market Value on the Exercise Date on which the Common Stock is purchased. The Committee may change the Designated Percentage with respect to any future Option Period, but not below eighty-five percent (85%).

5.5 If the total number of shares of Common Stock for which options granted under this Plan are exercisable exceeds the maximum number of shares offered on any Entry Date, the number of shares which may be purchased under options granted on the Entry Date shall be reduced on a pro rata basis in as nearly a uniform manner as shall be practicable

and equitable. In this event, payroll deductions shall also be reduced or refunded accordingly. If an Employee's payroll deductions during any Exercise Period exceeds the purchase price for the maximum number of shares permitted to be purchased under Section 5.3, the excess shall be refunded to the Participant without interest (except where otherwise required by local law).

5.6 In the event that the Fair Market Value of the Company's Common Stock is lower on the first day of an Exercise Period within an Option Period (subsequent Reassessment Date) than it was on the Entry Date for such Option Period, all Employees participating in this Plan on the Reassessment Date shall be deemed to have relinquished the portion of the option granted on the Entry Date that has not previously been exercised and to have enrolled in and received a new option commencing on such Reassessment Date, unless the Committee has determined not to permit overlapping Option Periods or to restrict such transfers to lower price Option Periods. For purposes of the preceding sentence, the last business day of each Option Period shall be considered the first day of an Exercise Period within that Option Period.

6. **Purchase of Stock.**

Upon the expiration of each Exercise Period, a Participant's option shall be exercised automatically for the purchase of that number of shares of Common Stock which the accumulated payroll deductions credited to the Participant's account at that time shall purchase at the applicable exercise price specified in Section 5.4.

7. **Payment and Delivery.**

Upon the exercise of an option, the Company shall deliver to the Participant the Common Stock purchased. The Committee may permit or require that shares be deposited directly with a broker designated by the Participant (or a broker selected by the Committee) or to a designated agent of the Company, and the Committee may utilize electronic or automated methods of share transfer. The Committee may require that shares be retained with such broker or agent for a designated period of time (and may restrict dispositions during that period) and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares or to restrict transfer of such shares. The Company shall retain the amount of payroll deductions used to purchase Common Stock as full payment for the Common Stock and the Common Stock shall then be fully paid and non-assessable. No Participant shall have any voting, dividend or other shareholder rights with respect to shares subject to any option granted under this Plan until the option has been exercised and shares issued.

8. **Recapitalization.**

If after the grant of an option, but prior to the purchase of Common Stock under the option, there is any increase or decrease in the number of outstanding shares of Common Stock because of a stock split, stock dividend, combination or recapitalization of shares subject to options, the number of shares to be purchased pursuant to an option, the share limit of Section 5.3 and the maximum number of shares specified in Section 5.1 shall be proportionately increased or decreased, the terms relating to the purchase price with respect to the option shall be appropriately adjusted by the Committee, and the Committee shall take any further actions which, in the exercise of its discretion, may be necessary or appropriate under the circumstances.

The Committee, if it so determines in the exercise of its sole discretion, also may adjust the number of shares specified in Section 5.1, as well as the price per share of Common Stock covered by each outstanding option and the maximum number of shares subject to any individual option, in the event the Company effects one or more reorganizations, recapitalizations, spin-offs, split-ups, rights offerings or reductions of shares of its outstanding Common Stock.

The Committee's determinations under this Section 8 shall be conclusive and binding on all parties.

9. **Merger, Liquidation, Other Company Transactions.**

In the event of the proposed liquidation or dissolution of the Company and subject to all applicable laws, the Option Period will terminate immediately prior to the consummation of such proposed transaction, unless otherwise provided by the Committee in its sole discretion, and all outstanding options shall automatically terminate and the amounts of all payroll deductions will be refunded without interest to the Participants.

In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger or consolidation of the Company with or into another corporation, then in the sole discretion of the Committee, (a) each option shall be assumed or an equivalent option shall be substituted by the successor corporation or parent or subsidiary of such successor

corporation, (b) a date established by the Committee on or before the date of consummation of such merger, consolidation or sale shall be treated as an Exercise Date, and all outstanding options shall be deemed exercisable on such date or (c) all outstanding options shall terminate and the accumulated payroll deductions shall be returned to the Participants.

10. **Transferability.**

Options granted to Participants may not be voluntarily or involuntarily assigned, transferred, pledged, or otherwise disposed of in any way, and any attempted assignment, transfer, pledge, or other disposition shall be null and void and without effect. If a Participant in any manner attempts to transfer, assign or otherwise encumber his or her rights or interest under this Plan, other than as permitted by the Code, such act shall be treated as an election by the Participant to discontinue participation in this Plan pursuant to Section 4.2.

11. **Amendment or Termination of this Plan.**

11.1 This Plan shall continue until September 1, 2018, unless previously terminated in accordance with Section 11.2.

11.2 The Board may, in its sole discretion, insofar as permitted by law, terminate or suspend this Plan at any time. The Board may, in its sole discretion, insofar as permitted by law, revise or amend this Plan in any respect whatsoever, except that, without approval of the shareholders, no such revision or amendment shall:

(a) materially increase the number of shares subject to this Plan, other than an adjustment under Section 8 of this Plan;

(b) materially modify the requirements as to eligibility for participation in this Plan, except as otherwise specified in this Plan;

(c) materially increase the benefits accruing to Participants;

(d) reduce the purchase price specified in Section 5.4, except as specified in Section 8;

(e) extend the term of this Plan beyond the date specified in Section 11.1; or

- (f) amend this Section 11.2 to defeat its purpose.

12. **Administration.**

The Board shall appoint a Committee consisting of at least two members, each of whom shall be a member of the Board who is both a (a) Non-Employee Director, within the meaning of Rule 16b-3 promulgated under the Exchange Act, and (b) an Outside Director, within the meaning of Section 162(m) of the Code. The members of the Committee will serve for such period of time as the Board may specify and may be removed by the Board at any time. This Plan shall be administered by, or under the direction of, the Committee constituted in such a manner as to comply at all times with Rule 16b-3 (or any successor rule) under the Exchange Act. The Committee will have the authority and responsibility for the day-to-day administration of this Plan, the authority and responsibility specifically provided in this Plan and any additional duty, responsibility and authority delegated to the Committee by the Board, which may include any of the functions assigned to the Board in this Plan. The Committee shall have full power and authority, in its sole discretion, to promulgate any rules and regulations which it deems necessary for the proper administration of this Plan, to interpret the provisions and supervise the administration of this Plan, and to take all action in connection with administration of this Plan as it deems necessary or advisable, consistent with the delegation from the Board. Decisions of the Board and the Committee shall be final and binding upon the Company and all Participants. Any decision reduced to writing and signed by a majority of the members of the Committee shall be fully effective as if it had been made at a meeting of the Committee duly held. The Company shall pay all expenses incurred in the administration of this Plan. No Board or Committee member shall be liable for any action or determination made in good faith with respect to this Plan or any option granted thereunder. Shares issued pursuant to an Option shall, subject to the terms hereof, be purchased for such consideration, paid for at such times, by such methods, and in such forms, including cash, share repurchase, option cancellation, Participant services or other consideration, as the Committee shall determine.

13. **Committee Rules for Non-United States Jurisdictions.**

The Committee may adopt rules, procedures or sub-plans relating to the operation and administration of this Plan in non-United States jurisdictions to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules, procedures and sub-plans regarding handling of payroll deductions, payment of interest, conversion of local currency, withholding procedures and stock certificates which vary with local requirements.

14. **Securities Laws Requirements.**

The Company shall not be under any obligation to issue Common Stock upon the exercise of any option unless and until the Company has determined that: (a) it and the Participant have taken all actions required to register the Common Stock under the United States Securities Act of 1933, as amended, and to qualify the Common Stock under applicable state blue sky laws and any applicable foreign securities laws, or the Company has determined that an exemption from registration and from qualification under such state blue sky laws and applicable foreign securities laws is available, (b) any applicable listing requirement of any Nasdaq market system or stock exchange on which the Common Stock is listed has been satisfied and (c) all other applicable provisions of state, federal and applicable foreign law have been satisfied. The Committee may require each Participant purchasing Common Stock under this Plan to represent to and agree with the Company in writing that such eligible Employee is acquiring the shares for investment purposes and not with a view to the distribution thereof. All certificates for shares of Common Stock delivered under this Plan shall be subject to such stock-transfer orders and other restrictions as the Board or the Committee may deem advisable under the rules, regulations, and other requirements of the United States Securities and Exchange Commission, any Nasdaq market system or stock exchange upon which the shares are then listed, and any applicable securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

15. **Governmental Regulations.**

This Plan and the Company's obligation to sell, issue and deliver shares of Common Stock under this Plan shall be subject to the approval of any governmental authority required in connection with this Plan or the authorization, issuance, sale, or delivery of stock hereunder.

16. **No Enlargement of Employee Rights.**

Nothing contained in this Plan shall be deemed to give any Employee the right to be retained in the employ of the Company or any Designated Subsidiary or to interfere with the right of the Company or Designated Subsidiary to discharge any Employee at any time.

17. **Governing Law.**

THIS PLAN SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.

18. **Effective Date.**

The effective date of this Plan shall be September 1, 2008. This Plan shall be submitted to the Shareholders for approval and ratification at the annual general meeting thereof to be held on or about August 19, 2008. Unless at such meeting this Plan is approved and ratified by the Shareholders in the manner provided by the Company's By-Laws, then, and in such event, this Plan and any then outstanding options that may have been conditionally granted under this Plan prior to such shareholder meeting shall become null and void and of no further force or effect. Subject to the immediately preceding sentence, this Plan shall become effective upon its adoption by the Board.

19. **Notices.**

All notices or other communications by a Participant to the Committee, the Board, the Company, or any Subsidiary under or in connection with this Plan shall be deemed to have been duly given when received in the form specified by the Committee at the location, or by the person, designated by the Committee for the receipt thereof. Notwithstanding anything to the contrary contained in this Plan, notices and other elections under this Plan may be delivered or made electronically, in

the discretion of the Committee. In addition, in the discretion of the Committee, shares of Common Stock otherwise deliverable under this Plan may be delivered or otherwise evidenced through book entry or other electronic format without the need to deliver an actual share certificate; provided, however, an actual share certificate shall be delivered if requested by the Participant.

20. **Subsidiaries; Sale Proceeds.**

The Board of Directors or the Committee may extend or terminate the benefits of this Plan to any Subsidiary at any time without the approval of the shareholders of the Company. The proceeds received by the Company from the sale of Common Stock pursuant to this Plan shall be used for general corporate purposes.

21. **Code Section 409A.**

This Plan and the grant of options hereunder are intended to be exempt from the provisions of Section 409A of the Code and Treasury regulations issued thereunder as a statutory stock option plan or otherwise to comply with Section 409A of the Code and the Treasury regulations and guidance issued thereunder. Notwithstanding any provision of this Plan to the contrary, this Plan shall be interpreted and construed consistent with this intent. Notwithstanding the foregoing, the Company shall not be required to assume any increased economic burden in connection therewith.

APPENDIX B

HELEN OF TROY LIMITED
2008 STOCK INCENTIVE PLAN

1. Purpose of the Plan

The purpose of the Plan is to (i) aid the Company and its Subsidiaries and Affiliates in attracting, securing and retaining employees of outstanding ability, (ii) attract consultants to provide services to the Company and its Subsidiaries and Affiliates, as needed, and (iii) motivate such persons to exert their best efforts on behalf of the Company and its Subsidiaries and its Affiliates by providing incentives through the granting of Awards. The Company expects that it will benefit from the added interest, which such persons will have in the welfare of the Company as a result of their proprietary interest in the Company's success.

2. Definitions

The following capitalized terms used in the Plan have the respective meanings set forth in this Section:

- (a) **Act**: The Securities Exchange Act of 1934, as amended, or any successor thereto.
- (b) **Affiliate**: Any entity (i) 20% or more of the voting equity of which is owned or controlled directly or indirectly by the Company, or (ii) that had been a business, division or subsidiary of the Company, the equity of which has been distributed to the Company's shareholders, even if the Company thereafter owns less than 20% of the voting equity.
- (c) **Award**: An Option, Stock Appreciation Right or Other Stock-Based Award granted pursuant to the Plan.
- (d) **Award Agreement**: Any written or electronic agreement, contract, or other instrument or document evidencing an Award granted by the Committee hereunder, which does not require the signature of the Company or the Participant.

(e) Beneficial Owner or Beneficially Owned: As such term is defined in Rule 13d-3 under the Act (or any successor rule thereto).

(f) Board: The Board of Directors of the Company.

(g) Change of Control: The occurrence of any of the following events:

(i) any Person becomes the Beneficial Owner, directly or indirectly, of more than forty percent (40%) of the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the Outstanding Company Voting Securities); provided, however, that the following acquisitions shall not constitute a Change of Control: (A) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (B) any acquisition by an entity pursuant to a reorganization, merger, amalgamation or consolidation, unless such reorganization, merger, amalgamation or consolidation constitutes a Change of Control under clause (ii) of this Section 2(g);

(ii) the consummation of a reorganization, merger, amalgamation or consolidation, unless following such reorganization, merger, amalgamation or consolidation sixty percent (60%) or more of the combined voting power of the then-outstanding voting securities of the entity resulting from such reorganization, merger, amalgamation or consolidation entitled to vote generally in the election of directors is then Beneficially Owned, directly or indirectly, by all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding Company Voting Securities immediately prior to such reorganization, merger, amalgamation or consolidation;

(iii) the (i) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company or (ii) sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company and its Subsidiaries, unless the successor entity existing immediately after such sale or disposition is then Beneficially Owned, directly or indirectly, by all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding Company Voting Securities immediately prior to such sale or disposition;

(iv) during any period of twenty-four months (not including any period prior to the Effective Date), individuals who at the beginning of such period constitute the Board, and any new director (other than (A) a director nominated by a Person who has entered into an agreement with the Company to effect a transaction described in Sections 2(g)(i), (ii) or (iii) of the Plan, (B) a director whose initial assumption of office occurs as a result of either an actual or threatened election contest subject to Rule 14a-11 of Regulation 14A promulgated under the Act or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board or (C) a director designated by any Person who is the Beneficial Owner, directly or indirectly, of securities of the Company representing 10% or more of the Outstanding Company Voting Securities) whose election by the Board or nomination for election by the Company's shareholders was approved in advance by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof; or

(v) the Board adopts a resolution to the effect that, for purposes hereof, a Change of Control has occurred.

(h) Code: The Internal Revenue Code of 1986, as amended, or any successor thereto.

(i) Committee: The Compensation Committee of the Board, or any successor thereto or other committee designated by the Board to assume the obligations of the Committee hereunder, or if no such committee shall be designated or in office, the Board.

(j) Company: Helen of Troy Limited, a Bermuda company.

(k) Confidential Information: All knowledge and information pertaining to the business of the Company and its Subsidiaries obtained by a Participant from any source whatever as a result of his or her Services to the Company and/or its Subsidiaries and which is not a matter of public knowledge, including, without limitation, any confidential records, documents, contracts, customer lists, writings, data or other information, whether or not the same is in written or other recorded form. Without limiting the generality of the foregoing, Confidential Information shall be deemed to include any information or knowledge which may now or hereafter be deemed a trade secret of the Company and/or its Subsidiaries or information which relates to the Company's and/or its Subsidiaries' personnel;

present operations or future planning with respect to suppliers or customers, the contents of any Company or Subsidiary manual, practice or procedure, operating, revenue, expense or other statistics; private or public debt or equity financing or concerning any banking, accounting or financial matters; current or future advertising or promotion plans or programs; applications to or matters pending or under the jurisdiction of any regulatory agency or court, including those that are only threatened; any system, program, procedure or administrative operations, including those pertaining to any matter relative to computer operations of any type; information of the type mentioned above or of any other type regarding affiliates of the Company; present or future plans for the extension of the present business or the commencement of new business by the Company and/or its Subsidiaries.

(l) Covered Employee: An employee of the Company or its Subsidiaries who may be deemed to be a covered employee within the meaning of Section 162(m) of the Code.

(m) Disability: Inability to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death, or can be expected to last for a continuous period of not less than 12 months. The determination whether a Participant has suffered a Disability shall be made by the Committee based upon such evidence as it deems necessary and appropriate. A Participant shall not be considered disabled unless he or she furnishes such medical or other evidence of the existence of the Disability as the Committee, in its sole discretion, may require.

- (n) Effective Date: The date on which the Plan takes effect, as defined pursuant to Section 28 of the Plan.
- (o) Fair Market Value: As of any date that requires the determination of the Fair Market Value of Shares under this Plan, the value of a Share on such date of determination, calculated as follows:
- (i) If the Shares are then listed or admitted to trading on a Nasdaq market system or a stock exchange which reports closing sale prices, the Fair Market Value shall be the closing sale price on such date on such Nasdaq market system or principal stock exchange on which the Share is then listed or admitted to trading, or, if no closing sale price is quoted on such day, then the Fair Market Value shall be the closing sale price of the Share on such Nasdaq market system or such exchange on the next preceding day on which a closing sale price is reported;
- (ii) If the Shares are not then listed or admitted to trading on a Nasdaq market system or a stock exchange which reports closing sale prices, the Fair Market Value shall be the average of the closing bid and asked prices of the Share in the over-the-counter market on such date; or
- (iii) If neither clause (i) nor (ii) is applicable as of such date, then the Fair Market Value shall be determined by the Board in good faith using any reasonable method of evaluation, which determination shall be conclusive and binding on all interested parties.
- (p) ISO: An Option that is also an incentive stock option granted pursuant to Section 7(d) of the Plan.
- (q) LSAR: A limited stock appreciation right granted pursuant to Section 8(d) of the Plan.
- (r) Other Stock-Based Awards: Awards granted pursuant to Section 9 of the Plan.
- (s) Option: A stock option granted pursuant to Section 7 of the Plan.
- (t) Option Price: The purchase price per Share of an Option, as determined pursuant to Section 7(a) of the Plan.
- (u) Participant: An individual, excluding Gerald J. Rubin, the Company's Chairman of the Board, Chief Executive Officer and President, who is selected by the Committee to participate in the Plan pursuant to Section 5 of the Plan.

- (v) Performance-Based Awards: Other Stock-Based Awards granted pursuant to Section 9(b) of the Plan.
- (w) Person: As such term is used for purposes of Section 13(d)(3) or 14(d)(2) of the Act (or any successor section thereto).
- (x) Plan: The Helen of Troy Limited 2008 Stock Incentive Plan, as amended from time to time.
- (y) Restricted Stock: Restricted stock granted pursuant to Section 9 of the Plan.
- (z) Restricted Stock Unit: A restricted stock unit representing a right to acquire a fixed number of Shares at a future date, granted pursuant to Section 9 of the Plan.
- (aa) Securities Act: The Securities Act of 1933, as amended, or any successor thereto.
- (bb) Service: Services rendered to the Company or any of its Subsidiaries as an employee or consultant.
- (cc) Shares: Common shares, par value \$0.10 per Share, of the Company, as adjusted pursuant to Section 10 of the Plan.
- (dd) Stock Appreciation Right: A stock appreciation right granted pursuant to Section 8 of the Plan.

(ee) **Subsidiary:** A subsidiary corporation, as defined in Section 424(f) of the Code (or any successor section thereto).

(ff) **Termination of Service:** A Participant's termination of service with the Company, its Subsidiaries and Affiliates. A Termination of Service of an employee of the Company or any Subsidiary shall not be deemed to have occurred in the case of sick leave, military leave or any other leave of absence, in each case approved by the Committee or in the case of transfers between locations of the Company or its Subsidiaries. In the case of specified employees (as described in Section 409A of the Code), distributions may not be made before the date which is six months after the date of termination of service (or, if earlier, the date of death of the participant). A specified employee is a key employee as defined in Section 416(i) of the Code without regard to Paragraph (5), but only if the Company has any stock which is publicly traded on an established securities market or otherwise.

3. **Shares Subject to the Plan**

The maximum number of Shares with respect to which Awards may be granted under the Plan shall be 750,000 (subject to adjustment in accordance with the provisions of Section 10 hereof), whether pursuant to ISOs or otherwise. Of that number, not more than 750,000 Shares (subject to adjustment in accordance with the provisions of Section 10 hereof) will be available for grants under the Plan of ISOs pursuant to Section 7(d) hereof, and not more than 250,000 Shares (subject to adjustment in accordance with the provisions of Section 10 hereof) will be available for grants under the Plan of unrestricted Shares, Restricted Stock, Restricted Stock Units or any Other Stock-Based Awards pursuant to Section 9 hereof. The maximum number of Shares with respect to which Awards of any and all types may be granted during a calendar year to any Participant shall be limited, in the aggregate, to 250,000 Shares (subject to adjustment in accordance with the provisions of Section 10 hereof). The Shares may consist, in whole or in part, of authorized and unissued Shares or treasury Shares, including Shares acquired by purchase in the open market or in private transactions. If any Awards are forfeited, cancelled, terminated, exchanged or surrendered or such Award is settled in cash or otherwise terminates without a distribution of Shares to the Participant, any Shares counted against the number of Shares reserved and available under the Plan with respect to such Award shall, to the extent of any such forfeiture, settlement, termination, cancellation, exchange or surrender, again be available for Awards under the Plan.

4. **Administration**

(a) The Plan shall be administered by the Committee, which may delegate its duties and powers in whole or in part to any subcommittee thereof. If necessary to satisfy the requirements of Section 162(m) of the Code and/or Rule 16b-3 promulgated under the Act, the Committee shall consist solely of at least two individuals who are each non-employee directors within the meaning of Rule 16b-3 under the Act (or any successor rule thereto), outside directors within the meaning of Section 162(m) of the Code (or any successor section thereto) and satisfy all applicable independence requirements set forth in any applicable stock exchange or market or quotation system in which the Shares are then traded, listed or quoted. Any action permitted to be taken by the Committee may be taken by the Board, in its discretion; provided however that, to the extent required by any stock exchange or market or quotation system on which the Shares are traded, listed or quoted, any Award approved by the Board shall also have been approved by a majority of the Company's independent directors (within the meaning of such exchange or market or quotation system). The Committee may also delegate to a committee consisting of employees of the Company the authority to authorize transfers, establish terms and conditions upon which transfers may be made and establish

classes of options eligible to transfer options, as well as to make other determinations with respect to option transfers.

(b) The Committee is authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, to make any other determinations that it deems necessary or desirable for the administration of the Plan, and to take the following actions, in each case subject to and consistent with the provisions of the Plan:

(i) to select Participants to whom Awards may be granted;

(ii) to determine the type or types of Awards to be granted to each Participant;

(iii) to determine the type and number of Awards to be granted, the number of Shares to which an Award may relate, the terms and conditions of any Award granted under the Plan (including, but not limited to, any exercise price, grant price, or purchase price, and any bases for adjusting such exercise, grant or purchase price, any restriction or condition, any schedule for lapse of restrictions or conditions relating to transferability or forfeiture,

exercisability, or settlement of an Award, and waiver or accelerations thereof, and waivers of performance conditions relating to an Award, based in each case on such considerations as the Committee shall determine), and all other matters to be determined in connection with an Award;

(iv) to determine whether, to what extent, and under what circumstances an Award may be settled, or the exercise price of an Award may be paid, in cash, Shares, other Awards, or other property, or an Award may be cancelled, forfeited, exchanged, or surrendered;

(v) to take any action consistent with the terms of the Plan, either before or after an Award has been granted, as the Committee deems necessary or advisable to comply with any government laws or regulatory requirements of a non-U.S. jurisdiction, including but not limited to, modifying or amending the terms and conditions governing any Awards, establishing any local country plans as sub-plans to the Plan or to conform with or take advantage of governmental requirements, statutes or regulations;

(vi) to prescribe the form of each Award Agreement, which need not be identical for each Participant;

(vii) to correct any defect or supply any omission or reconcile any inconsistency in the Plan and to construe and interpret the Plan and any Award, rules and regulations, Award Agreement, or other instrument hereunder, in each case, in the manner and to the extent the Committee deems necessary or desirable;

(viii) to approve any repurchase of Shares pursuant to Section 42A of the Companies Act 1981 of Bermuda where a Participant wishes to effect payment of (A) an exercise of an Award or (B) payment of taxes pursuant to Section 4(d) below by delivery of Shares; and

(ix) to make all other decisions and determinations as may be required under the terms of the Plan or as the Committee may deem necessary or advisable for the administration of the Plan.

(c) Any decision of the Committee in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Participants and their beneficiaries or successors). Determinations made by the Committee under the Plan need not be uniform and may be made selectively among Participants, whether or not such Participants are similarly situated.

(d) The Committee shall require payment of any amount it may determine to be necessary to withhold for federal, state, local or other taxes as a result of the grant, vesting or the exercise of an Award. With the approval of the Committee, the Participant may elect to pay a portion or all of such withholding taxes by (i) delivery of Shares or (ii) having Shares withheld by the Company from any Shares that would have otherwise been received by the Participant. The number of Shares so delivered or withheld shall have an aggregate Fair Market Value on the date of the exercise of an Award sufficient to satisfy the applicable withholding taxes. In addition, with the approval of the Committee, a Participant may satisfy any additional tax that the Participant elects to have the Company withhold by delivering to the Company or its designated representative Shares already owned by the Participant or, in the case of Shares acquired through an employee benefit plan sponsored by the Company or its Subsidiaries, Shares held by the Participant for more than six months.

(e) If the chief executive officer of the Company is a member of the Board, upon recommendation of the Committee, the Board by specific resolution may constitute such chief executive officer as a committee of one which shall, subject to the terms and conditions of such resolution, have the authority to grant Awards of up to an aggregate of 350,000 Shares (subject to adjustment in accordance with the provisions of Section 10 hereof) in each calendar year to Participants who are not subject to the rules promulgated under Section 16 of the Act (or any successor section thereto) or Covered Employees; provided, however, that such chief executive officer shall notify the Committee of any such grants made pursuant to this Section 4.

(f) Notwithstanding the foregoing, a Repricing (as defined below) is prohibited without prior shareholder approval. Subject to compliance with the provisions of the immediately preceding sentence regarding a Repricing, the Committee may, at any time or from time to time: (i) authorize the Company, with the consent of the respective Participants, to issue new Awards in exchange for the surrender and cancellation of any or all outstanding Awards or (ii) buy from a Participant an Award previously granted with payment in cash, Shares (including Restricted Stock) or other consideration, based on such terms and conditions as the Committee and the Participant may agree. For purposes of the Plan, Repricing means any of the following or any other action that has the same purpose and effect: (A) lowering the exercise price of an

outstanding Option granted under the Plan after it is granted or (B) canceling an outstanding Award granted under the Plan at a time when its exercise or purchase price exceeds the then Fair Market Value of the stock underlying such outstanding Award, in exchange for another Award or a cash payment, unless the cancellation and exchange occurs in connection with a merger, amalgamation, consolidation, sale of substantially all the Company's assets, acquisition, spin-off or other similar corporate transaction.

(g) Shares issued pursuant to an Award shall, subject to the terms hereof, be purchased for such consideration, paid for at such times, by such methods, and in such forms, including cash, share repurchase, option cancellation, Participant services or other consideration, as the Committee shall determine.

5. Eligibility

Employees of the Company, its Subsidiaries and Affiliates, who are from time to time responsible for, or contribute to, the management, growth and protection of the business of the Company and its Affiliates, excluding Gerald J. Rubin, the Company's Chairman of the Board, Chief Executive Officer and President, and consultants to the Company and its Subsidiaries, are eligible to be granted Awards under the Plan. Participants shall be selected from time to time by the Committee, in its sole discretion, from among those eligible, and the Committee shall determine, in its sole discretion, the number of Shares to be covered by the Awards granted to each Participant. Notwithstanding any provisions of the Plan to the contrary, an Award may be granted to an employee or consultant, in connection with his or her hiring or retention prior to the date the employee or consultant first performs services for the Company or a Subsidiary; provided, however, that any such Award shall not become vested prior to the date the employee or consultant first performs such services.

6. Limitations

No Award may be granted under the Plan after the tenth anniversary of the Effective Date, but Awards theretofore granted may extend beyond that date.

7. Terms and Conditions of Options

Options granted under the Plan shall be, as determined by the Committee, non-qualified, incentive or other stock options for federal income tax purposes, as evidenced by the related Award Agreements, and shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine:

(a) Option Price. The Option Price per Share shall be determined by the Committee, but shall not be less than 100% of the Fair Market Value of the Shares on the date an Option is granted.

(b) Exercisability. Options granted under the Plan shall be exercisable at such time and upon such terms and conditions as may be determined by the Committee, but in no event shall an Option be exercisable more than ten years after the date it is granted.

(c) Exercise of Options. Except as otherwise provided in the Plan or in an Award Agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable. For purposes of Section 7 of the Plan, the exercise date shall be the date the Company receives a written notice of exercise in accordance with the terms of the Award Agreement and full payment for the Shares with respect to which the Option is exercised, together with (i) any other agreements required by the terms of the Plan and/or Award Agreement or as required by the Committee, and (ii) payment by the Participant of all payroll, withholding or income taxes incurred in connection with such Option exercise (or arrangements for the collection or payment of such tax satisfactory to the Committee are made). The purchase price for the Shares as to which an Option is exercised shall be paid to the Company in full at the time of exercise at the election of the Participant (A) in cash, (B) in Shares having a Fair Market Value equal to the aggregate Option Price for the Shares being purchased and satisfying such other requirements as may be imposed by the Committee; provided, that, such Shares have been held by the Participant for no less than six months, (C) partly in cash and partly in such Shares, (D) through the delivery of irrevocable instructions to a broker to deliver promptly to the Company an amount equal to the aggregate Option Price for the Shares being purchased, (E) through having Shares withheld by the Company from any Shares that would have otherwise been received by the Participant or (F) through such other means as shall be prescribed in the Award Agreement.

(d) ISOs. The Committee may grant Options under the Plan that are intended to be ISOs. Such ISOs shall comply with the requirements of Section 422 of the Code (or any successor section thereto). Unless otherwise permitted under Section 422 of the Code (or any successor section thereto), no ISO may be granted to any Participant who at the time of such grant, owns more than 10% of the total combined voting power of all classes of stock of the Company or of any Subsidiary, unless (i) the Option Price for such ISO is at least 110% of the Fair Market Value of a Share on the date the ISO is granted and (ii) the date on which such ISO terminates is a date not later than the day preceding the fifth anniversary of the date on which the ISO is granted. Any Participant who disposes of Shares acquired upon the exercise of an ISO either (i) within two years after the date of grant of such ISO or (ii) within one year after the transfer of such Shares to the Participant, shall notify the Company of such disposition and of the amount realized upon such disposition. Notwithstanding Section 5 of the Plan, ISOs may be granted solely to employees of the Company and its Subsidiaries.

(e) Exercisability Upon Termination of Service by Death or Disability. Upon a Termination of Service by reason of death or Disability, the Option may be exercised within one year following the date of death or Termination of Service due to Disability (subject to any earlier termination of the Option as provided by its terms), by the Participant in the case of Disability, or in the case of death, by the Participant's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but in any case only to the extent the Participant was entitled to exercise the Option on the date of his or her Termination of Service by death or Disability. To the extent that he or she was not entitled to exercise such Option at the date of his or her Termination of Service by death or Disability, or if he or she does not exercise such Option (which he or she was entitled to exercise) within the time specified herein, the Option shall terminate. Notwithstanding anything to the contrary herein, the Committee may at any time and from time to time prior to the termination of an Option, with the consent of the Participant, extend the period of time during which the Participant may exercise his or her Option following the date of Termination of Service due to death or Disability; provided, however, that the maximum period of time during which an Option shall be exercisable following the date of Termination of Service due to death or Disability shall not exceed the original term of such Option as set forth in the Award Agreement and that notwithstanding any extension of time during which an Option may be exercised, such Option, unless otherwise amended by the Committee, shall only be exercisable to the extent the Participant was entitled to exercise the Option on the date of Termination of Service due to death or Disability.

(f) Effect of Other Termination of Service. Upon a Termination of Service for any reason (other than death or Disability), an unexercised Option may thereafter be exercised during the period ending 90 days after the date of such Termination of Service, but only to the extent to which such Option was vested and exercisable at the time of such Termination of Service. Notwithstanding the foregoing, the Committee may, in its sole discretion, either by prior written agreement with the Participant or upon the occurrence of a Termination of Service, accelerate the vesting of unvested Options held by a Participant if such Participant's Termination of Service is without cause (as such term is defined by the Committee in its sole discretion) by the Company.

(g) Nontransferability of Stock Options. Except as otherwise provided in this Section 7(g), an Option shall not be transferable by the Participant otherwise than by will or by the laws of descent and distribution, and during the lifetime of a Participant an Option shall be exercisable only by the Participant. An Option exercisable after the death of a Participant or a transferee pursuant to the following sentence may be exercised by the legatees, personal

representatives or distributees of the Participant or such transferee. The Committee may, in its discretion, authorize all or a portion of the Options previously granted or to be granted to a Participant, other than ISOs, to be on terms which permit irrevocable transfer for no consideration by such Participant to any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, of the Participant, any trust in which these persons have more than 50% of the beneficial interest, any foundation in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than 50% of the voting interests (Eligible Transferees), provided that (i) the Award Agreement pursuant to which such options are granted must be approved by the Committee, and must expressly provide for transferability in a manner consistent with this Section 7(g) and (ii) subsequent transfers of transferred Options shall be prohibited except those in accordance with the first sentence of this Section 7(g). The Committee may, in its discretion, amend the definition of Eligible Transferees to conform to the coverage rules of Form S-8 under the Securities Act (or any comparable or successor registration statement) from time to time in effect. Following transfer, any such Options shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. The events of Termination of Service of Sections 7(e) and 7(f) hereof shall continue to be applied with respect to the original Participant, following which the options shall be exercisable by the transferee only to the extent, and for the periods specified, in Sections 7(e) and 7(f).

8. Terms and Conditions of Stock Appreciation Rights

(a) Grants. The Committee also may grant a Stock Appreciation Right, independent of an Option, with respect to Shares that are traded or listed on an established stock exchange or market or quotation system.

(b) Terms. The exercise price per Share of a Stock Appreciation Right shall be an amount determined by the Committee but in no event shall such amount be less than the greater of (i) the Fair Market Value of a Share on the date the Stock Appreciation Right is granted and (ii) an amount permitted by applicable laws, rules, by-laws or policies of regulatory authorities or stock exchanges or market or quotation systems. Each Stock Appreciation Right granted independent of an Option shall entitle a Participant to exercise the Stock Appreciation Right in whole or in part and, upon such exercise, to receive from the Company an amount equal to (i) the excess of (A) the Fair Market Value on the exercise date of one Share over (B) the exercise price per Share, times (ii) the number of Shares covered by the portion of the Stock Appreciation Right so exercised. The date a notice of exercise is received by the Company shall be the exercise date. Payment shall be made in cash, Shares or a combination of cash and Shares, as determined by the Committee. Stock Appreciation Rights may be exercised from time to time upon actual receipt by the Company of written notice of exercise stating the number of Shares with respect to which the Stock Appreciation Right is being exercised.

(c) Limitations. The Committee may impose, in its discretion, such conditions upon the exercisability or transferability of Stock Appreciation Rights as it may deem fit.

(d) Limited Stock Appreciation Rights. The Committee may grant LSARs that are exercisable upon the occurrence of specified contingent events. Such LSARs may provide for a different method of determining appreciation, may specify that payment will be made only in cash as soon as practicable after the occurrence of the specified contingent event and may provide that any related Awards are not exercisable while such LSARs are exercisable. Unless the context otherwise requires, whenever the term "Stock Appreciation Right" is used in the Plan, such term shall include LSARs.

9. Other Stock-Based Awards

(a) Generally. The Committee, in its sole discretion, may grant Awards of unrestricted Shares, Restricted Stock, Restricted Stock Units and other Awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value of, Shares (collectively, Other Stock-Based Awards). Such Other Stock-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine, including, without limitation, the right to receive one or more Shares (or the equivalent cash value of such Shares) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives. Other Stock-Based Awards may be granted alone or in addition to any other Awards granted under the

Plan. Subject to the provisions of the Plan, the Committee shall determine (i) to whom and when Other Stock-Based Awards will be made, (ii) the number of Shares to be awarded under (or otherwise related to) such Other Stock-Based Awards, (iii) whether such Other Stock-Based Awards shall be settled in cash, Shares or a combination of cash and Shares, and (iv) all other terms and conditions of such Awards (including, without limitation, the vesting provisions thereof).

(b) Performance-Based Awards. Notwithstanding anything to the contrary herein, certain Other Stock-Based Awards granted under this Section 9 may be granted to Covered Employees in a manner that will enable the Company to deduct any amount paid by the Company under Section 162(m) of the Code (or any successor section thereto) (Performance-Based Awards). A Covered Employee's Performance-Based Award shall be determined based on the attainment of one or more pre-established, objective performance goals established in writing by the Committee, for a performance period established by the Committee, (i) at a time when the outcome for that performance period is substantially uncertain and (ii) not later than 90 days after the commencement of the performance period to which the performance goal relates, but in no event after 25% of the relevant performance period has elapsed. The performance goals shall be based upon one or more of the following criteria: (i) earnings before or after taxes (including earnings before interest, taxes, depreciation and amortization); (ii) net income; (iii) operating income; (iv) earnings per Share; (v) book value per Share; (vi) return on shareholders' equity; (vii) expense management; (viii) return on investment before or after the cost of capital; (ix) improvements in capital structure; (x) profitability of an identifiable business unit or product; (xi) maintenance or improvement of profit margins; (xii) stock price; (xiii) market share; (xiv) revenues or sales; (xv) costs; (xvi) cash flow; (xvii) working capital; (xviii) changes in net assets (whether or not multiplied by a constant percentage intended to represent the cost of capital); and (xix) return on assets. The foregoing criteria may relate to the Company, one or more of its Affiliates,

(iv) *Effect of Termination of Service.* Upon a Termination of Service for any reason, the Participant shall only be entitled to the Restricted Stock or Restricted Stock Units vested at the time of such Termination of Service, and the Participant's unvested Restricted Stock and Restricted Stock Units shall be forfeited. Notwithstanding the foregoing, and except for Awards granted to Covered Employees that are intended to qualify as performance-based compensation under Section 162(m) of the Code, the Committee may, in its sole discretion, either by prior written agreement with the Participant or upon the occurrence of a Termination of Service, accelerate the vesting of unvested Restricted Stock or Restricted Stock Units held by the Participant if such Participant's Termination of Service is without cause (as such term is defined by the Committee in its sole discretion) by the Company.

10. Adjustments Upon Certain Events

Notwithstanding any other provisions in the Plan to the contrary, the following provisions shall apply to all Awards granted under the Plan:

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wholly-owned subsidiary of another company after the effective date of the Reorganization.

(iv) Except as provided above in this Section 10(b) and except as otherwise provided by the Committee in its sole discretion, any Options, Stock Appreciation Rights and Restricted Stock Units shall terminate immediately prior to the consummation of such proposed action.

(c) Change of Control. Subject to Section 10(b), in the event there occurs a Change of Control, (i) the Participants shall have the right to exercise or settle from and after the date of the Change of Control any Option, Stock Appreciation Right or Restricted Stock Unit held by such Participant in whole or in part, notwithstanding that such Option, Stock Appreciation Right or Restricted Stock Unit may not be fully exercisable or vested, and (ii) any and all restrictions on any Participants' Other Stock-Based Award shall lapse and such stock shall immediately vest in the Participants, notwithstanding that the Other Stock-Based Award was unvested.

only to the extent, necessary to create a covenant which is enforceable in the opinion of such court, with the intention of the parties that the Company shall be afforded the maximum enforceable covenant of non-competition which may be available under the circumstances and applicable law.

(c) Failure to Comply. Each Participant acknowledges that remedies at law for any breach by him of this Section 11 may be inadequate and that the damages resulting from any such breach are not readily susceptible to being measured in monetary terms. Accordingly, each Participant acknowledges that upon his or her violation of any provision of this Section 11, the Company will be entitled to immediate injunctive relief and may obtain an order restraining any threatened or future breach. Each Participant further agrees, subject to the proviso at the end of this sentence, that if he or she violates any provisions of this Section 11, such Participant shall immediately forfeit any rights and benefits under the Plan and shall return to the Company any unexercised Options and forfeit the rights under any other Awards and shall return any Shares held by such Participant received upon exercise of any Option or the vesting of Shares underlying an Award granted hereunder, together with any proceeds from sales of any Shares received upon exercise of such Options or the vesting of Shares underlying an Award; provided, however, that upon violation of subsection (b) of this Section 11, the forfeiture and return provisions contained in this sentence shall apply only to Awards under which underlying Shares have become exercisable or vested, and in any such case the proceeds of sales therefrom, during the two year period immediately prior to termination of the Participant's Services. Nothing in this Section 11 will be deemed to limit, in any way, the remedies at law or in equity of the Company, for a breach by a Participant of any of the provisions of this Section 11.

(b) Except as provided in Section 10 of the Plan or expressly provided under the Plan, any amendment, modification, termination or discontinuance of the Plan shall not affect Awards previously granted, and such Awards shall remain in full force and effect as if the Plan had not been amended, modified, terminated or discontinued, unless such amendment, modification, termination or discontinuance would not impair any of the rights or obligations under any Award or unless mutually agreed otherwise between the Participant and the Company, which agreement shall be in writing and signed by the Participant and the Company.

15. International Participants

The Committee may delegate to another committee, as it may appoint, the authority to take any action consistent with the terms of the Plan, either before or after an Award has been granted, which such other committee deems necessary or advisable to comply with any government laws or regulatory requirements of a non-U.S. jurisdiction, including but not limited to, modifying or amending the terms and conditions governing any Awards, or establishing any local country plans as sub-plans to the Plan. In addition, under all circumstances, the Committee may make non-substantive administrative changes to the Plan as to conform with or take advantage of governmental requirements, statutes or regulations.

30. Notices

All notices or other communications by a Participant to the Committee, the Board or the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Committee at the location, or by the person, designated by the Committee for the receipt thereof. Notwithstanding anything to the contrary contained in the Plan, notices and other elections under the Plan may be delivered or made electronically, in the discretion of the Committee. In addition, in the discretion of the Committee, Shares otherwise deliverable under the Plan may be delivered or otherwise evidenced through book entry or other electronic format without the need to deliver an actual Share certificate; provided, however, an actual Share certificate shall be delivered if requested by the Participant.

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Each member of the Committee shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or other employee of the Company or any Subsidiary or Affiliate, the Company's independent certified public accountants, or other professional retained by the Company to assist in the administration of the Plan. No member of the Committee, nor any officer or employee of the Company acting on behalf of the Committee, shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and all members of the Committee and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action, determination, or interpretation.

DATE: _____, 2008

SIGNATURE:

SECOND SIGNATURE, IF HELD JOINTLY:

PLEASE SIGN, DATE AND RETURN THIS PROXY PROMPTLY IN THE ACCOMPANYING ENVELOPE.
