

APPLICA INCORPORATED

COMPENSATION COMMITTEE CHARTER

Purpose

The Compensation Committee, in order to assist the Board in the discharge of its fiduciary duties relating to the fair and competitive compensation of the executives of the Company and its subsidiaries, and in connection with the pension and employee welfare plans:

- Reviews and approves the Company's compensation philosophy;
- Administers the Company's short-and long-term incentive plans and other stock or stock-based plans;
- Issues an annual report on executive compensation in accordance with applicable rules and regulations of the Securities and Exchange Commission for inclusion in the Company's proxy statement; and
- Reviews and approves general employee pension benefit plans of the Company and other benefit plans on an as-needed basis and monitors the actions of the Benefits Committee.

Duties and Responsibilities

A. Executive Compensation:

The Committee:

- Periodically reviews the Company's philosophy regarding executive compensation and counsels with the Chief Executive Officer relative to different compensation approaches;
- Reviews market data to assess the Company's competitive position for the three components of executive compensation (base salary, annual incentives, and long-term incentives) by reviewing executive compensation surveys, compiled by third-party consultants, of companies in the small household appliance industry and reviews supplemental general industry compensation information;
- Adopts or amends incentive compensation plans and stock-related plans (including specific provisions) in which the Chairman, Chief Executive Officer and other senior executives may be participants, including, but not limited to:
 - approving option guidelines and general size of overall grants;
 - making grants;
 - interpreting the plans;
 - determining rules and regulations relating to the plans;
 - modifying or canceling existing grants;
 - designating employees eligible to participate in the long-term incentive plans; and
 - imposing limitations, restrictions and conditions upon any award as the Compensation deems appropriate;

- Assures that any payments under the long-term incentive plans are in conformance with any restrictions placed thereon by the Board and shareholders; and
- Annually issues a report on executive compensation in accordance with applicable rules and regulations of the Securities and Exchange Commission for inclusion in the Company's proxy statement.

B. Compensation of the Chairman of the Board and Chief Executive Officer

Corporate Goals. Annually the Committee reviews and approves corporate goals and objectives relevant to the total compensation of the Chairman of the Board and the Chief Executive Officer and evaluates the performance of the Chairman of the Board and Chief Executive Officer in light of such goals and objectives.

Review of Market Data. Annually, the Committee reviews market data compiled by third-party consultants of companies in the small household appliance industry, as supplemented by general industry information and any other data it deems relevant, to assess the competitiveness of the three components of compensation of the Chairman of the Board and Chief Executive Officer.

Base Salary. Annually, the Committee approves any salary increases for the Chairman of the Board and Chief Executive Officer based on his or her evaluation.

Annual Incentives. Annually, the Committee approves any annual incentive awards of the Chairman of the Board and the Chief Executive Officer based upon his or her evaluation.

Long-Term Incentive Compensation. Annually, the Committee

- Considers the performance of the Company and relative total shareholder return;
- Considers the value of such awards granted to other Chairmen and Chief Executive Officers in the small household appliance industry and any other data it deems relevant; and
- Considers the number of stock options and common stock units granted in prior years.
- Approves the long-term incentive awards of the Chairman of the Board and the Chief Executive Officer based on his or her evaluation.

C. Review the general employee pension and employee welfare benefit plans

The Committee:

- Discharges the ultimate fiduciary responsibilities that reside with the Board for pension and employee welfare plans, as defined by the Employee Retirement Income Security Act of 1974 ("ERISA"), sponsored by the Company and all majority owned domestic subsidiaries and renders appropriate reports to the Board; and
- Annually reviews and approves the actions of the Company's Benefits Committee.

Membership

- The Committee will have a minimum of two directors.
- All Committee members shall be “independent” as such term is defined in Section 303 of the New York Stock Exchange Listing Manual.
- All Committee members shall meet the definitions of (i) a “non-employee director” within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and (ii) an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.
- The Board will appoint the Committee members and a Chairman.
- The Board may fill vacancies on the Committee.
- The Board may remove a Committee member from the membership of the Committee at any time with or without cause.
- The Committee has the authority to delegate to one or more subcommittees of the Committee.

Consultants

The Committee has sole authority to retain and terminate consultants of its selection to advise it with respect to the Company’s compensation and benefits programs, including sole authority to approve such consultant’s fees and other retention terms.

Board of Directors

The Committee reports its actions and recommendations to the Board of Directors after each Committee meeting and provides copies of the minutes of the Committee meetings to the Board of Directors.

Annual Performance Evaluation

The Committee performs an annual self-evaluation of its performance of its duties and responsibilities.