

HELEN OF TROY LTD
Form DEF 14A
June 27, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant X

Filed by a Party other than the Registrant O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

HELEN OF TROY LIMITED
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

HELEN OF TROY LIMITED

Clarendon House

Church Street

Hamilton, Bermuda

June 27, 2008

Dear Shareholders:

It is my pleasure to invite you to the 2008 Annual General Meeting of the Shareholders of Helen of Troy Limited. The meeting will be held at 1:00 p.m., Mountain Daylight Time, on Tuesday, August 19, 2008, at the Camino Real Hotel, 101 S. El Paso Street, El Paso, Texas. In addition to the business to be transacted at the meeting, members of management will present information about the Company's operations and will be available to respond to your questions.

We encourage you to help us reduce printing and mailing costs, and conserve natural resources **by signing up for electronic delivery of our shareholder communications**. For more information, see Electronic Delivery of Shareholder Communications.

At our meeting, we will vote on proposals (1) to elect eight directors, (2) to approve the Helen of Troy Limited 2008 Employee Stock Purchase Plan, (3) to approve the Helen of Troy Limited 2008 Stock Incentive Plan, (4) to approve the Helen of Troy Limited 2008 Non-Employee Directors Stock Incentive Plan, (5) to ratify the terms of the performance goals established for the Helen of Troy 1997 Cash Bonus Performance Plan and to approve amendments to the plan, (6) to appoint Grant Thornton LLP as the Company's auditor and independent registered public accounting firm and to authorize the Audit Committee of the Board of Directors to set the auditor's remuneration, and (7) to transact such other business as may properly come before the meeting. The accompanying Notice of Annual General Meeting of Shareholders and proxy statement contain information that you should consider when you vote your shares. Also, for your convenience, you can appoint your proxy via touch-tone telephone at 1-800-690-6903 or via the internet at WWW.PROXYVOTE.COM.

It is important that you vote your shares whether or not you plan to attend the meeting. Please complete, sign, date and return the enclosed proxy card in the accompanying envelope as soon as possible, or appoint your proxy by telephone or on the internet as set forth above. If you plan to attend the meeting and wish to vote in person, you may revoke your proxy and vote in person at that time. I look forward to seeing you at the meeting. On behalf of the management and directors of Helen of Troy Limited, I want to thank you for your continued support and confidence.

Sincerely,

/S/ Gerald J. Rubin

Gerald J. Rubin
*Chairman of the Board,
Chief Executive Officer and
President*

HELEN OF TROY LIMITED

Clarendon House

Church Street

Hamilton, Bermuda

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD AUGUST 19, 2008

Notice is hereby given that the Annual General Meeting of the Shareholders (the Annual Meeting) of Helen of Troy Limited, a Bermuda company (the Company), will be held at the Camino Real Hotel, 101 S. El Paso Street, El Paso, Texas, on Tuesday, August 19, 2008, at 1:00 p.m., Mountain Daylight Time, for the following purposes:

1. To vote for the election of a board of eight directors;
2. To approve the Helen of Troy Limited 2008 Employee Stock Purchase Plan;
3. To approve the Helen of Troy Limited 2008 Stock Incentive Plan;
4. To approve the Helen of Troy Limited 2008 Non-Employee Directors Stock Incentive Plan;
5. To ratify the terms of the performance goals established for the Helen of Troy 1997 Cash Bonus Performance Plan and to approve amendments to the plan;
6. To appoint Grant Thornton LLP as the Company s auditor and independent registered public accounting firm and to authorize the Audit Committee of the Board of Directors to set the auditor s remuneration; and

7. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

The record date for determining shareholders entitled to receive notice of and to vote at the Annual Meeting is June 25, 2008. You are urged to read carefully the attached Proxy Statement for additional information concerning the matters to be considered at the Annual Meeting.

If you do not expect to be present in person at the Annual Meeting, please complete, sign and date the enclosed proxy and return it promptly in the enclosed postage-paid envelope that has been provided for your convenience. The prompt return of proxies will help ensure the presence of a quorum and save the Company the expense of further solicitation. Also, for your convenience, you can appoint your proxy via touch-tone telephone at 1-800-690-6903 or via the Internet at WWW.PROXYVOTE.COM.

You are cordially invited and encouraged to attend the Annual Meeting in person.

/S/ Vincent D. Carson

Vincent D. Carson
Vice President, General Counsel and Secretary

El Paso, Texas
June 27, 2008

IMPORTANT

WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE ANNUAL MEETING, PLEASE SUBMIT YOUR PROXY AS SOON AS POSSIBLE. IF YOU DO ATTEND THE ANNUAL MEETING, YOU MAY REVOKE YOUR PROXY AND VOTE IN PERSON. MOST SHAREHOLDERS HAVE THREE OPTIONS FOR SUBMITTING THEIR PROXIES PRIOR TO THE ANNUAL MEETING: (1) VIA THE INTERNET, (2) BY PHONE OR (3) BY MARKING, DATING AND SIGNING THE ENCLOSED PROXY AND RETURNING IT IN THE ENVELOPE PROVIDED. IF YOU HAVE INTERNET ACCESS, WE ENCOURAGE YOU TO APPOINT YOUR PROXY ON THE INTERNET. IT IS CONVENIENT, AND IT SAVES THE COMPANY SIGNIFICANT POSTAGE AND PROCESSING COSTS.

TABLE OF CONTENTS

	Page
<u>Proxy Statement</u>	1
<u>Solicitation of Proxies</u>	1
<u>Voting Securities and Record Date</u>	2
<u>Quorum: Voting</u>	2
<u>Attending the Annual Meeting</u>	2
<u>Proposal 1: Election of Directors</u>	2
<u>Corporate Governance, the Board, Board Committees and Meetings</u>	4
<u>Shareholder Communications to the Board of Directors</u>	7
<u>Compensation Committee Interlocks and Insider Participation</u>	7
<u>Director Compensation</u>	8
<u>Director Summary Compensation for Fiscal Year 2008</u>	8
<u>Directors Fees Earned or Paid in Cash for Fiscal Year 2008</u>	8
<u>Outstanding Equity Awards for Directors at Fiscal Year-End 2008</u>	9
<u>Security Ownership of Certain Beneficial Owners and Management</u>	10
<u>Executive Officers</u>	11
<u>Report of the Compensation Committee</u>	12
<u>Compensation Discussion and Analysis</u>	12
<u>Executive Compensation</u>	21
<u>Summary Compensation Table for Fiscal Year 2008</u>	21
<u>All Other Compensation for Fiscal Year 2008</u>	22
<u>Grants of Plan-Based Awards in Fiscal Year 2008</u>	22
<u>Outstanding Equity Awards at Fiscal Year-End 2008</u>	23
<u>Option Exercises in Fiscal Year 2008</u>	24
<u>Employment Contract for Chairman of the Board, Chief Executive Officer and President</u>	24
<u>Equity Compensation Plan Information</u>	27
<u>Potential Payments Upon Termination or Change in Control</u>	29
<u>Certain Relationships - Related Person Transactions</u>	32
<u>Report of the Audit Committee</u>	33
<u>Registered Public Accounting Firms</u>	34
<u>Proposal 2: Approval of the Helen of Troy Limited 2008 Employee Stock Purchase Plan</u>	36
<u>Proposal 3: Approval of the Helen of Troy Limited 2008 Stock Incentive Plan</u>	40
<u>Proposal 4: Approval of the Helen of Troy Limited 2008 Non-Employee Directors Stock Incentive Plan</u>	47
<u>Proposal 5: Ratification of the Terms of the Performance Goals Established for the Helen of Troy 1997 Cash Bonus Performance Plan and Approval of Amendments to the Plan</u>	51
<u>Proposal 6: Appointment of Auditor and Independent Registered Accounting Firm and Authorization of the Audit Committee of the Board of Directors to Set the Auditor's Remuneration</u>	54
<u>Shareholder Proposals</u>	55
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	55
<u>Other Matters</u>	55
<u>Householding of Materials</u>	55
<u>Electronic Delivery of Shareholder Communications</u>	56
<u>How to Obtain Our Annual Report, Proxy Statement and Other Information about the Company</u>	56
<u>Appendix A: Helen of Troy Limited 2008 Employee Stock Purchase Plan</u>	A-1
<u>Appendix B: Helen of Troy Limited 2008 Stock Incentive Plan</u>	B-1
<u>Appendix C: Helen of Troy Limited 2008 Non-Employee Directors Stock Incentive Plan</u>	C-1
<u>Appendix D: Helen of Troy 1997 Cash Bonus Performance Plan</u>	D-1

HELEN OF TROY LIMITED

Clarendon House

Church Street

Hamilton, Bermuda

PROXY STATEMENT

FOR

ANNUAL GENERAL MEETING OF SHAREHOLDERS

August 19, 2008

SOLICITATION OF PROXIES

The accompanying proxy is solicited by the Board of Directors of Helen of Troy Limited (the Company) for use at its Annual General Meeting of Shareholders (the Annual Meeting) to be held at the Camino Real Hotel, 101 S. El Paso Street, El Paso, Texas, on Tuesday, August 19, 2008, at 1:00 p.m., Mountain Daylight Time, and at any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual General Meeting of Shareholders. A proxy may be revoked by filing a written notice of revocation or an executed proxy bearing a later date with the Secretary of our Company any time before exercise of the proxy or by attending the Annual Meeting and voting in person. The proxy statements and form of proxy cards are to be distributed to shareholders on or about July 7, 2008.

If you complete and submit your proxy, the persons named as proxies will vote the shares represented by your proxy in accordance with your instructions. If you submit a proxy card but do not fill out the voting instructions on the proxy card, the persons named as proxies will vote the shares represented by your proxy as follows:

- **FOR** the election of the eight Director nominees as set forth in Proposal 1.
- **FOR** the proposal to approve the Helen of Troy Limited 2008 Employee Stock Purchase Plan as set forth in Proposal 2.
- **FOR** the proposal to approve the Helen of Troy Limited 2008 Stock Incentive Plan as set forth in Proposal 3.

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

- **FOR** the proposal to approve the Helen of Troy Limited 2008 Non-Employee Directors Stock Incentive Plan as set forth in Proposal 4.
- **FOR** the proposal to ratify the terms of the performance goals established for the Helen of Troy 1997 Cash Bonus Performance Plan and approve amendments to the plan as set forth in Proposal 5.
- **FOR** the appointment of Grant Thornton LLP as the auditor and independent registered public accounting firm of the Company and to authorize the Audit Committee of the Board of Directors to set the auditor's remuneration as set forth in Proposal 6.

In addition, if other matters are properly presented for voting at the Annual Meeting, the persons named as proxies will vote on such matters in accordance with their judgment. We have not received notice of other matters that may properly be presented for voting at the Annual Meeting. Your vote is important. If you do not vote your shares, you will not have a say in the important issues to be voted upon at the Annual Meeting. To pass, each proposal included in this year's proxy statement requires an affirmative vote of a majority of the votes cast at the Annual Meeting. To ensure that your vote is recorded promptly, please submit your proxy as soon as possible, even if you plan to attend the Annual Meeting in person.

The Annual Report to Shareholders for the year ended February 29, 2008 (fiscal 2008), including financial statements, is enclosed. It does not form any part of the material provided for the solicitation of proxies.

The cost of solicitation of proxies will be borne by the Company. In addition to solicitation by mail, officers and employees of the Company may solicit the return of proxies by telephone and personal interview, or hire an outside proxy solicitor. Forms of proxy and proxy materials may also be distributed through brokers, custodians and like parties to beneficial owners of our common shares, par value \$.10 per share (the Common Stock), for which we will, upon request, reimburse the forwarding expense.

VOTING SECURITIES AND RECORD DATE

The close of business on June 25, 2008, is the record date for determination of shareholders entitled to notice of, and to vote at, the Annual Meeting. As of June 25, 2008, there were 30,198,198 shares of Common Stock issued and outstanding, each entitled to one vote per share.

QUORUM; VOTING

The presence in person of two or more persons, representing throughout the Annual Meeting, in person or by proxy, at least a majority of the issued shares of Common Stock entitled to vote is necessary to constitute a quorum at the Annual Meeting. Abstentions and broker non-votes are counted for purposes of determining whether a quorum is present. Broker non-votes are shares held by a broker or nominee that are represented at the Annual Meeting, but with respect to which such broker or nominee is not empowered to vote on a particular proposal. If a quorum is present, the eight nominees for Directors receiving a majority of the votes cast at the Annual Meeting in person or by proxy shall be elected. The affirmative vote of the majority of the votes cast at the Annual Meeting in person or by proxy shall be the act of the shareholders with respect to Proposals 2 through 6. Abstentions and broker non-votes are not counted in determining the total number of votes cast and will have no effect with respect to Proposals 1 through 6. If within half an hour from the time appointed for the Annual Meeting a quorum is not present in person or by proxy, the Annual Meeting shall stand adjourned to the same day one week later, at the same time and place or to such other day, time or place the Board of Directors may determine, provided that at least two persons are present at such adjourned meeting, representing throughout the meeting, in person or by proxy, at least a majority of the issued shares of Common Stock entitled to vote. At any such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the Annual Meeting as originally called.

Shareholders may hold their shares either as a shareholder of record or as a street name holder. If your shares are registered directly in your name with our transfer agent, you are considered the shareholder of record with respect to those shares and this proxy statement is being sent directly to you by the Company. If your shares are held in a brokerage account or by another nominee, you are considered to be the beneficial owner of shares held in street name, and these proxy materials, together with a voting instruction card, are being forwarded to you by your broker, trustee or other nominee. As the beneficial owner of the shares, you have the right to direct your broker, trustee or other nominee how to vote.

ATTENDING THE ANNUAL MEETING

A person is entitled to attend the Annual Meeting only if that person was a shareholder or joint shareholder as of the close of business on the record date or that person holds a valid proxy for the Annual Meeting. If you hold your shares in street name and desire to vote your shares at the Annual Meeting, you must provide a signed proxy directly from the holder of record giving you the right to vote the shares or a letter from the broker or nominee appointing you as their proxy. **The proxy card enclosed with this proxy statement is not sufficient to satisfy this requirement.** You must also provide proof of beneficial ownership on the record date, such as your most recent account statement prior to the record date or other similar evidence of ownership. If you hold your shares in street name and desire to attend the Annual Meeting without voting your shares, you must provide proof of beneficial ownership on the record date and present photo identification. If you are the shareholder of record or hold a valid proxy for the Annual Meeting, your name or the name of the person on whose behalf you are proxy must be verified against the list of shareholders of record on the record date as shown on the list of shareholders of the Company prior to being admitted to and prior to voting at the Annual Meeting. All shareholders must present photo identification for admittance. If you do not provide photo identification or comply with the other procedures outlined above upon request, you will not be admitted to the Annual Meeting and/or will not be permitted to vote, as applicable.

PROPOSAL 1: ELECTION OF DIRECTORS

The bye-laws of the Company state that the number of our Directors shall be established by the shareholders from time to time but shall not be less than two. Presently, the number of director positions remains set at eight. Accordingly, the Nominating and Corporate Governance Committee has nominated eight candidates for election to the Board of Directors.

The eight persons named below are the nominees for election as Directors. Each nominee has consented to serve as a Director if elected. One of the eight candidates, Mr. Gerald J. Rubin is a member of the Company's senior management. Under Mr. Rubin's employment agreement, the Company agreed to use its best efforts to cause Mr. Rubin to be nominated

for election to the Board of Directors and elected by the Board of Directors as Chairman of the Board. Gerald J. Rubin and Stanlee N. Rubin are married. Gerald J. Rubin and Byron H. Rubin are brothers. The Board of Directors has determined that the remaining five candidates, Gary B. Abromovitz, John B. Butterworth, Timothy F. Meeker, Adolpho R. Telles, and Darren G. Woody are independent directors as defined in the applicable rules for companies traded on the NASDAQ Stock Market LLC (NASDAQ). Therefore, the majority of persons nominated to serve on our Board of Directors are independent as so defined. Each Director elected shall serve as a Director until the next annual general meeting of shareholders, or until his or her successor is elected and qualified.

Set forth below are descriptions of the business experience during at least the past five years of the nominees for election to our Board of Directors:

GARY B. ABROMOVITZ, age 65, is Deputy Chairman of the Board, lead Director, and chairs the Compensation Committee and Nominating and Corporate Governance Committee. He is also a member of the Audit Committee and chairs the executive sessions of the independent Directors. He has been a Director of the Company since 1990. He is an attorney and has acted as a consultant to several law firms in business related matters, including trade secrets, unfair competition and commercial litigation. He also has been active in various real estate development and acquisition transactions for over 30 years in Arizona and California, with experience in the areas of industrial buildings, medical offices and commercial, residential and historic properties. In March 2005, he joined the Board of Directors of CardioVascular BioTherapeutics, Inc., a biopharmaceutical company, where he currently serves as Lead Director, Chair of the Compensation, Audit, Corporate Governance, and Conflict Resolution Committees, and chairs the executive sessions of independent directors.

JOHN B. BUTTERWORTH, age 57, has been a Director of the Company since August 2002. Mr. Butterworth is a Certified Public Accountant and, since 1982, has been a shareholder in a public accounting firm located in El Paso, Texas.

TIMOTHY F. MEEKER, age 61, has been a Director of the Company since August 2004. Since 2002, Mr. Meeker has served as President and principal in Meeker and Associates, a privately-held management consulting firm. Mr. Meeker served as Senior Vice President, Sales & Customer Development for Bristol-Myers Squibb, a consumer products and pharmaceutical company, from 1996 through 2002. From 1989 to 1996, Mr. Meeker served as Vice President of Sales for Bristol-Myers Clairol Division.

BYRON H. RUBIN, age 58, has been a Director of the Company since 1981. Mr. Rubin has been a partner in the firm of Daniels & Rubin, an insurance and tax planning firm in Dallas, Texas, since 1979.

GERALD J. RUBIN, age 64, founder of the Company, has been the Chairman of the Board, Chief Executive Officer and President of the Company since June 2000. From 1984 to June 2000, Mr. Rubin was Chairman of the Board and Chief Executive Officer of the Company. Mr. Rubin has been a Director of the Company since 1969. Mr. Rubin also serves on the Board of Directors of the El Paso Branch, Federal Reserve Bank of Dallas, Texas.

STANLEE N. RUBIN, age 64, has been a Director of the Company since 1990. Mrs. Rubin is active in civic and charitable organizations. She is a Partner for the Susan G. Komen Breast Cancer Foundation and Founder of the Center for the Visual Arts at the University of Texas at El Paso.

ADOLPHO R. TELLES, age 58, has been a Director of the Company since June 2005 and chairs the Audit Committee. Mr. Telles is a Certified Public Accountant. Since November 2003, Mr. Telles has been a business consultant providing advisory services in the area of corporate governance, internal auditing, and compliance with the Sarbanes Oxley Act of 2002. Mr. Telles manages personal investments, including an operating company. Mr. Telles is on the Texas Comptroller's Advisory Board for the Texas Treasury Safekeeping Trust Company. Previously, Mr. Telles was with the accounting firm of KPMG LLP, and its predecessors, for 27 years, including over 16 years as a partner.

DARREN G. WOODY, age 48, has been a Director of the Company since August 2004. Mr. Woody is President and Chief Executive Officer of C.F. Jordan, a construction services firm. He has served in this capacity since August of 2000. Previously, Mr. Woody was a partner in the law firm of Krafur, Gordon, Mott and Woody P.C.

The nominees receiving a majority of the votes cast at the Annual Meeting will be elected as Directors.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR EACH OF THE EIGHT NOMINEES NAMED ABOVE.

CORPORATE GOVERNANCE, THE BOARD, BOARD COMMITTEES AND MEETINGS

Corporate Governance. Corporate governance is typically defined as the system that allocates duties and authority among a company's shareholders, Board of Directors and management. The shareholders elect the Board and vote on extraordinary matters.

Our Corporate Governance Guidelines, as well as our Code of Ethics, and the charters of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee are available under the Corporate Governance heading of the investor relations page of our website at the following address: <http://www.hotus.com>.

Our Company believes that it is in compliance with the corporate governance requirements of the NASDAQ listing standards. The principal elements of these governance requirements as implemented by our Company are:

- affirmative determination by the Board of Directors that a majority of the Directors are independent;
- regularly scheduled executive sessions of independent Directors;
- Audit Committee, Nominating and Corporate Governance Committee, and Compensation Committee comprised of independent Directors and having the purposes and charters described below under the separate committee headings; and
- specific Audit Committee authority and procedures outlined in the charter of the Audit Committee.

Independence. The Board of Directors has determined that the following five Directors nominated for election at the Annual Meeting are independent Directors as defined in the NASDAQ listing standards: Gary B. Abromovitz, John B. Butterworth, Timothy F. Meeker, Adolpho R. Telles, and Darren G. Woody. Therefore, a majority of the persons nominated to serve on our Company's Board of Directors are independent as so defined. The foregoing independence determination of our Board of Directors included the determination that each of these five nominated Board members, if elected and appointed to the Audit Committee, Nominating and Corporate Governance Committee, or Compensation Committee as discussed above, respectively, is:

- independent for purposes of membership on the Audit Committee under Rule 4350(d) of the NASDAQ listing standards, that includes the independence requirements of Rule 4200 and additional independence requirements

under SEC Rule 10A-3(b);

- independent under the NASDAQ listing standards for purposes of membership on the Nominating and Corporate Governance Committee; and
- independent under the NASDAQ listing standards for purposes of membership on the Compensation Committee, as a non-employee director under SEC Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act), and an outside director as defined in regulations under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code).

The Board has designated Gary B. Abromovitz, an independent director, as the Deputy Chairman and lead Director. The Deputy Chairman's authority and responsibilities include:

- presiding at all meetings of the Board when the Chairman is not present and over executive sessions;
- serving as a liaison between the Chairman and the independent Directors; and
- calling meetings of the independent Directors.

Our Board and its committees meet throughout the year on a set schedule, and hold special meetings and act by written consent from time to time as appropriate. Independent Directors regularly meet without management present, and the Board's lead Director conducts those sessions. Board members have access to all of our employees outside of Board meetings. Our Board of Directors has three committees: the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee.

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

The following table shows the composition of these committees and the number of meetings held during the 2008 fiscal year:

Director	Executive Sessions of Independent Directors	Audit	Nominating and Corporate Governance	Compensation
Gary B. Abromovitz	Chair	M	Chair	Chair
John B. Butterworth	M	M		
Timothy F. Meeker	M		M	M
Adolpho R. Telles	M	Chair		
Darren G. Woody	M		M	M
Number of Meetings Held in Fiscal 2008	4	11	3	9

M = Current Member during 2008 fiscal year

Audit Committee. Our Audit Committee is established in accordance with Section 3(a)(58)(A) of the Exchange Act. The primary purposes of this committee are to oversee, on behalf of the Company's Board of Directors: (1) the accounting and financial reporting processes and integrity of our Company's financial statements, (2) the audits of our Company's financial statements and appointment, compensation, qualifications, independence and performance of our independent registered public accounting firm, (3) our compliance with legal and regulatory requirements, and (4) the staffing and ongoing operation of our internal audit function. The Audit Committee meets periodically with our Chief Financial Officer and other appropriate officers in the discharge of its duties. The Audit Committee also reviews the content and enforcement of the Company's Ethical Code of Conduct, consults with our legal counsel on various legal compliance matters and on other legal matters if those matters could materially affect our financial statements.

The Board of Directors has determined that each of the members of the Audit Committee are independent as previously described. In addition, the Board of Directors determined that Mr. Telles qualifies as an audit committee financial expert as defined by the SEC in Item 407(d)(5) of Regulation S-K promulgated by the SEC. The Board of Directors also determined that all of the members of the Audit Committee meet the requirement of the NASDAQ listing standards that each member be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement.

Nominating and Corporate Governance Committee. The primary purposes of the committee are to (1) recommend to our Board of Directors individuals qualified to serve on our Board of Directors for election by shareholders at each annual general meeting of shareholders and to fill vacancies on the Board of Directors, (2) implement the Board's criteria for selecting new directors, (3) develop, recommend to the Board, and assess our corporate governance policies, and (4) oversee the evaluation of our Board. The Nominating and Corporate Governance Committee receives recommendations from its members or other members of the Board of Directors for candidates to be appointed to the Board or committee positions, reviews and evaluates such candidates and makes recommendations to the Board of Directors for nominations to fill Board and committee positions.

The committee's current process for identifying and evaluating nominees for Director consists of general periodic evaluations of the size and composition of the Board of Directors, applicable listing standards and laws, and other appropriate factors with a goal of maintaining continuity

of appropriate industry expertise and knowledge of our Company. The committee looks for a number of personal attributes in selecting candidates including: sound reputation and ethical conduct; business and professional activities that are complementary to those of the Company; the availability of time and a willingness to carry out their duties and responsibilities effectively; an active awareness of changes in the social, political and economic landscape; an absence of any conflicts of interest; limited service on other boards; and a commitment to contribute to the Company's overall performance, placing it above personal interests.

The Nominating and Corporate Governance Committee will consider candidates recommended by shareholders. Any candidate recommended by shareholders must meet the same general requirements outlined in the previous paragraph to be considered for election. Any shareholder who intends to present a director nomination proposal for consideration at the 2009 annual general meeting of shareholders and intends to have that proposal included in the proxy statement and related materials for the 2009 annual general meeting, must deliver a written copy of the proposal to our Company's principal

executive offices no later than the deadline, and in accordance with the notice procedures, specified under **Shareholder Proposals** in this proxy statement and in accordance with the applicable requirements of SEC Rule 14a-8.

If a shareholder does not comply with the Rule 14a-8 procedures, the Company would not be required to include the nomination proposal as a proposal in the proxy statement and proxy card mailed to shareholders. For a shareholder's nominee to be considered for nomination as a Director, the shareholder should give timely notice of their nomination in writing to the Secretary of our Company. To be timely, written suggestions for candidates, accompanied by a written consent of the proposed candidate to serve as a director if nominated and elected, a description of his or her qualifications and other relevant biographical information, should be delivered for consideration by the Nominating and Corporate Governance Committee prior to the next annual general meeting to the Secretary of the Company, Clarendon House, Church Street, Hamilton, Bermuda not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual general meeting. In the event that the date of the annual general meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by the shareholder to be timely should be so delivered not earlier than the 120th day prior to such annual general meeting and not later than the close of business on the later of the 90th day prior to such annual general meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. The Nominating and Corporate Governance Committee may request that the shareholder submitting the proposed nominee furnish additional information to determine the eligibility and qualifications of such candidate.

Under SEC Rule 14a-8 (and assuming consent to disclosure is given by the proponents and nominee), our Company must disclose any nominations for Director made by any person or group beneficially owning more than 5% of our outstanding Common Stock by the date that was 120 calendar days before the anniversary of the date on which its proxy statement was sent to its shareholders in connection with the previous year's annual general meeting. Our Company did not receive any such nominations for the Annual Meeting.

Compensation Committee. The primary purposes of the committee are to (1) evaluate and approve the corporate goals and objectives set by the Chief Executive Officer (the CEO), (2) evaluate the CEO's performance in light of those goals and objectives, (3) make recommendations to the Board of Directors with respect to non-CEO compensation, incentive compensation plans and equity-based plans, (4) oversee the administration of our incentive compensation plans and equity-based plans, and (5) produce an annual report on executive compensation for inclusion in the Company's proxy statement. The Board of Directors has determined that the members of this committee are independent as previously described. The committee also conducted numerous informal telephonic discussions and consulted its legal advisors throughout the year. For additional information regarding the operation and authority of the Compensation Committee, see **Compensation Discussion and Analysis**.

Meetings of Board of Directors. The Board of Directors held four regularly scheduled meetings, three telephonic meetings and acted by unanimous consent once during fiscal 2008. During fiscal 2008, Mrs. Rubin attended all regular meetings of the Board of Directors and one telephonic meeting. She missed two telephonic meetings, one of which was missed due to a previously scheduled medical appointment. The Company expects all Board members to attend the annual general meeting, unless circumstances would prevent a Board member from doing so. Mr. Meeker was unable to attend last year's annual general meeting due to the fact that the meeting date was changed, which conflicted with a prior travel commitment outside of the country.

SHAREHOLDER COMMUNICATIONS TO THE BOARD OF DIRECTORS

Any record or beneficial owner of our shares of Common Stock who has concerns about accounting, internal accounting controls, or auditing matters relating to our Company may contact the Audit Committee directly. Any record or beneficial owner of our Common Stock who wishes to communicate with the Board of Directors on any other matter should also contact the Audit Committee. The Audit Committee has undertaken on behalf of the Board of Directors to be the recipient of communications from shareholders relating to our Company. If particular communications are directed to the full Board, independent Directors as a group, or individual directors, the Audit Committee will route these communications to the appropriate directors or committees so long as the intended recipients are clearly stated.

Communications intended to be anonymous may be made by calling our national hotline service at 866-210-7649 or 866-210-7650. When calling, please identify yourself as a shareholder of our Company intending to communicate with the Audit Committee. This third party service undertakes to forward the communications to the Audit Committee if so requested and clearly stated. You may also send communications intended to be anonymous by mail, without indicating your name or address, to Helen of Troy Limited, 1 Helen of Troy Plaza, El Paso, Texas, 79912, USA, Attention: Chairman of the Audit Committee. Communications not intended to be made anonymously may be made by calling the hotline number or by mail to that address, including whatever identifying or other information you wish to communicate.

Communications from employees or agents of our Company will not be treated as communications from our shareholders unless the employee or agent clearly indicates that the communication is made solely in the person's capacity as a shareholder.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal 2008, no executive officer of the Company served on the compensation committee (or equivalent), or the board of directors, of another entity whose executive officer(s) served on the Company's Compensation Committee or Board.

DIRECTOR COMPENSATION

The following table summarizes the total compensation earned by all non-employee Directors during fiscal 2008:

Director Summary Compensation for Fiscal Year 2008

Name	Fees Earned or Paid in Cash (\$)	All Other Compensation (\$)	Total (\$)
Gary B. Abromovitz	144,000		144,000
John B. Butterworth	84,000		84,000
Timothy F. Meeker	69,000	48,000(1)	117,000
Byron H. Rubin	36,000	10,000(2)	46,000
Stanlee N. Rubin	36,000		36,000
Adolpho R. Telles	100,000		100,000
Darren G. Woody	72,000		72,000

(1) Represents fees earned by Timothy Meeker in connection with a marketing and consulting advisory services agreement with the Company. For further information, see Certain Relationships - Related Person Transactions.

(2) Represents insurance agent's commissions earned by Byron Rubin paid directly to him by certain of our insurers in connection with certain life insurance policies. For further information, see Certain Relationships - Related Person Transactions.

In fiscal 2008, the following cash compensation was paid to our non-employee Directors:

Directors Fees Earned or Paid in Cash for Fiscal Year 2008

Name	Annual Board Retainers (\$)(1)	Board Meeting Fees (\$)(2)	Independent Directors Fees (\$)(3)	Deputy Chairman Fees (\$)(4)	Committee Chair Fees (\$)	Committee Member Fees (\$)(5)	Total (\$)
Gary B. Abromovitz	24,000	12,000	24,000	40,000	20,000(6)	24,000	144,000
John B. Butterworth	24,000	12,000	24,000			24,000	84,000
Timothy F. Meeker	24,000	9,000	24,000			12,000	69,000
Byron H. Rubin	24,000	12,000					36,000
Stanlee N. Rubin	24,000	12,000					36,000
Adolpho R. Telles	24,000	12,000	24,000		40,000(7)		100,000
Darren G. Woody	24,000	12,000	24,000			12,000	72,000

- (1) All non-employee Directors receive a quarterly cash retainer of \$6,000.

- (2) All non-employee Directors receive a cash fee of \$3,000 for each quarterly meeting of the Board of Directors attended.

- (3) All independent Directors receive a quarterly cash fee of \$6,000 for participation in executive sessions.

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

- (4) The Deputy Chairman and lead director receives a quarterly cash fee of \$10,000.
- (5) Each non-chair member of the Audit Committee receives a quarterly cash fee of \$6,000 and each non-chair member of the Compensation Committee receives a quarterly cash fee of \$3,000.
- (6) The Compensation Committee Chairman receives a quarterly cash fee of \$5,000.
- (7) The Audit Committee Chairman receives a quarterly cash fee of \$10,000.

In addition to the amounts shown above, non-employee Board members received reimbursement for travel and lodging expenses incurred while attending Board and committee meetings and Board-related activities, such as visits to Company locations.

The following table provides information on the outstanding equity awards at fiscal year-end 2008 for non-employee Directors.

Outstanding Equity Awards for Directors at Fiscal Year-End 2008

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Awards	
		Option Exercise Price (\$)/Sh	Option Expiration Date
Gary B. Abromovitz	32,000	21.47 to 33.35	9/1/13 to 6/1/15
John B. Butterworth	40,000	13.13 to 33.35	3/1/13 to 6/1/15
Timothy F. Meeker	16,000	23.13 to 28.33	9/1/14 to 6/1/15
Byron H. Rubin	32,000	21.47 to 33.35	9/1/13 to 6/1/15
Stanlee N. Rubin	100,000	4.41 to 33.35	9/1/08 to 6/1/15
Darren G. Woody	16,000	23.13 to 28.33	9/1/14 to 6/1/15

All options were issued in connection with the Company's 1995 Non-Employee Stock Option Plan. Under the plan, all options were issued at a price not less than the fair market value of the Common Stock at the date of grant, vested one year from the date granted, and expire ten years after the options were granted. Currently, all outstanding options under the plan are vested. This stock option plan expired by its terms on June 6, 2005. Therefore, no additional options have been granted since that date.

On June 24, 2008, the Board of Directors approved, subject to shareholder approval at the Annual Meeting, the Helen of Troy Limited 2008 Non-Employee Directors Stock Incentive Plan. For a more detailed discussion of the material terms of the 2008 Non-Employee Directors Stock Incentive Plan, see Proposal 3: Approval of the Helen of Troy Limited 2008 Non-Employee Directors Stock Incentive Plan.

Director Stock Ownership and Compensation Guidelines

The Compensation Committee and the Board of Directors believe that Directors should own and hold Common Stock to further align their interests and actions with the interests of the Company's shareholders. Accordingly, upon recommendation of the Compensation Committee, the Board of Directors has adopted stock ownership and compensation guidelines for our Directors. Under these guidelines, our Directors should hold shares of our Common Stock equal in value to at least three times the annual cash retainer for Directors. The guidelines provide that the stock ownership levels should be achieved by each Director within five years from the adoption of the guidelines or, in the case of a new director, within five years of his or her first appointment to the Board of Directors. To further encourage equity participation, the guidelines provide that equity awards to non-employee Directors either vest over a period of at least three years or are required to be held by the Director until his or her service with the Company ends. The Board of Directors also believe that compensation arrangements should be flexible enough to allow the Directors to receive a balanced mix of equity and cash keeping in mind the Board's guidelines for achieving and maintaining

stock ownership. In this respect, the Board of Directors will seek to target Director compensation at a mix of approximately 60% cash and 40% equity.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth as of May 20, 2008, the beneficial ownership of the Common Stock of the Directors, the executive officers of the Company, the Directors and executive officers of the Company as a group, and each person known to the Company to be the beneficial owner of more than five percent of the Common Stock:

Name of Beneficial Owner	Number of Common Shares Beneficially Owned	Percent *
Gerald J. Rubin	6,569,922(1)(2)	18.81%
Stanlee N. Rubin		
One Helen of Troy Plaza El Paso, Texas 79912		
Thomas J. Benson	64,158(2)	**
Byron H. Rubin	47,100(2)	**
John B. Butterworth	50,105(2)	**
Gary B. Abromovitz	34,000(2)	**
Vincent D. Carson	22,468(2)	**
Darren G. Woody	18,000(2)	**
Timothy F. Meeker	16,000(2)	**
Adolpho R. Telles	2,000(2)	**
All directors and executive officers as a group (10 Persons)	6,823,753	19.42%
FMR Corp. 82 Devonshire Street Boston, Massachusetts 02109	3,315,800(3)	10.98%
Columbia Wanger Asset Management, LP 227 W Monroe Street Suite 3000 Chicago, Illinois 60606	2,020,000(4)	6.69%
Royce and Associates , LLC 1414 Ave of America New York, NY 10019	1,562,996(5)	5.18%

* Percent ownership is calculated based on 30,198,198 shares of the Company's Common Stock outstanding on May 20, 2008.

** Ownership of less than one percent of the outstanding Common Stock.

(1) Does not include 144,000 shares in a trust for the children of Gerald J. Rubin and Stanlee N. Rubin in which they disclaim any beneficial ownership and includes 276,980 shares held beneficially through a partnership in which Gerald J. Rubin and Stanlee N. Rubin are partners.

(2) Includes shares subject to stock options that are exercisable within 60 days of May 20, 2008 as follows:

Name of Beneficial Owner	Options (#)
Gerald J. Rubin	4,625,000
Stanlee N. Rubin	100,000
Thomas J. Benson	59,508
John B. Butterworth	40,000
Gary B. Abromovitz	32,000
Byron H. Rubin	32,000
Vincent D. Carson	21,000
Daren G. Woody	16,000
Timothy F. Meeker	16,000
Total	4,941,508

(3) Based on the Schedule 13G/A filed on February 14, 2008. According to the filing, FMR Corp. has sole dispositive power for 3,315,800 shares and shared voting power for zero shares.

(4) Based on the Schedule 13G filed on January 28, 2008. According to the filing, Columbia Wanger Asset Management, LP has sole dispositive power for 2,020,000 shares, sole voting power for 1,900,000 shares and shared voting power for 120,000 shares.

(5) Based on the Schedule 13G filed on February 6, 2008. According to the filing, Royce & Associates LLC has sole dispositive power and sole voting power for 1,562,996 shares.

EXECUTIVE OFFICERS

The executive officers of the Company are Gerald J. Rubin, Thomas J. Benson and Vincent D. Carson. Mr. Rubin is also a Director of the Company and his biography is included above under Proposal 1: Election of Directors.

THOMAS J. BENSON, age 50, has been Senior Vice President and Chief Financial Officer of the Company since August 2003. Mr. Benson served as Chief Financial Officer of Elamex, S.A. de C.V., a provider of manufacturing and shelter services, from June 2002 to August 2003, and as Chief Financial Officer of Franklin Connections / Azar Nut Company, a manufacturer, packager and distributor of candy and nut products, from May 1994 to June 2002. He has served as an investments director in two private investment firms and spent seven years in public accounting. He received his B.S. from St. Mary's College and his Masters Degree of Taxation from DePaul University.

VINCENT D. CARSON, age 48, joined the Company on November 1, 2001, in the capacity of Vice President, General Counsel and Secretary, after a 16-year legal career in private practice. Prior to joining the Company, Mr. Carson was a shareholder in Brandys Carson & Pritchard, P.C. from 1993 to 2001, and was a shareholder at Mounce, Green, Myers, Safi & Galatzan, P.C. during 2001. Both firms are located in El Paso, Texas.

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee of the Board of Directors of the Company (the "Compensation Committee") has reviewed and discussed with management the Compensation Discussion and Analysis for the fiscal year ended February 29, 2008 to be included in the proxy statement for the Annual Meeting of shareholders filed pursuant to Section 14(a) of the Exchange Act. Based on its review and discussion referred to above, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the proxy statement for the Company's Annual Meeting and incorporated by reference in the Company's Annual Report on Form 10-K filed with the SEC for the fiscal year ended February 29, 2008.

Members of the Compensation Committee:

Gary B. Abromovitz, Chairman

Darren G. Woody

Timothy F. Meeker

COMPENSATION DISCUSSION AND ANALYSIS

Throughout this proxy statement, the following individuals are collectively referred to as the "named executive officers":

- Gerald J. Rubin, Chairman of the Board of Directors, Chief Executive Officer and President;
- Thomas J. Benson, Senior Vice President and Chief Financial Officer; and
- Vincent D. Carson, Vice President and General Counsel.

Oversight of Our Executive Compensation Program

The Compensation Committee oversees the compensation of our named executive officers and is composed entirely of independent Directors as defined under the listing standards of NASDAQ. The Compensation Committee is responsible for reviewing, approving and evaluating the Chief Executive Officer's performance in light of the goals and objectives of the Company. It also makes compensation recommendations with respect to our other executive officers, including approval of awards for incentive compensation and equity-based plans. The committee administers the

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

Helen of Troy 1997 Cash Bonus Performance Plan (the "Bonus Plan"), in which the Chief Executive Officer is currently the only participant. The Compensation Committee also administers all of our stock-based and other incentive compensation plans. The committee also assists the Board of Directors in developing succession planning for our executive officers.

Objectives of Our Compensation Program

Our compensation program is designed to attract, motivate and retain key leaders and to align the long-term interests of the named executive officers with those of our shareholders. The philosophy that the Compensation Committee uses to set executive compensation levels and structures is based on the following principles:

- compensation for our executive officers should be strongly linked to performance;
- a higher percentage of compensation should be at risk and subject to performance-based awards as an executive officer's range of responsibility and ability to influence the Company's results increase;
- compensation should be competitive in relation to the marketplace; and
- outstanding achievement should be recognized.

The Role of Chief Executive Officer in Determining Executive Compensation

The Compensation Committee, working with the Chief Executive Officer, evaluates and approves all compensation regarding our named executive officers. Our named executive officers report directly to our Chief Executive Officer who supervises the day to day performance of those officers. Accordingly, the Chief Executive Officer makes recommendations to the Compensation Committee regarding salaries, bonuses and equity awards for the other named executive officers and is required to annually review our executive compensation program for the named executive officers (other than himself). The Compensation Committee strongly considers the compensation recommendations and the performance evaluations of the Chief Executive Officer in making its decisions and any recommendations to the Board of Directors with respect to non-CEO compensation, incentive compensation plans and equity-based plans that are required to be submitted to the Board. In deliberations or approvals regarding the compensation of the other named executive officers, the committee may elect to invite the Chief Executive Officer to be present but not vote. In any deliberations or approvals of the committee regarding the Chief Executive Officer's compensation, the Chief Executive Officer is not invited to be present.

Compensation Consultant

The Compensation Committee has the authority to hire compensation, accounting, legal or other advisors. In connection with any such hiring, the committee can determine the scope of the consultant's assignments and their fees. The Compensation Committee has retained an outside compensation consultant from time to time to advise the committee on compensation decisions regarding our Chief Executive Officer and other compensation matters. While the Compensation Committee did not retain an outside compensation consultant in fiscal 2008, the committee may retain a consultant in the future to provide the committee with data regarding compensation trends, to assist the committee in the preparation of market surveys or tally sheets or to otherwise help it evaluate compensation decisions.

Our Compensation Program for Our Chief Executive Officer

Mr. Rubin is the founder of the Company, and he served as President of the Company prior to our initial public offering in 1971. Mr. Rubin served as President, Chief Executive Officer, and Chairman of the Board of Directors from 1971 to 1984, and from 1984 to June 2000, he served as Chief Executive Officer and Chairman of the Board of Directors. Since June 2000, Mr. Rubin has served as Chief Executive Officer, Chairman of the Board of Directors and President of the Company. Mr. Rubin sets the overall strategic vision for our Company, and oversees the senior management team and the Company's growth and acquisition strategy. In making discretionary compensation decisions regarding Mr. Rubin, the Compensation Committee considers Mr. Rubin's leadership of the Company and his contributions to increasing shareholder value.

Mr. Rubin's compensation is governed by an employment agreement. The employment agreement largely dictates the terms of Mr. Rubin's compensation, and, therefore, decisions regarding his compensation, other than discretionary compensation, are limited by the terms of the agreement. The term of Mr. Rubin's employment agreement is three years and automatically renews daily for a three-year term. In 2005, the Company and Mr. Rubin entered into an amendment to Mr. Rubin's employment agreement reducing his employment term from five years to three years. The Compensation Committee determined that the term reduction was in the best interests of our shareholders in order to effectively eliminate the tax gross up provision that otherwise would have been triggered in the event of a change in control of the Company. By reducing the term of the employment agreement, the amendment also effectively reduced Mr. Rubin's total change of control compensation. Mr. Rubin receives an annual base salary of \$600,000 and is eligible to receive an annual cash bonus payable in accordance with the Company's Bonus Plan. For a more detailed discussion of the terms of Mr. Rubin's employment agreement, see Executive Compensation - Employment Contract for Chairman of the Board, Chief Executive Officer and President.

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

A significant portion of Mr. Rubin's total compensation is performance-based and tied to the profitability of the Company. Mr. Rubin is presently the sole participant in the Bonus Plan, which provides for cash bonuses based on the Company's achievement of pre-tax earnings. The Bonus Plan and the performance targets for the Chief Executive Officer under the Bonus Plan were originally approved by the shareholders of the Company at our 1997 annual general meeting. The Bonus Plan was last amended in 2003 to change the performance targets from a fixed percentage of pre-tax earnings to a graduated percentage of pre-tax earnings. The earnings formula under the Bonus Plan constitutes a performance goal under Section 162(m) of the Code. The shareholders approved the amendment to the Bonus Plan at the 2003 annual general meeting of shareholders. In connection with this amendment, Mr. Rubin agreed to a reduction in the number of stock options he would otherwise have been entitled to receive under his employment agreement. Since fiscal 2004, Mr. Rubin has received no stock options or other equity awards.

Shareholder approval of the material terms of the Bonus Plan permits the Company to deduct, for federal income tax purposes, certain performance-based compensation over \$1,000,000 paid to the chief executive officer and certain other named executive officers under the Bonus Plan. The material terms of the preestablished performance goals for the awards under the Bonus Plan must be reapproved by the shareholders every five years in order to permit the Company to continue to deduct fully for tax purposes the incentive awards paid under the Bonus Plan. The Company is submitting the Bonus Plan for the shareholders to reapprove the terms of the performance goals under the Bonus Plan, which terms were last approved by the shareholders in 2003, and to approve amendments to the Bonus Plan to correct certain clerical errors and to clarify the timing of payments under the Bonus Plan in compliance with the requirements of Section 409A of the Code. If the terms of the Bonus Plan are reapproved, the Company expects that the performance-based compensation over \$1,000,000 that is paid under and in accordance with the Bonus Plan will be deductible for fiscal year 2009. However, as a result of a recent Internal Revenue Service revenue ruling, Mr. Rubin's employment agreement must be modified before March 1, 2009 in order to ensure the full deductibility of any incentive award payable to him under the Bonus Plan for performance periods that begin after fiscal year 2009. As a result, the Company and Mr. Rubin are working towards amending the employment agreement in a manner that would permit the continued full deductibility for tax purposes of the incentive awards paid under the Bonus Plan for performance periods that begin after fiscal year 2009. The Company cannot assure shareholders that such an amendment will be agreed to by the parties. If an appropriate amendment is not agreed to by the parties, then incentive awards payable to Mr. Rubin under the Bonus Plan for performance periods that begin after fiscal year 2009 may not be fully deductible notwithstanding any approval of Proposal 5 by the shareholders at the Annual Meeting. In the event the terms of the performance goals under the Bonus Plan and the amendment to the Bonus Plan are not approved, then Mr. Rubin's bonus arrangement set forth in the Bonus Plan will continue in effect and the Company will be unable to deduct incentive awards, including the payments set forth in the Bonus Plan, paid to Mr. Rubin and certain other named executive officers that, together with other compensation paid to each such executive officer that is not qualified performance-based compensation, exceed the \$1,000,000 limit in Section 162(m) of the Code. For additional information, see Proposal 5: Ratification of the Terms of the Performance Goals Established for the Helen of Troy 1997 Cash Bonus Performance Plan and Approval of Amendments to the Plan.

Elements of Our Compensation Program for Our Chief Executive Officer

The principal current components of compensation for our Chief Executive Officer are:

- Base salary;
- Bonuses, including performance-based incentive bonuses;
- Perquisites and other personal benefits; and
- Post-termination benefits, including change of control triggers and benefits.

In the past, the Company has included grants of stock options in the total compensation package of our Chief Executive Officer. Under the terms of Mr. Rubin's employment agreement, Mr. Rubin was entitled to receive options to purchase 125,000 shares of Common Stock on the last business day of each of the Company's fiscal quarters and such options were immediately vested, assuming there were options available under the Company's plan. In the event there are not a sufficient number of shares under the stock option plans to cause the grant of stock options to Mr. Rubin, the Company agreed to use its reasonable efforts to cause the Company's shareholders to approve additional shares of Common

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

Stock to be subject to such stock option plans to enable such grants. In the event the Company's shareholders do not approve additional shares to be issued under such stock option plans, the Company is not obligated to Mr. Rubin to grant such options. In the fourth quarter of fiscal 2004, Mr. Rubin declined the receipt of the balance of available options remaining in the 1998 Plan totaling 67,011 shares so that these options could be used during the remainder of fiscal 2005 to reward selected members of the Company's management and certain new management hires with an equity ownership interest in the Company. Mr. Rubin currently holds options exercisable for an aggregate of 4,625,000 shares that he received under these prior grants. These options are fully vested as of the end of fiscal year 2008. Of these outstanding options, 1,750,000 will expire in the calendar year ending December 31, 2009. See Executive Compensation - Outstanding Equity Awards At Fiscal Year-End 2008. Currently, Mr. Rubin is not eligible to receive grants of stock options under the Company's 1998 Stock Option and Restricted Stock Plan, as amended (the 1998 Plan), which terminates on August 25, 2008. Additionally, Mr. Rubin will not be eligible to receive grants under the Helen of Troy Limited 2008 Stock Incentive Plan, if the plan is approved by the shareholders at the Annual Meeting. For additional information regarding the proposed 2008 Stock Incentive Plan, see Long Term Equity Compensation for Our Other Named Executive Officers and Proposal 3: Approval of the Helen of Troy Limited 2008 Stock Incentive Plan. Mr. Rubin has received no stock options or other equity awards from the Company since fiscal 2004.

The Compensation Committee reviews total compensation for the Chief Executive Officer annually and evaluates his performance. Each year, the Compensation Committee also certifies that the amounts of any bonus payments under the Bonus Plan have been accurately determined and that the performance targets and any other material terms previously established by the Compensation Committee were in fact satisfied. The Compensation Committee believes that performance-based cash compensation that is directly related to the profitability of the Company should constitute a substantial portion of our Chief Executive Officer's total compensation. As a result, the Chief Executive Officer's base salary has historically represented a comparatively small percentage of the Chief Executive Officer's total compensation. In addition, the Chief

Executive Officer's base salary is deducted from his performance-based incentive bonus when computing his total annual cash compensation.

Base Salary of Our Chief Executive Officer

We provide our named executive officers and other employees with a base salary to provide a fixed amount of compensation for regular services rendered during the fiscal year. Mr. Rubin's employment agreement sets his base salary at \$600,000 per year. His salary has remained at this level since 1999, with no increases for inflation or cost of living adjustments. The Compensation Committee has not sought to increase Mr. Rubin's salary because it believes that the majority of our Chief Executive Officer's compensation should be attributed to the profitability of the Company. Based on past discussions with a compensation consultant, the Compensation Committee believes that Mr. Rubin's base salary is below the median range for chief executive officers of similarly-situated companies.

Performance-Based Incentive Bonuses for Our Chief Executive Officer

The Compensation Committee believes that performance-based awards align our executives' interests with our annual corporate goals. The Compensation Committee recognizes that Mr. Rubin's base salary may be below the median range for chief executive officers of similarly-situated companies. The Compensation Committee believes, however, that a significant portion of at risk compensation at the Chief Executive Officer level is important to the success of the Company and to provide a form of incentive based compensation to Mr. Rubin. Since Mr. Rubin presently does not receive equity awards under the Company's existing equity incentive plan, the variable performance-based element of Mr. Rubin's total compensation is his potential annual cash bonus under the Bonus Plan. Under this plan, Mr. Rubin's total compensation will fluctuate depending on the Company's financial performance.

During fiscal year 2008, Mr. Rubin was entitled to receive an annual cash incentive bonus based upon a graduated percentage ranging from 5% to 10% of the pre-tax annual earnings of the Company under the Bonus Plan. The potential bonus levels that Mr. Rubin is entitled to receive, expressed as a percentage of the Company's earnings are shown in the table below. For purposes of the bonus calculation, earnings means the sum of the 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. All components of the calculation must be determined in accordance with United States generally accepted accounting principles.

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	

Mr. Rubin's incentive bonus is capped at \$15,000,000 in any one fiscal year. Further, the amount of his total incentive bonus is reduced by his base salary. In addition to any bonus paid under the Bonus Plan, the Compensation Committee has the authority to recommend to the Board of Directors that a discretionary bonus be awarded to Mr. Rubin. The committee evaluates Mr. Rubin's performance on an annual basis and reserves such discretionary bonus awards for extraordinary performance or achievement. The committee did not approve a discretionary bonus for the fiscal year ended February 29, 2008.

Perquisites and Other Personal Benefits Provided to Our Chief Executive Officer

The Company provides our Chief Executive Officer with perquisites and other personal benefits that the Compensation Committee believes are reasonable and consistent with our overall compensation program. The Company is required to provide most of these benefits pursuant to the terms of Mr. Rubin's employment agreement. In 2004, the Compensation Committee, with Mr. Rubin's consent, eliminated the Company's prior practice of making our corporate

aircraft available for personal use by executive officers. The perquisites provided to Mr. Rubin according to his employment agreement include the following:

Automobile. We provide Mr. Rubin with an automobile. All expenses of operating, maintaining, and insuring the automobile are paid by the Company. Mr. Rubin is also entitled to have a driver at the Company's expense, but in fiscal 2008, he did not request this perquisite.

Legal Assistance, Financial Planning, and Tax Return Preparation. The Company has agreed to pay for, or reimburse Mr. Rubin for, up to \$10,000 per year for expenses incurred in connection with his obtaining routine legal assistance, financial planning and tax return preparation. In fiscal 2008, Mr. Rubin did not request this perquisite.

Medical Care Reimbursement. Mr. Rubin is entitled to reimbursement for medical care for himself and his wife, to the extent those expenses are not reimbursed by insurance. In fiscal 2008, Mr. Rubin did not request this perquisite.

Disability Insurance. The Company provides Mr. Rubin with an individual disability insurance policy that provides for a 360 day waiting period from the date on which Mr. Rubin may become disabled, and pays a monthly benefit of \$14,038 until age 65. As long as Mr. Rubin remains employed by the Company and is paid the full compensation specified in his employment agreement, any disability benefits payable to him under this policy must be endorsed over to the Company. Mr. Rubin is also covered by our group disability insurance policy, which is generally available to all our employees.

Life Insurance. Prior to fiscal 2002, the Company paid premiums on an executive universal life insurance policy on the life of Mr. Rubin in the initial insured amount of \$5,000,000. In June 2000, the Company and Mr. Rubin entered into a split-dollar agreement, pursuant to which the Company is entitled to reimbursement for all premiums it has paid on the policy out of any death benefits paid on the life of Mr. Rubin. No premiums have been paid on the policy since fiscal 2002. As of February 29, 2008, the total aggregate death benefit of the policy was \$5,365,315, the aggregate cash surrender value of the policy was \$365,315, and the aggregate premiums paid by the Company since inception of the policy was \$922,774.

Prior to July 2003, the Company had paid premiums for survivorship life insurance policies on the lives of Mr. and Mrs. Rubin in the initial aggregate insured amount of \$29,000,000. The Company and a trust established for the benefit of Mr. and Mrs. Rubin, which was the owner of the life insurance policies (the Trust), entered into a split dollar insurance agreement in March 1994 whereby the Trust agreed to repay the Company all of the premiums paid under the policies from the proceeds of the policies. The Trust owned the policies and collaterally assigned the proceeds from these policies as collateral for the obligation to repay the aggregate premiums paid by the Company under these policies. In July 2003, the Trust and the Company entered into a split dollar life insurance agreement under which the Trust transferred ownership of the policies to the Company. Upon the death of the second to die of Mr. and Mrs. Rubin, the Company shall receive the cash surrender value of the policies, and the Trust shall receive the balance of the proceeds. The Company will also be entitled to the cash surrender value of the policies if the policies are cancelled. The Board of Directors decides annually whether to pay annual premiums of up to \$360,417 on the policies. During fiscal 2008, the Board of Directors decided to make a payment of \$360,417 toward the current year's premiums and \$743,395 for repayment of prior year's accumulated policy loans and interest on these policies. As of February 29, 2008, the total aggregate death benefit of the policies was \$32,980,104, the aggregate cash surrender value of the policies was \$6,272,701, and the aggregate premiums paid by the Company since inception of the policies was \$5,432,169.

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

Mr. Rubin's employment agreement also provides that the Company must pay or reimburse Mr. Rubin for reasonable travel and other expenses incurred by him in performing his obligations under his employment agreement, including travel expenses incurred by his spouse if she travels with him while he performs his obligations under the employment agreement. Under the employment agreement, the Company will also reimburse Mr. Rubin for any taxes incurred by him with respect to these payments. During fiscal 2008, there were no payments that resulted in reimbursable tax expense.

The Company also provides other benefits to Mr. Rubin, such as a 401(k) plan, group medical, group life and group dental insurance, as well as vacation and paid holidays. These benefits are available to all our employees, including each named executive officer, and we believe they are comparable to those provided at other companies.

Potential Post-Termination Benefits for our Chief Executive Officer

Change in Control

Mr. Rubin's employment agreement provides that the Company must make certain payments to him if his employment is terminated as a result of a change in control (as defined in the employment agreement). Under Mr. Rubin's employment agreement, he will receive the benefits provided under the agreement if, after a change in control, his employment is terminated other than for cause (as defined in the agreement) or if he terminates his employment after certain actions (as specified in the agreement) that adversely affect him are taken. Under the employment agreement, Mr. Rubin must remain employed with the Company for six months following the first potential change in control to be entitled to these benefits. These benefits are more fully described under Executive Compensation - Employment Contract for Chairman of the Board, Chief Executive Officer and President.

The change in control provisions of Mr. Rubin's employment agreement are intended to ensure that we will retain the benefit of Mr. Rubin's services without distraction in the face of a potential change in control and that Mr. Rubin will evaluate potential transactions on an objective basis. The Compensation Committee believes the change in control provisions in Mr. Rubin's employment agreement are reasonable and necessary considering the competitive conditions of the Company and its industry.

The employment agreement also provides for the immediate vesting of all options granted to Mr. Rubin if his employment is terminated by the Company without cause, if he terminates his employment for good reason or if his employment is terminated for death or disability. As of the end of fiscal 2008, all of Mr. Rubin's options were fully vested. See Executive Compensation - Outstanding Equity Awards At Fiscal Year-End 2008.

Severance

The employment agreement of the Chief Executive Officer provides that, if his employment is terminated by the Company without cause or if he terminates his employment for good reason (as those terms are defined in his employment agreement), then he will be entitled to, among other things, a payment of an amount equal to three years base salary plus three times the highest annual bonus paid to him in the preceding three years. If such termination follows a change of control of the Company, Mr. Rubin will receive these amounts in one lump sum payment. Otherwise, he will receive his base salary in equal monthly payments and his bonus annually after the close of each fiscal year for three years. Our Chief Executive Officer will also be entitled to receive certain benefits following a termination of his employment by reason of death or disability. These benefits are more fully described under Executive Compensation - Executive Compensation Employment Contract for Chairman of the Board, Chief Executive Officer and President and Executive Compensation Potential Payments upon Termination or Change in Control. The employment agreement also provides for the immediate vesting of all options granted to Mr. Rubin if his employment is terminated by the Company without cause, if he terminates his employment for good reason or if his employment is terminated for death or disability. As of the end of fiscal 2008, all of Mr. Rubin's options were fully vested. See Executive Compensation - Outstanding Equity Awards At Fiscal Year-End 2008.

The Company's Compensation Program for Named Executive Officers Other Than Our Chief Executive Officer

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

The Company's other named executive officers are not party to employment agreements. As a result, their compensation is reviewed and determined by the Compensation Committee on an annual basis. The Compensation Committee may also review a named executive officer's compensation if that executive officer is promoted or experiences a change in responsibilities.

Our named executive officers report directly to our Chief Executive Officer who supervises the day to day performance of those officers. Our Chief Executive Officer annually reviews our executive compensation program (other than for himself) and makes compensation recommendations to the Compensation Committee. The Compensation Committee strongly considers the recommendations of the Chief Executive Officer in making its decisions and any recommendations to the Board of Directors with respect to non-CEO compensation, incentive compensation plans and equity-based plans that are required to be submitted to the Board.

Elements of Our Compensation Program for Our Other Named Executive Officers

The principal components of compensation for named executive officers other than our Chief Executive Officer are:

- Base salary;
- Bonuses, including performance-based incentive bonuses;
- Long-term equity compensation; and
- Other personal benefits.

The Company has no pre-established policy or target for the allocation between either cash and non-cash or short-term and long-term incentive compensation. Rather, the Compensation Committee reviews the performance of the Company and the individuals and determines the appropriate level and mix of compensation elements.

Base Salary of Our Other Named Executive Officers

The Company provides our named executive officers with a base salary to provide a fixed amount of compensation for regular services rendered during the fiscal year. In setting or increasing base salaries, the Compensation Committee strongly considers the recommendations made by our Chief Executive Officer. In addition, the committee considers each executive's job responsibilities, qualifications, experience, performance history and length of service with the Company and comparable salaries paid by our competitors. The Compensation Committee may, in its discretion, increase the base salary of a named executive officer based on that named executive officer's performance. During fiscal 2008, the Compensation Committee increased the annual salaries of Thomas J. Benson and Vincent D. Carson from \$315,000 and \$191,000, respectively, to \$410,000 and \$250,000, respectively, based on the Compensation Committee's review of their performance and for merit reasons.

Annual Incentive Bonuses for Our Other Named Executive Officers

Performance-based awards are intended to align executives' interests with our annual corporate goals. Annual incentive bonuses take into account both individual and Company performance, including the Company's earnings. While the amount of funds available for distribution as bonuses varies with Company earnings, the actual amount that may be distributed is subjectively determined each year considering recommendations made by our Chief Executive Officer and reviewed by the Compensation Committee.

Bonuses are calculated as percentages of base salary, with the maximum bonus historically ranging from 20% to 25% for named executive officers. Although incentive bonuses are primarily based on individual and corporate performance, in some circumstances the Compensation Committee may provide additional discretionary bonus awards. The committee believes that discretionary bonuses, where warranted, can be effective in motivating, rewarding and retaining our executive officers.

Long Term Equity Compensation for Our Other Named Executive Officers

Historically, the Company has granted equity awards to our named executive officers, other than our Chief Executive Officer, and to key employees under our 1998 Plan. Equity-based compensation and ownership give these individuals a continuing stake in the long-term success of the Company, and the delayed vesting of stock options helps to encourage retention. The Compensation Committee and the Board of Directors believe that the efforts of these individuals contributed significantly to the sustained growth since fiscal year 2005 in sales, earnings and earnings per share. Since fiscal year 2005, the compounded annual growth rate of each of these performance measures grew at the rates described below:

Performance Measure	Compounded Annual Growth Rate
Sales	5.19%
Earnings	11.69%
Earnings Per Share	11.23%

The Compensation Committee and the Board of Directors believes that the executive officers and key employees of the Company should be rewarded for earnings performance that may result from their efforts and believes this is best accomplished by awarding equity compensation to these individuals. Since August 2005, Mr. Rubin has not been eligible to receive grants under the 1998 Plan. The 1998 Plan terminates on August 25, 2008.

The purposes of the 1998 Plan are to:

- offer selected employees of the Company or its subsidiaries an equity ownership interest in the financial success of the Company;

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

- provide the Company an opportunity to attract and retain the best available personnel for positions of substantial responsibility; and
- encourage equity participation in the Company by eligible participants.

The 1998 Plan is administered by the Compensation Committee as a long-term component of the Company's compensation package. The number of equity awards granted to each eligible named executive officer is made on a discretionary rather than formula basis by the Compensation Committee with the recommendation of the Chief Executive Officer. Historically, the Compensation Committee has only granted stock options under the plan, but the committee may in the future elect to grant restricted stock.

According to the terms of the 1998 Plan, any unvested options immediately vest upon death, disability, or a change in control of the Company. In addition, if an option holder's employment with the Company is terminated, any exercisable options held by that employee may be exercised for a period of:

- for both incentive stock options (ISO s) and nonstatutory options (NSO s), up to twelve months if the termination of employment was due to the employee's death or disability;
- for ISO s, up to ninety days, where the employee is terminated without cause;
- for NSO s, up to six months, where the employee is terminated without cause; or
- up to thirty days, if the termination of employment was for any other reason.

The maximum number of shares the Compensation Committee may issue under the 1998 Plan in each fiscal year is 250,000 shares, but any shares of restricted stock that may be granted under the plan will reduce the number of shares available for grant by three shares for each share of restricted stock granted. In the event that in any fiscal year less than 250,000 shares are granted, then the amount of shares that can be granted in any future fiscal year will increase by the excess of 250,000 over the amount of shares actually granted in such year until the excess number of shares have been granted. In addition, shares available for grant as a result of cancellation or termination of previously granted awards will also be available for grant in any fiscal year until such shares have been granted. As of February 29, 2008, 246,786 shares remained available for issuance under the 1998 Plan. For a more detailed discussion of the material terms of the 1998 Plan, see Executive Compensation Equity Compensation Plan Information - Stock Option and Restricted Stock Plan.

On June 24, 2008, the Board of Directors approved, subject to shareholder approval at the Annual Meeting, the Helen of Troy Limited 2008 Stock Incentive Plan. If approved by the Company's shareholders at the Annual Meeting, the total amount available for awards under the plan would be 750,000 shares of Common Stock. Of the total number of shares of Common Stock that will be available for grants, only 250,000

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

shares are available for restricted stock, restricted stock units or any other stock-based awards. The named executive officers, other than our Chief Executive Officer, will be eligible to receive awards under the 2008 Stock Incentive Plan. For a more detailed discussion of the material terms of the 2008 Stock Incentive Plan, see Proposal 3: Approval of the Helen of Troy Limited 2008 Stock Incentive Plan.

We also maintain our 1998 Employee Stock Purchase Plan (the Stock Purchase Plan), which was approved by the Company's shareholders at our 1998 annual general meeting. The Stock Purchase Plan will terminate on July 17, 2008. All employees that own less than five percent of the total combined voting power or value of all classes of stock of the Company or any of its subsidiaries are eligible to participate in the plan, including the named executive officers. During fiscal year 2008, Thomas J. Benson, one of our named executive officers, participated in the Stock Purchase Plan. Under the plan, employees are entitled to purchase shares of the Company's Common Stock at a discount to market value. The purchase price is 85% of the average of the highest and lowest sale prices of the Common Stock on NASDAQ on either the first day or last day of each option period, whichever is less. As of February 29, 2008, 280,372 shares remain available for issuance under the Stock Purchase Plan. For an additional discussion of the material terms of the Stock Purchase Plan, see Executive Compensation Equity Compensation Plan Information - Employee Stock Purchase Plan. On June 24, 2008, the Board of Directors approved, subject to shareholder approval at the Annual Meeting, the Helen of Troy Limited 2008 Employee Stock Purchase Plan. For a discussion of the terms and conditions of the 2008 Employee Stock Purchase Plan, see Proposal 2: Approval of the Helen of Troy Limited 2008 Employee Stock Purchase Plan.

Other Personal Benefits Provided for Our Other Named Executive Officers

We provide other benefits to the named executive officers, such as a 401(k) plan, group medical, group disability, group life and group dental insurance, as well as vacation and paid holidays. These benefits are available to all our employees and we believe they are comparable to those provided at other companies.

Option Grant Practices

Grants of stock options are made without regard to anticipated earnings or other material announcements by the Company. Under the 1998 Plan, the exercise price of stock options is not less than the average of the highest and lowest sale price of our common shares on NASDAQ on the date of the grant. The vesting period of options for officers has historically been over a five year period at the graduated rate per year of 10%, 15%, 20%, 25%, and 30%. The Compensation Committee believes that these vesting terms encourage retention of our executive officers. The Compensation Committee may, however, adjust the vesting of options as it deems necessary under the circumstances. In January 2007, our Board of Directors determined that we would begin making any annual grants of stock options to current officers and employees on the first business day following the public announcement of the fiscal year-end financial results. However, in 2008, the Compensation Committee decided to delay any decision regarding any annual grants of stock options until on or about the date of the Annual Meeting.

Tax Implications of Executive Compensation

Section 162(m) of the Code places a limit of \$1,000,000 on the amount of compensation that a company may deduct in any one year with respect to its principal executive officer and each of its other three most highly paid executive officers. There is an exception to the \$1,000,000 limitation for performance-based compensation that meets certain requirements. Annual cash incentive compensation and stock option awards are generally forms of performance-based compensation that meet those requirements and, as such, are fully deductible.

Grants of stock options to our named executive officers under our 1998 Plan are intended to comply with Section 162(m) for treatment as performance-based compensation. Therefore, we expect to deduct compensation of our named executive officers related to compensation under each of these plans.

The Company expects that the incentive cash bonus payments to our Chief Executive Officer under the Bonus Plan will comply with Section 162(m) for treatment as performance-based compensation in fiscal year 2008. The Company is submitting the Bonus Plan for the shareholders to ratify the terms of the performance goals in the Bonus Plan and to approve specified amendments to the Bonus Plan. The terms of the performance goals were last approved by the shareholders in 2003. If the terms of the Bonus Plan are reapproved, the Company expects that the performance-based compensation over \$1,000,000 that is paid under and in accordance with the Bonus Plan will also be deductible for fiscal year 2009. However, as a result of a recent Internal Revenue Service revenue ruling, Mr. Rubin's employment agreement must be modified before March 1, 2009 in order to ensure the full deductibility of any incentive award payable to him under the Bonus Plan for performance periods that begin after fiscal year 2009. As a result, the Company and Mr. Rubin are working towards amending the employment agreement in a manner that would permit the continued full deductibility for tax purposes of the incentive awards paid under the Bonus Plan for performance periods that begin after fiscal year 2009. The Company cannot assure shareholders that such an amendment will be agreed to by the parties. If an appropriate amendment is not agreed to by the parties, then incentive awards payable to Mr. Rubin under the Bonus Plan for performance periods that begin after fiscal year 2009 may not be fully deductible notwithstanding any approval of Proposal 5 by the shareholders at the Annual Meeting. In the event the terms of the performance goals under the Bonus Plan and the amendment to the Bonus Plan are not approved, then Mr. Rubin's will continue to receive the bonus payments as set forth in the Bonus Plan and the Company will be

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

unable to deduct incentive awards, including the payments set forth in the Bonus Plan, paid to Mr. Rubin and certain other named executive officers that, together with other compensation paid to each such executive officer that is not qualified performance-based compensation, exceed the \$1,000,000 limit in Section 162(m) of the Code. For additional information, see Proposal 5: Ratification of the Terms of the Performance Goals Established for the Helen of Troy 1997 Cash Bonus Performance Plan and Approval of Amendments to the Plan.

The Compensation Committee has considered and will continue to consider tax deductibility in structuring compensation arrangements. However, the Compensation Committee retains discretion to establish executive compensation arrangements that it believes are consistent with the principles described earlier and in the best interests of our Company and its shareholders, even if those arrangements may not be fully deductible under Section 162(m).

EXECUTIVE COMPENSATION

The following table sets forth the summary of compensation earned during fiscal 2006 through 2008 by the Company's Chief Executive Officer and its other named executive officers.

Summary Compensation Table for Fiscal Year 2008

Name and principal position	Fiscal Year	Salary (\$)	Bonus (\$)(1)	Option Awards (\$)(2)	All Other Compensation (\$)(3)	Total (\$)
Gerald J. Rubin Chairman, Chief Executive Officer, and President	2008	600,000	5,054,234		68,409	5,722,643
	2007	600,000	4,110,639		60,916	4,771,555
	2006	600,000	4,140,229		57,811	4,798,040
Thomas J. Benson Senior Vice President and Chief Financial Officer	2008	386,250	54,300	34,848	8,038	483,436
	2007	315,000	84,808	20,916	7,192	427,916
	2006	290,000	105,481		6,930	402,411
Vincent D. Carson Vice President and General Counsel	2008	236,917	30,500	9,431	7,444	284,292
	2007	191,000	3,673	17,306	6,239	218,218
	2006	191,000	41,873		6,327	239,200

(1) Mr. Rubin's bonuses were calculated and awarded pursuant to the Company's 1997 Cash Bonus Performance Plan, as amended and approved by the Company's shareholders.

(2) These amounts reflect the expense of equity awards recognized for the covered fiscal year in our financial statement reporting of two share-based compensation plans: a stock option and restricted stock plan adopted in fiscal 1998, as amended, and an employee stock purchase plan adopted in fiscal 1999. The expense recognized for financial statement reporting was determined in accordance with Statement of Financial Accounting Standards No. 123(R), and includes amounts from awards granted prior to fiscal 2008. Assumptions used in the calculation of these amounts are discussed in Note (9) to the Company's audited financial statements for the fiscal year ended February 29, 2008, included in the Company's Annual Report on Form 10-K for the year then ended, filed with the SEC on May 13, 2008.

(3) This column reports all other compensation for the covered fiscal year that the Company could not properly report in any other column of the Summary Compensation Table. Details of fiscal 2008 amounts in this column are provided in the table entitled "All Other Compensation for Fiscal Year 2008" set forth below.

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

In fiscal 2008, the following compensation was paid to our named executive officers, which comprises All Other Compensation:

All Other Compensation for Fiscal Year 2008

Name	401(k) Plan (\$)	Group Life Insurance (\$)	Disability Insurance (\$)	Auto Lease (\$)	Life Insurance Benefit (\$)(1)	Total (\$)
Gerald J. Rubin	6,750	3,564	5,798	17,980	34,317	68,409
Thomas J. Benson	6,750	1,288				8,038
Vincent D. Carson	6,750	694				7,444

(1) Includes amounts attributable to the economic benefit received for executive and survivorship life insurance policies. The economic benefit of such policies totaled \$34,317 in fiscal 2008. In fiscal 2008, the Board of Directors elected to make a payment of \$360,417 toward the current year premiums and \$743,395 for repayment of prior year's accumulated policy loans and interest on these policies. See Certain Relationships - Related Person Transactions.

In fiscal year 2008, the following share based compensation was awarded to a named executive officer:

Grants of Plan-Based Awards in Fiscal Year 2008

Name	Grant Date	All Other Option Awards; Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Closing Market Price on the Date of Grant	Grant Date Fair Value of Stock and Option Awards (\$)(1)
Thomas J. Benson	5/15/2007	7,500	26.14	26.67	75,735

(1) Mr. Benson's options were granted with original vesting terms over a five year period at the graduated rate per year of 10%, 15%, 20%, 25%, and 30%. The amount shown under Grant Date Fair Value of Stock and Option Awards (\$) is the total expense that will be recognized for financial statement reporting over the five year vesting term and was determined in accordance with Statement of Financial Accounting Standards No. 123(R). Assumptions used in the calculation of this amount are discussed in Note (9) to the Company's audited financial statements for the fiscal year ended February 29, 2008, included in the Company's Annual Report on Form 10-K for the year then ended, filed with the SEC on May 13, 2008.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2008

The following table sets forth certain information with respect to outstanding equity awards at February 29, 2008 with respect to our named executive officers.

Outstanding Equity Awards at Fiscal Year-End 2008

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Awards		Option Exercise Price (\$)	Option Expiration Date (1)
		Number of Securities Underlying Unexercised Options (#) Unexercisable			
Gerald J. Rubin (2)	500,000			17.63	1/29/09
	500,000			13.47	2/26/09
	250,000			15.78	5/28/09
	250,000			14.47	8/31/09
	250,000			10.63	11/30/09
	250,000			7.09	3/1/10
	250,000			9.17	5/31/11
	250,000			12.53	8/31/11
	250,000			10.75	11/30/11
	250,000			12.63	2/28/12
	250,000			13.03	5/31/12
	250,000			11.84	8/31/12
	250,000			10.08	11/30/12
	250,000			13.13	2/28/13
	250,000			14.94	5/31/13
250,000			21.47	8/31/13	
125,000			22.81	11/30/13	
Thomas J. Benson	56,883			21.21	8/22/13
	1,875	5,625(3)		18.00	11/25/15
		7,500(3)		26.14	5/15/17
Vincent D. Carson	10,000			10.71	11/1/11
	5,000			14.02	11/1/12
	5,000			23.38	12/1/13
	1,000	3,000(4)		18.00	11/25/15

(1) All options listed in this table have a ten year term from the date of grant.

(2) Mr. Rubin's stock options are 100% vested.

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

(3) Mr. Benson's options were granted with original vesting terms over a five year period at the graduated rate per year of 10%, 15%, 20%, 25%, and 30%.

(4) Mr. Carson's options were granted with original vesting terms over a five year period at the graduated rate per year of 10%, 15%, 20%, 25%, and 30%.

Option Exercises in Fiscal Year 2008

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)
Gerald J. Rubin	1,000,000	11,887,500

**EMPLOYMENT CONTRACT FOR CHAIRMAN OF THE BOARD,
CHIEF EXECUTIVE OFFICER AND PRESIDENT**

Mr. Rubin serves as the Company's Chief Executive Officer pursuant to an employment agreement pursuant to which Mr. Rubin receives an annual base salary of \$600,000 and is eligible to receive an annual cash bonus payable in accordance with the Bonus Plan. The term of Mr. Rubin's employment agreement is three years and automatically renews daily for a three year term.

The formula for calculating the annual cash bonus for Mr. Rubin under the Bonus Plan was submitted to the Company's shareholders for approval in 2003. The annual cash bonus to Mr. Rubin is payable based on the earnings achieved by the Company in any applicable fiscal year according to the following scale:

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	

For the purposes of the bonus calculation, earnings means the sum of the 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. All components of the calculation are required to be determined in accordance with accounting principles generally accepted in the United States. The base salary paid to Mr. Rubin in the fiscal year then reduces the amount of the incentive bonus calculated above. Mr. Rubin's incentive bonus for any fiscal year cannot exceed \$15,000,000. For fiscal 2008, Mr. Rubin received an annual cash bonus of \$5,054,234.

Shareholder approval of the material terms of the Bonus Plan permits the Company to deduct, for federal income tax purposes, certain performance-based compensation over \$1,000,000 paid to the chief executive officer and certain other named executive officers under the Bonus Plan. The material terms of the preestablished performance goals for the awards under the Bonus Plan must be reapproved by the shareholders every five years in order to permit the Company to continue to deduct fully for tax purposes the incentive awards paid under the Bonus Plan. The Company is submitting the Bonus Plan for the shareholders to reapprove the terms of the performance goals under the Bonus Plan, which terms were last approved by the shareholders in 2003, and to approve amendments to the Bonus Plan to correct certain clerical errors and to clarify the timing of payments under the Bonus Plan in compliance with the requirements of Section 409A of the Code. If the terms of the Bonus Plan are reapproved, the Company expects that the performance-based compensation over \$1,000,000 that is paid under and in accordance with the Bonus Plan will be deductible for fiscal year 2009. However, as a result of a recent Internal Revenue Service revenue

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

ruling, Mr. Rubin's employment agreement must be modified before March 1, 2009 in order to ensure the full deductibility of any incentive award payable to him under the Bonus Plan for performance periods that begin after fiscal year 2009. As a result, the Company and Mr. Rubin are working towards amending the employment agreement in a manner that would permit the continued full deductibility for tax purposes of the incentive awards paid under the Bonus Plan for performance periods that begin after fiscal year 2009. The Company cannot assure shareholders that such an amendment will be agreed to by the parties. If an appropriate amendment is not agreed to by the parties, then incentive awards payable to Mr. Rubin under the Bonus Plan for performance periods that begin after fiscal year 2009 may not be fully deductible notwithstanding any approval of Proposal 5 by the shareholders at the Annual Meeting. In the event the terms of the performance goals under the

Bonus Plan and the amendment to the Bonus Plan are not approved, then Mr. Rubin's bonus arrangement set forth in the Bonus Plan will continue in effect and the Company will be unable to deduct incentive awards, including the payments set forth in the Bonus Plan, paid to Mr. Rubin and certain other named executive officers that, together with other compensation paid to each such executive officer that is not qualified performance-based compensation, exceed the \$1,000,000 limit in Section 162(m) of the Code. For additional information, see

Proposal 5: Ratification of the Terms of the Performance Goals Established for the Helen of Troy 1997 Cash Bonus Performance Plan and Approval of Amendments to the Plan.

Under the terms of his employment agreement, Mr. Rubin was entitled to receive options to purchase 125,000 shares of Common Stock on the last business day of each of the Company's fiscal quarters and such options were immediately vested, assuming there were options available under the Company's plans. In the event there are not a sufficient number of shares under the stock option plans to cause the grant of stock options to Mr. Rubin, the Company agreed to use its reasonable efforts to cause the Company's shareholders to approve additional shares of Common Stock to be subject to such stock option plans to enable such grants. In the event the Company's shareholders do not approve additional shares to be issued under such stock option plans, the Company is not obligated to Mr. Rubin to grant such options. In the fourth quarter of fiscal 2004, Mr. Rubin declined receipt of the balance of available options remaining in the 1998 Plan totaling 67,011 shares so that these options could be used during the remainder of fiscal 2005 to reward selected members of the Company's management and certain new management hires with an equity ownership interest in the Company. In connection with the amendment to our 1998 Plan approved by our shareholders at our 2005 annual general meeting, the plan was amended to increase the amount available under the plan by 750,000 shares of Common Stock and to provide that Mr. Rubin was not entitled to receive grants of any additional options under the plan. Additionally, Mr. Rubin will not be eligible to receive grants under the Helen of Troy Limited 2008 Stock Incentive Plan, if the plan is approved by the shareholders at the Annual Meeting. For additional information regarding the proposed 2008 Stock Incentive Plan, see Compensation Discussion and Analysis - Long Term Equity Compensation for Our Other Named Executive Officers and Proposal 3: Approval of the Helen of Troy Limited 2008 Stock Incentive Plan. Mr. Rubin received no stock options in fiscal years 2005 through 2008 and there are no stock options currently available to him under the Company's existing or proposed stock option plans.

Mr. Rubin's employment agreement also provides that the Company must pay or reimburse Mr. Rubin for reasonable travel and other expenses incurred by him in performing his obligations under his employment agreement, including travel expenses incurred by his spouse if she travels with him while he performs his obligations under the employment agreement. Under the employment agreement, the Company will also reimburse Mr. Rubin for any taxes incurred by him with respect to these payments.

If Mr. Rubin's employment with the Company is terminated by an occurrence other than death, disability, voluntary termination or for cause, he will receive payments, each in an amount equal to his monthly rate of basic compensation, which would commence on the date of termination and would continue until the date the employment contract would have expired but for said occurrence. Mr. Rubin will also receive payments, payable annually after the close of each fiscal year of the Company, each in an amount of incentive compensation and bonuses that would otherwise have been payable to him if he had continued in the employ of the Company for the same period, provided, however, that the incentive compensation and bonus payable with respect to any fiscal year shall not be less than the highest annual incentive compensation and bonus award made to Mr. Rubin with respect to the Company's most recent three fiscal years ending prior to the date of termination.

Upon the occurrence of a change in control of the Company, Mr. Rubin may elect to terminate his employment with the Company, and upon such termination he will receive a present-value lump sum payment of that amount due to him as basic compensation if his employment contract had continued until the date the employment contract would have expired but for said occurrence. In the event of a change in control, Mr. Rubin will also receive a lump sum payment in an amount equal to the amount of incentive compensation and bonuses that would otherwise have been payable to him under the employment agreement. Such lump sum payment will be calculated using Mr. Rubin's highest incentive compensation and bonuses payable with respect to the Company's most recent three fiscal years ending prior to the date of the termination, with present value calculated using the applicable federal rate for the date of the termination of employment. His employment agreement was amended in April 2005 to provide that upon termination in no event will the severance payments to Mr. Rubin exceed 2.99 times his base amount, as defined in Section 280G of the Code.

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

Under Mr. Rubin's employment agreement, if Mr. Rubin's employment is terminated by an occurrence other than by death, disability, voluntary termination or cause, including upon a change in control, Mr. Rubin will also receive: (1) all amounts earned, accrued or owing but not yet paid to him, (2) immediate vesting of all options granted to him, (3) removal of all restrictions on restricted stock awarded to him and immediate vesting of the rights to such stock, if any, (4) medical benefits for him and his wife for life and (5) paid premiums of his life insurance policies, as required under his employment agreement. At February 29, 2008, Mr. Rubin did not own any restricted stock or options that were not already vested. Mr. Rubin will also continue to participate in all employee benefits plans, programs or arrangements available to Company executives in which he was participating on the date of termination until the date the employment agreement

would have expired but for said occurrence or, if earlier, until he receives equivalent benefits and coverage by another employer.

In the event of Mr. Rubin's death, all unpaid benefits under his employment agreement are payable to his estate. Mr. Rubin's employment agreement grants him the right to elect a cash payment of the remainder of his contract in the event of a merger, consolidation or transfer of all or substantially all of the Company's assets to any unaffiliated company or other person.

EQUITY COMPENSATION PLAN INFORMATION

Stock Option and Restricted Stock Plan

The 1998 Plan was approved by the Company's shareholders at the 1998 annual general meeting. The purpose of the 1998 Plan is (1) to offer selected employees of the Company or its subsidiaries an equity ownership interest in the financial success of the Company, (2) to provide the Company an opportunity to attract and retain the best available personnel for positions of substantial responsibility and (3) to encourage equity participation in the Company by eligible participants. The Compensation Committee and the Board of Directors believe that the efforts of these individuals contributed significantly to the sustained growth since fiscal year 2005 in sales, earnings and earnings per share. Since fiscal year 2005, the compounded annual growth rate of each of these performance measures grew at the rates described below:

Performance Measure	Compounded Annual Growth Rate
Sales	5.19%
Earnings	11.69%
Earnings Per Share	11.23%

The Compensation Committee and the Board of Directors believes that the executive officers and key employees of the Company should be rewarded for earnings performance that may result from their efforts and believes this is best accomplished by awarding equity compensation to these individuals. Since August 2005, Mr. Rubin has not been eligible to receive grants under the 1998 Plan. The 1998 Plan terminates on August 25, 2008.

The Compensation Committee administers the 1998 Plan. Under the 1998 Plan, the Compensation Committee may grant incentive stock options, non-qualified options and restricted stock to our named executive officers, other than our Chief Executive Officer, and to other employees. The number and the nature of equity awards granted to each eligible employee is made on a discretionary rather than formula basis by the Compensation Committee with the recommendation of the Chief Executive Officer. The exercise price for any option granted under the 1998 Plan is at a price that the committee may determine, but cannot be less than the average of the highest and lowest sale price of our Common Stock on NASDAQ on the date of the grant. Any award granted under the 1998 Plan is exercisable or vests at such times, under such conditions and in such amounts and during such period or periods as the Compensation Committee determines on the date the award is granted.

The maximum number of shares the Compensation Committee may issue under the 1998 Plan in each fiscal year is 250,000 shares, but any shares of restricted stock that may be granted under the plan will reduce the number of shares available for grant by three shares for each share of restricted stock granted. In the event that in any fiscal year less than 250,000 shares are granted, then the amount of shares that can be granted in any future fiscal year is increased by the excess of 250,000 over the amount of shares actually granted in such year until the excess number of shares have been granted. In addition, shares available for grant as a result of cancellation or termination of previously granted awards shall also be available for grant in any fiscal year until such shares have been granted. Historically, the Compensation Committee has only granted stock options under the plan, but the committee may in the future elect to grant restricted stock. As of February 29, 2008, 246,786 shares remain available for issuance under the 1998 Plan.

Recipients of stock option awards may exercise their options at any time after they vest and before they expire, except that no awards may be exercised after ten years from the date of grant. Awards are generally not transferable by the recipient during the recipient's life. Awards granted under the plan are evidenced by either an agreement that is signed by us and the recipient or a confirming memorandum issued by us to the

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

recipient setting forth the terms and conditions of the awards. Award recipients and beneficiaries of award recipients have no right, title or interest in or to any shares subject to any award or to any rights as a shareholder, unless and until shares are actually issued to the recipient.

According to the terms of the 1998 Plan, any unvested options immediately vest upon death, disability or a change in control (as defined in the 1998 Plan) of the Company. In addition, if a participant's employment with the Company is terminated, any exercisable options held by that employee may be exercised for a period of:

- for both incentive stock options (ISO s) and nonstatutory options (NSO s), up to twelve months if the termination of employment was due to the employee's death or disability;
- for ISO s, up to ninety days, where the employee is terminated without cause;
- for NSO s, up to six months, where the employee is terminated without cause; or
- up to thirty days, if the termination of employment was for any other reason.

The 1998 Plan requires participants to comply with specified confidentiality and non-competition provisions. If the participant violates these provisions, then the participant may be required to forfeit his or her rights and benefits under the 1998 Plan, return to the Company any unexercised options, forfeit the rights under any awards of restricted stock and return any shares held by the participant received upon exercise of any option or the lapse of restrictions relating to restricted stock.

On June 24, 2008, the Board of Directors approved, subject to shareholder approval at the Annual Meeting, the 2008 Stock Incentive Plan. The named executive officers, other than our Chief Executive Officer, will be eligible to receive awards under the 2008 Stock Incentive Plan. For a more detailed discussion of the material terms of the 2008 Stock Incentive Plan, see Proposal 3: Approval of the Helen of Troy Limited 2008 Stock Incentive Plan.

Employee Stock Purchase Plan

Our 1998 Employee Stock Purchase Plan (the "Stock Purchase Plan") was approved by the Company's shareholders at the 1998 annual general meeting. It is the intention of the Company that this plan qualify as an Employee Stock Purchase Plan under Section 423 of the Code.

The Stock Purchase Plan allows full-time employees of the Company or certain of its subsidiaries to purchase shares of Common Stock with accumulated payroll deductions. Employees may authorize payroll deductions of up to 15% of their compensation, which is accumulated over an option period and then used to purchase Common Stock. Option periods end in July and January of each fiscal year. The purchase price is 85% of the average of the highest and lowest sale prices of the Common Stock on NASDAQ on either the first day or last day of each option period, whichever is less. Employees may suspend or discontinue their participation in the plan at any time.

As of February 29, 2008, 280,372 shares remain available for issuance under the Stock Purchase Plan. The Stock Purchase Plan terminates in July 2008. On June 24, 2008, the Board of Directors approved, subject to shareholder approval at the Annual Meeting, the Helen of Troy Limited 2008 Employee Stock Purchase Plan. For a discussion of the terms and conditions of the 2008 Employee Stock Purchase Plan, see Proposal 2: Approval of the Helen of Troy Limited 2008 Employee Stock Purchase Plan.

The following table summarizes certain equity compensation plan information as of February 29, 2008:

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column) (1)
Equity compensation plans approved by security holders	5,823,183	\$ 15.34	527,158

(1) Includes 280,372 shares authorized and available for issuance in connection with the Stock Purchase Plan and 246,786 shares authorized and available for issuance under the 1998 Plan.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The information below describes certain compensation that would be paid under Mr. Rubin's employment agreement in the event of a termination of his employment with the Company and/or change in control of the Company. The amounts shown in the table below assume that such a termination of employment and/or change in control occurred on February 29, 2008 and thus includes amounts earned through such time and are estimates of the amounts which would be paid out to Mr. Rubin upon his termination and/or a change in control (based upon his compensation and service levels as of such date). The actual amounts to be paid out can only be determined at the time of a change in control and/or termination of employment with the Company. For further information regarding the terms of Mr. Rubin's employment agreement, see Employment Contract for Chairman of the Board, Chief Executive Officer and President.

Chief Executive Officer - Gerald J. Rubin

Triggering Event	Compensation Component	How Paid	Payout(\$)
Death	\$5,000,000 life insurance benefit	Lump Sum	4,407,049
	Any accrued payroll to date of death (1)		
	Any accrued incentive compensation prorated to date of death (2)	Lump Sum	5,054,234
	Medical benefits for Mr. Rubin's Spouse for her life (3)	Over Time	285,489
	Total		9,746,772
Disability (9)	Short-term and long-term disability benefits (4)	Over Time	5,798
	Any accrued payroll to date of termination (1)		
	Any accrued incentive compensation prorated to date of termination (2)	Lump Sum	5,054,234
	Company payment of premiums on \$5,000,000 life insurance policy (5)	Over Time	511,642
	Medical benefits for Mr. Rubin and his spouse for life (6)	Over Time	443,543
	Continued participation in employee benefit plans in which Mr. Rubin was participating through the end of the fiscal year of termination, or payment of the after-tax economic equivalent of any such plans (7)	Either	4,615
	Total		6,019,832
Termination With Cause (9)	Any accrued payroll to date of termination (1)		
	Any accrued incentive compensation prorated to date of termination (2)	Lump Sum	5,054,234
	Total		5,054,234
Voluntary Termination (9)	Any accrued payroll to date of termination (1)		
	Any accrued incentive compensation prorated to date of termination (2)	Lump Sum	5,054,234
	Medical benefits for Mr. Rubin and his spouse for life (6)	Over Time	443,543
	Total		5,497,777

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

Triggering Event	Compensation Component	How Paid	Payout(\$)
Termination Without Cause by the Company or For Good Reason by Mr. Rubin (9)	Three years of annual base salary, paid monthly	Over Time	1,800,000
	Three years of annual incentive compensation and cash bonuses, as computed per existing agreement, but never less than the highest annual incentive compensation and cash bonus paid in the latest three fiscal years prior to termination, paid annually after the close of each fiscal year, at a date consistent with previous year's payments (usually 75 days after year-end)	Over Time	15,162,702
	Any accrued payroll to date of termination (1)	Lump Sum	5,054,234
	Any accrued incentive compensation prorated to date of termination (2)	Over Time	511,642
	Company payment of premiums on \$5,000,000 life insurance policy (5)	Over Time	443,543
	Medical benefits for Mr. Rubin and his spouse for life (6)		
	Continued participation in employee benefit plans in which Mr. Rubin was participating through the earlier of three years from the date of termination, or on the date he receives equivalent benefits under similar plans provided by a subsequent employer; or payment of the after-tax economic equivalent of any such plans (8)	Either	31,154
	Total		23,003,275
	Change in Control - Termination Without Cause by the Company or for Good Reason (9)	Three years of annual base salary, paid as a lump sum (computed on the present value basis defined by the terms of the agreement) (10)	Lump Sum
Three years of annual incentive compensation and cash bonuses, computed using the highest annual incentive compensation and cash bonus paid in the latest three fiscal years prior to termination, paid as a lump sum (computed on the present value basis defined by the terms of the agreement)		Lump Sum	14,157,424
Any accrued payroll to date of termination (1)		Lump Sum	5,054,234
Any accrued incentive compensation prorated to date of termination (2)		Over Time	511,642
Company payment of premiums on \$5,000,000 life insurance policy (5)		Over Time	443,543
Medical benefits for Mr. Rubin and his spouse for life (6)			
Continued participation in employee benefit plans in which Mr. Rubin was participating through the earlier of three years from the date of termination, or on the date he receives equivalent benefits under similar plans provided by a subsequent employer; or payment of the after-tax economic equivalent of any such plans (8)		Either	31,154
Total			21,878,658

(1) Accrued wages due were estimated using actual amounts that would have been payable had termination occurred at February 29, 2008.

(2) Accrued incentive compensation due used actual amounts that would have been payable had termination occurred at February 29, 2008. The amount due is the annual cash bonus for fiscal 2008, which would normally be paid in May of the following fiscal year.

(3) Medical benefits were estimated using the actuarial present value of the accumulated cost of medical insurance premiums plus an estimate of expenses not covered by insurance (estimated as the projected value of deductibles and insurance co-payments the insureds would normally be responsible for). Key assumptions used in this computation were:

- Current annual premium cost (one individual) \$6,250
- Additional medical payments not covered by insurance, including deductibles and co-payments \$3,500
- Expected annual medical insurance cost inflation 8.0%
- Mortality of the executive's wife 21.4 years from the date of termination
- Risk free discount rate 5.00%

(4) Mr. Rubin's disability benefit is comprised of three components: group short-term disability, group long-term disability, and supplemental long-term disability. Group short-term disability provides ten weeks of benefits. Group long-term disability provides for benefits to age 65, after a 90 day waiting period. Supplemental long-term disability will pay benefits after a 360 day waiting period for up to two years through age 65. The computation of total benefits available upon disability at February 29, 2008 would require the company to pay an additional premium on his supplemental long-term disability for one year. The amount shown represents the undiscounted value of the premium payment.

(5) Life Insurance benefits were estimated using the present value of the accumulated cost of the insurance premiums payable under the policy. Key assumptions used in this computation were:

- Annual fixed premium cost \$43,431
- Expected number of years of insurance premium payments 17.6 years from date of termination
- Risk free discount rate 5.00%

(6) Medical benefits were estimated using the actuarial present value of the accumulated cost of medical insurance premiums plus an estimate of expenses not covered by insurance (estimated as the projected value of deductibles and insurance co-payments the insured would normally be responsible for). Key assumptions used in this computation were:

- Current annual premium cost (two individuals) \$9,688
- Current annual premium cost (one individual) \$6,250
- Expected annual medical insurance cost inflation 8.0%
- Additional medical payments for each individual which was not covered by insurance, including deductibles - \$3,500

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

- Mortality of the executive 17.6 years from the date of termination
- Mortality of the executive's wife 21.4 years from the date of termination
- Risk free discount rate 5.00%

(7) Includes the current after tax benefit afforded by participation in the Company's benefits for 401(k) employer matching contributions. In the case of a disability assumed to occur at fiscal year-end, two months of matching contributions would be due.

(8) Includes the current after tax benefit afforded by participation in the Company's benefits for 401(k) employer matching contributions. The amounts were computed as the undiscounted after tax value of the continuing cash outlay required by the Company, assuming the benefits would be received for the full three year commitment.

(9) The terms Disability, Cause, Good Reason, and Change in Control, have the same meanings as defined in Mr. Rubin's employment agreement.

Other Named Executive Officers

The other named executive officers stock options are subject to all terms of the 1998 Plan that govern all employees who receive options. Under the 1998 Plan, any unvested options immediately vest upon a change in control of the Company (as defined in the 1998 Plan). In addition, if an option holder's employment with the Company is terminated due to his death or disability, all of his options will immediately vest and will remain exercisable for one year after such termination. If an option holder's employment is terminated voluntarily or with cause, all of his options that are exercisable as of the date of termination will remain exercisable for thirty days. If an option holder's employment is terminated without cause, all of his options that are exercisable as of the date of termination will remain exercisable for ninety days, if ISOs, or six months, if NSOs.

If Mr. Benson or Mr. Carson died or suffered a disability or the Company experienced a change in control on February 29, 2008, they would not receive any benefit to them by reason of the immediate vesting of their options as the exercise price of their unvested options exceeded the market price per share of the Company's common stock on February 29, 2008 of \$15.79.

CERTAIN RELATIONSHIPS - RELATED PERSON TRANSACTIONS

Procedures for the Approval of Related Person Transactions

The Audit Committee Charter provides that the Audit Committee has the authority to establish, and communicate to the full board and management, policies that restrict the Company and its affiliates from entering into related person transactions without the Audit Committee's prior review and approval. In accordance with these policies, the Audit Committee on a timely basis reviews and, if appropriate, approves all related person transactions.

At any time in which an executive officer, Director or nominee for Director becomes aware of any contemplated or existing transaction that, in that person's judgment may be a related person transaction, the executive officer, director or nominee for Director is expected to notify the Chairman of the Audit Committee of the transaction. Generally, the Chairman of the Audit Committee reviews any reported transaction and may consult with outside legal counsel regarding whether the transaction is, in fact, a related person transaction requiring approval by the Audit Committee. If the transaction is considered to be a related person transaction, then the Audit Committee will review the transaction at its next scheduled meeting or at a special meeting of the committee.

Related Person Transactions

Byron H. Rubin, a member of the Company's Board of Directors, earns insurance agent's commissions paid by certain of our insurers directly to him in connection with certain life insurance policies. During fiscal 2008, he received commissions of approximately \$10,000 from policies sold to the Company.

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

Timothy F. Meeker, a member of the Company's Board of Directors, was paid consulting fees of \$48,000 during fiscal 2008 in connection with marketing advisory services provided to Idelle Labs, Ltd., the business unit in the Company's personal care segment that develops and distributes liquid hair styling products, body powder and skin care products. In addition to his fees, during fiscal 2008, Mr. Meeker was reimbursed \$1,401 for travel and lodging expenses incurred while performing services in this capacity.

All of the above transactions have been reviewed, approved and ratified by the Company's Audit Committee. In evaluating the independence of the Company's Directors, the Audit Committee and the Board of Directors considered the consulting contract with Mr. Meeker.

Prior to July 2003, the Company had paid premiums for survivorship life insurance policies on the lives of Mr. Gerald J. Rubin and Mrs. Stanlee N. Rubin in the initial aggregate insured amount of \$29,000,000. The Company and a trust established for the benefit of Mr. and Mrs. Rubin, which was the owner of the life insurance policies (the Trust), entered into a split dollar insurance agreement in March 1994 whereby the Trust agreed to repay the Company all of the premiums paid under the policies from the proceeds of the policies. The Trust owned the policies and collaterally assigned the proceeds from these policies as collateral for the obligation to repay the aggregate premiums paid by the Company under these policies. In July 2003, the Trust and the Company entered into a split dollar life insurance agreement under which the Trust transferred ownership of the policies to the Company. The Company agreed to pay annual premiums of up to \$360,000 on

the policies and upon the death of the second to die of Mr. and Mrs. Rubin, the Company shall receive the cash surrender value of the policies, and the Trust shall receive the balance of the proceeds. The Company will also be entitled to the cash surrender value of the policies if the policies are cancelled. The Board of Directors decides annually whether to pay annual premiums of up to \$360,417 on the policies. During fiscal 2008, the Board of Directors approved a payment of \$360,417 toward the current year's premiums and \$743,395 for repayment of prior year's accumulated policy loans and interest on these policies. As of February 29, 2008, the total aggregate death benefit of the policies was \$32,980,104, the aggregate cash surrender value of the policies was \$6,272,701, and the aggregate premiums paid by the Company since inception of the policies was \$5,432,169.

Through fiscal 2002, the Company paid premiums on an executive universal life insurance policy on the life of Gerald J. Rubin in the initial insured amount of \$5,000,000. Under the split dollar agreement for this policy, entered into in June 2000, the Company is entitled to reimbursement for all premium payments it has made on the policy out of any death benefits paid on the life of Gerald J. Rubin. No premiums have been paid on the policy since fiscal 2002. As of February 29, 2008, the total aggregate death benefit of the policies was \$5,365,315, the aggregate cash surrender value of the policies was \$365,315, and the aggregate premiums paid by the Company since inception of the policies was \$922,774.

REPORT OF THE AUDIT COMMITTEE

Composition. The Audit Committee of the Board of Directors of the Company (the "Audit Committee") is composed of three directors, Adolpho R. Telles, Gary B. Abromovitz and John B. Butterworth. Each member of the Audit Committee meets the independence and financial experience requirements under both SEC and NASDAQ rules. In addition, the Board has determined that Adolpho R. Telles is an audit committee financial expert as defined by SEC rules.

Responsibilities. The Audit Committee operates under a written charter that has been adopted by the Board. The charter is reviewed annually for changes, as appropriate.

The Audit Committee is responsible for oversight, on behalf of the Board of Directors, of:

- The Company's auditing, accounting and financial reporting processes, and the integrity of its financial statements;
- The audits of the Company's financial statements and the appointment, compensation, qualifications, independence and performance of the Company's auditor and independent registered public accounting firm;
- The Company's compliance with legal and regulatory requirements; and

- The staffing and ongoing operation of the Company's internal audit function.

The Company's management is responsible for: (a) maintaining the Company's books of account and preparing periodic financial statements based thereon; and (b) maintaining the system of internal controls. The independent registered public accounting firm is responsible for auditing the Company's consolidated annual financial statements.

The Audit Committee's function is one of oversight only and does not relieve management of its responsibilities for preparing financial statements that accurately and fairly present the Company's financial results and condition, nor the independent registered public accounting firm of their responsibilities relating to the audit or review of the financial statements.

In accordance with Audit Committee policy and the requirements of law, the Audit Committee pre-approves all services to be provided by the Company's auditor and independent registered public accounting firm. Pre-approved services include audit services, audit-related services, tax services and other services. In some cases, the full Audit Committee provides pre-approval for up to a year related to a particular defined task or scope of work and subject to a specific budget. In other cases, the chairman of the Audit Committee has the delegated authority from the Audit Committee to pre-approve additional services, and the chairman then communicates such pre-approvals to the full Audit Committee for ratification. To avoid potential conflicts of interest, the law prohibits a publicly traded company from obtaining certain non-audit services from its independent registered public accounting firm. The Company obtains these services from other service providers as needed.

Review with Management and Independent Registered Public Accounting Firm. In this context, the Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed with management and the independent registered public accounting firm, together and separately, the Company's audited consolidated financial statements contained in the Company's Annual Report on Form 10-K for the 2008 fiscal year.
2. The Audit Committee has discussed with the auditor and independent registered public accounting firm matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees).
3. The Audit Committee has received from the auditor and independent registered public accounting firm the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Audit Committee has held such discussions regarding independence with its auditor and independent registered public accounting firm.
4. The Audit Committee has considered whether the provision of services covered by fees paid to the independent registered public accounting firm are compatible with maintaining the independence of that firm.

Based on the review and discussions referred to in paragraphs 1-4 above, the Audit Committee recommended to the Board, and the Board has approved, that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for fiscal 2008 for filing with the SEC.

Members of the Audit Committee:

Adolpho R. Telles (Chairman)

Gary B. Abromovitz

John B. Butterworth

The foregoing report of the Audit Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Exchange Act, as amended, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

AUDIT AND OTHER FEES PAID TO OUR INDEPENDENT

REGISTERED PUBLIC ACCOUNTING FIRMS

The following table presents fees for professional audit services rendered by Grant Thornton LLP for the audit of the Company's annual financial statements for the year ended February 29, 2008, fees for professional audit services rendered by KPMG LLP for the audit of the Company's annual financial statements for the year ending February 28, 2007 and fees billed for other services rendered by each firm during those periods.

Type of Fee	2008 Grant Thornton	2007 KPMG
Audit Fees	\$ 752,300	\$ 919,600
Audit-Related Fees		
Tax Fees	28,700	18,000
All Other Fees		
Total	\$ 781,000	\$ 937,600

Audit Fees: Consist of fees billed for professional services rendered for the audit of the Company's consolidated financial statements and review of the interim condensed consolidated financial statements included in quarterly reports and services that are normally provided by our independent registered public accounting firm in connection with statutory and regulatory filings or engagements, including services in connection with assisting the company in its compliance with its obligations under Section 404 of the Sarbanes-Oxley Act and related regulations and attest services, except those not required by statute or regulation.

Audit-Related Fees: Consist of fees billed by our independent registered public accounting firm for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial

statements, due diligence, accounting consultations concerning financial accounting and reporting standards, and other similar services which have not been reported as audit fees.

Tax Fees: Consist of tax compliance/preparation fees by our independent registered public accounting firm to the Company for professional services and assistance to the Company's in-house tax departments related to federal, state and international tax compliance.

All Other Fees: Consist of fees billed by our independent registered public accounting firm to the Company for other permissible work for services not included in the first three categories. The Company intends to minimize services in this category. These services are actively monitored (both spending level and work content) by the Audit Committee to maintain the appropriate objectivity and independence in our independent registered public accounting firm's core work, which is the audit of the Company's consolidated financial statements.

The Audit Committee pre-approved all of the services described above that were provided in fiscal 2008 and 2007 in accordance with the pre-approval requirements of the Sarbanes-Oxley Act. There were no services for which the de minimis exception, as defined in Section 202 of the Sarbanes-Oxley Act, was applicable.

PROPOSAL 2: APPROVAL OF THE HELEN OF TROY LIMITED 2008 EMPLOYEE STOCK PURCHASE PLAN

On April 8, 2008, the Company's Board of Directors adopted, subject to approval by the Company's shareholders, the Helen of Troy Limited 2008 Employee Stock Purchase Plan (the "2008 ESPP") and reserved for issuance thereunder 350,000 shares of the Common Stock. The text of the 2008 ESPP is attached hereto as Appendix A. The material features of the 2008 ESPP are discussed below, but the description is subject to, and is qualified in its entirety by, the full text of the 2008 ESPP. It is the intention of the Company that the 2008 ESPP qualify as an employee stock purchase plan under Section 423 of the Code.

The purpose of the 2008 ESPP is to provide employees of the Company or its subsidiaries designated by the Board of Directors or the Committee (defined below) ("Designated Subsidiaries") as eligible to participate in the 2008 ESPP an opportunity to purchase shares of Common Stock and thereby have an additional incentive to contribute to the prosperity of the Company. The 2008 ESPP provides that eligible full-time employees of the Company or its Designated Subsidiaries may purchase shares of Common Stock with payroll deductions accumulated on behalf of such employee.

Administration

The 2008 ESPP will be administered by a committee appointed by the Board of Directors (the "Committee"). The Committee will consist of at least two members, each of whom will be a member of the Board of Directors 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 Committee will have the full power and authority, in its sole discretion, to promulgate any rules and regulations which it deems necessary for the proper administration of the 2008 ESPP and to interpret the provisions and supervise the administration of the plan.

Effective Time and Term; Amendment and Termination

The 2008 ESPP is subject to shareholder approval and will become effective on September 1, 2008 and continue until September 1, 2018, unless sooner terminated. The Board of Directors may amend or terminate the 2008 ESPP in its sole discretion; provided that no amendment will be made without the requisite approval of the Company's shareholders that will (a) materially increase the number of shares that may be issued under the 2008 ESPP, other than an increase or decrease resulting from a recapitalization or reorganization, (b) materially modify the requirements as to eligibility for participation, except as otherwise specified in the 2008 ESPP, (c) materially increase the benefits accruing to the participating employees, (d) reduce the purchase price, other than an increase or decrease resulting from a recapitalization or reorganization, (e) extend the term of the 2008 ESPP or (f) amend the provision regarding amendments to the plan in a manner that would defeat the provision's purpose.

Eligibility

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

Employees regularly employed on a full-time basis by the Company or a Designated Subsidiary on the first day of any exercise period for an offering are eligible to purchase Common Stock under the terms and conditions of such offering of Common Stock under the 2008 ESPP. An employee is considered to be employed on a full-time basis unless his or her customary employment is less than 20 hours per week or less than 5 months during any year. An employee who immediately after a right to purchase Common Stock under the 2008 ESPP is granted owns or is considered to own shares of stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any of its subsidiaries may not participate in the 2008 ESPP. For purposes of determining stock ownership pursuant to the immediately preceding sentence, any stock which an employee may purchase by conversion of convertible securities or under outstanding options will be treated as owned by the employee and the attribution rules of Section 424 of the Code, will be applicable. The Committee may (a) establish administrative rules requiring that employment commence some minimum period (e.g., one pay period) prior to the first day of an exercise period to be eligible to participate in an offering, (b) extend eligibility to part-time employees, (c) impose an eligibility period on participation of up to two (2) years with respect to participation in the 2008 ESPP or (d) determine that a group of highly compensated employees are ineligible to participate.

At June 27, 2008, the Company had approximately 675 full-time employees who would be eligible to participate in the 2008 ESPP. At this time, the number of employees that will participate in the 2008 ESPP cannot be determined precisely nor can the benefits or amounts that will be received by or allocated to participating employees, including the Company's executive officers or any other group of employees.

Securities and Amount of Common Stock Subject to the 2008 ESPP

The aggregate number of shares of Common Stock that may be sold pursuant to all offerings of the Company's Common Stock under the 2008 ESPP will not exceed 350,000 shares, as adjusted for any recapitalization or reorganization of the Company as set forth in the 2008 ESPP. If the total number of shares of Common Stock for which options are granted exceeds the maximum number of shares offered, the number of shares which may be purchased under the options granted will be reduced on a pro rata basis.

Method of Employee Participation in the 2008 ESPP

The Committee will designate the amount of shares available for each offering and will establish the duration for each offering, the first day of each offering and the exercise periods for the offerings.

An eligible employee electing to participate in any offering of Common Stock under the 2008 ESPP may authorize payroll deductions not to exceed 15% of that employee's compensation, or such lesser percentage of the employee's compensation. The Company will maintain or cause to be maintained a stock purchase account for each participating employee and no interest will be paid or credited with respect to amounts accrued in such accounts except where required by local law. Upon the expiration date of each offering, the funds accumulated in the stock purchase account of each participating employee will be applied to the purchase of shares of Common Stock at a price per share equal to the lesser of (a) a percentage (not less than 85%) established by the Committee (the Designated Percentage) of the fair market value per share of Common Stock on the date on which an option is granted, or (b) the Designated Percentage of the fair market value (as determined under the 2008 ESPP) per share of Common Stock on the date on which the option is exercised and the Common Stock is purchased. Upon the exercise of an option, the Company will deliver to the participating employee the Common Stock purchased. The Committee may permit or require that shares be deposited directly with a broker designated by the participating employee (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 also 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.

An employee will not be entitled to accrue rights to purchase shares under the 2008 ESPP (and 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 (as determined under the 2008 ESPP) of such stock (determined at the time the option is granted) for any calendar year in which such option is outstanding at any time. The maximum shares of Common Stock subject to any option cannot exceed 2,000.

In the event the fair market value (as determined under the 2008 ESPP) of the Common Stock is lower on the first day of an exercise period within an option period (subsequent Reassessment Date) than it was on the first day for the applicable option period, all employees participating in the 2008 ESPP on the Reassessment Date will be deemed to have relinquished the portion of the option granted on the first day of the option period 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 the 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.

A participating employee may suspend or discontinue participation in the 2008 ESPP. If an employee suspends participation during an exercise period, his or her accumulated payroll deductions will remain in the 2008 ESPP for purchase of shares on the following exercise date. If an employee discontinues participation in the 2008 ESPP, the amount credited to the participating employee's individual account will be paid to

such employee without interest (except where required by local law).

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 limits and the maximum number of shares will be proportionately increased or decreased and the terms relating to the purchase price with respect to the option will be appropriately adjusted by the Committee, and the Committee will 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, may also adjust the number of shares available pursuant to the 2008 ESPP, 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.

Merger, Liquidation, Other Company Transactions

In the event of the proposed liquidation or dissolution of the Company, 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 will automatically terminate and the amounts of all payroll deductions will be refunded without interest to the participating employees.

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 will be assumed or an equivalent option will 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 will be treated as an exercise date for the options granted pursuant to the 2008 ESPP, and all outstanding options will be deemed exercisable on such date or (c) all outstanding options will terminate and the accumulated payroll deductions will be returned to the participating employees.

Termination of Employment, Death and Transferability

In the event a participating employee terminates employment with the Company or a subsidiary for any reason (including death) prior to the expiration of the offering, the employee's participation in the 2008 ESPP will terminate and all amounts credited to the employee's account will be paid to the employee or the employee's estate without interest (except where required by local law). The Committee may establish rules regarding when leaves of absence or change of employment status will be considered termination of employment and may establish termination of employment procedures with respect to the 2008 ESPP which are independent of similar rules established under other benefits plans of the Company and its subsidiaries. Options granted under the 2008 ESPP may not be voluntarily or involuntarily assigned, transferred, pledged or otherwise disposed of in any way.

The Company will 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 participating employee have taken all actions required to register the Common Stock under the 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

Edgar Filing: HELEN OF TROY LTD - Form DEF 14A

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 participating employee purchasing Common Stock under the 2008 ESPP to represent to and agree with the Company in writing that such the 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 the 2008 ESPP will 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 SEC, 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.

Federal Income Tax Consequences

The following is a discussion of certain U.S. federal income tax consequences relevant to participating employees in the 2008 ESPP who are subject to federal income tax and the Company and it does not address state, local or foreign tax consequences.

The 2008 ESPP is intended to be a tax-qualified employee stock purchase plan under Section 423 of the Code, which qualifies for favorable tax treatment. A participating employee does not have to pay taxes until he or she sells or otherwise disposes of the shares purchased under the 2008 ESPP. How a participating employee will be taxed when he or she sells the shares acquired under the 2008 ESPP depends on whether the shares are sold after the holding period established under Section 423 of the Code.

If a participating employee under the 2008 ESPP does not sell or otherwise dispose of the shares until the later of two years after the granting of the option to purchase shares or twelve months after the purchase date (o