

Applica Incorporated Revised Corporate Governance Guidelines

The Board of Directors of Applica Incorporated (“Applica”) has adopted the following guidelines in furtherance of its continuing efforts to enhance its corporate governance. The Board will review and amend these guidelines as it deems necessary and appropriate. These guidelines should be interpreted in the context of all applicable laws and Applica’s Articles of Incorporation, Bylaws and other corporate governance documents. They are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations.

1. Board Mission and Director Responsibilities.

The Board of Directors is elected by the shareholders to oversee their interest in the long-term health and the overall success of the business and its financial strength. The Board serves as the ultimate decision-making body of Applica, except for those matters reserved to or shared with the shareholders. The Board of Directors oversees the members of senior management, who are charged by the Board with conducting the business of Applica.

The core responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of Applica and its shareholders. Directors must fulfill their responsibilities consistent with their fiduciary duty to the shareholders, in compliance with all applicable laws and regulations. Directors may also, as appropriate, take into consideration the interests of other stakeholders, including employees and the members of communities in which Applica operates.

The Board expects directors, as well as officers and employees, to act competently and ethically at all times and to acknowledge their adherence to Applica’s Business Ethics and Code of Conduct policy and Conflict of Interest policy.

The Board of Directors provides advice and counsel to the Chief Executive Officer and other senior officers of Applica. The Board oversees that the assets of Applica are properly safeguarded, that appropriate financial and other controls are maintained, and that Applica's business is conducted in compliance with applicable laws and regulations. In discharging their duties, directors may rely on Applica's senior executives and outside advisors and auditors.

The Board of Directors has delegated to the Chief Executive Officer, working with the senior management, the authority and responsibility for managing the business of Applica in a manner consistent with the standards and practices of Applica, and in accordance with any specific plans, instructions or directions of the Board of Directors. The Chief Executive Officer and senior management are responsible for seeking the advice and, in appropriate situations, the approval of the Board with respect to extraordinary actions to be undertaken by Applica.

The Board believes that the offices of Chairman of the Board and Chief Executive Officer should be held by separate persons as an aid in the oversight of management when

possible. However, the Board may reevaluate this structure if and when it deems necessary.

2. Board Meetings and Executive Sessions.

Directors are expected to attend all meetings of the Board and of the Committees on which they serve. Directors should devote the time and effort necessary to fulfill their responsibilities. Information important to directors' understanding of issues to come before the Board or a Committee will be provided sufficiently in advance of the meeting to permit directors to inform themselves of the issues at hand. Directors are expected to review these materials before the meeting.

The Board of Directors will hold regularly scheduled meetings at least five times a year. The Chairman of the Board (or if the Chairman of the Board and the Chief Executive Officer are the same person, the Presiding Director) and the Corporate Secretary, in consultation with the other members of the Board, will draft the agenda for each meeting and distribute it in advance to the Board. Each Director may propose the inclusion of items on the agenda, request the presence of or a report by any member of Applica's management, or at any Board meeting raise subjects that are not on the agenda for that meeting. Certain items pertinent to the oversight and monitoring function of the Board of Directors will be brought to the Board regularly.

Non-management directors will meet in regular executive sessions without management. Normally, such meetings will occur within a certain period of time before or after regularly scheduled Board meetings. Meetings of the non-management directors will be chaired by the Presiding Director, who will at all times be an independent director.

3. Director Qualifications.

Directors may be nominated by the Board or by shareholders in accordance with the Bylaws. The Corporate Governance and Nominating Committee will review all nominees for the Board in accordance with its charter. The assessment will include a review of the nominee's judgment, experience, independence, understanding of Applica's business or that of other related industries, and such other factors as the Committee concludes are pertinent in light of the current needs of the Board.

The Board believes that its membership should bring to Applica a broad range of experience, knowledge and judgment. Director nominees should possess the highest personal and professional ethics, integrity and values and must be committed to representing the long-term interests of shareholders. A candidate's breadth of experience should enable him or her to contribute significantly to the governance of Applica. Director nominees should have sufficient time to effectively carry out their duties; therefore, a candidate's service on other boards and other time commitments will be considered.

The Corporate Governance and Nominating Committee will select qualified nominees and review its recommendations with the Board of Directors, which will decide whether to invite the nominee to join the Board. The Chairman of the Board or Presiding Director will extend the

Board's invitation to join the Board.

The Board of Directors does not believe that it should establish a mandatory retirement age for directors or impose limits on the number of terms a director may serve. The implementation of such policies may result in the loss of experience and expertise important to the optimal operation of the Board.

A majority of the directors will be independent. No director will be deemed independent unless the Board of Directors affirmatively determines that the director has no material relationship with Applica, directly or as an officer, shareholder or partner of an organization that has a relationship with Applica. The Board will observe all additional criteria for independence established by the New York Stock Exchange and other governing laws and regulations.

In its annual review of director independence, the Board of Directors will consider all commercial, industrial, banking, consulting, legal, accounting, charitable or other business and familial relationships any director may have with Applica.

4. Committees of the Board.

The Board has three standing committees: Audit, Compensation and Corporate Governance and Nominating. The Board may establish additional committees as necessary or appropriate.

Only independent directors may serve on the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. Each of the standing committees will have its own charter. The charter will set forth the responsibilities of each Committee, the qualifications and procedures of the Committee and how the Committee will report to the Board. Each Committee will conduct a self-evaluation annually.

The Chairman of each Committee will determine the frequency of Committee meetings, consistent with the Committee's charter and Applica's needs. The Committee chairs will report the highlights of their meetings to the full Board of Directors following each meeting of the respective committees.

5. Director Access to Officers, Employees and Information.

Directors have full and free access to officers, employees and the books and records of Applica. Any meetings or contact that a director wishes to initiate may be arranged through the Chief Executive Officer or the Secretary or directly by the director. The directors should use their judgment to ensure that any such contact is not disruptive to the business operations of Applica.

The Board welcomes the regular attendance at Board meetings of non-Board members who are in senior management positions in Applica. The Chairman of the Board or Presiding Director will extend such invitations.

6. Director Orientation and Continuing Education.

The Chairman of the Board, the Chief Financial Officer and the Corporate Secretary will be responsible for providing an orientation for new directors, and for periodically providing materials or briefing sessions for all directors on subjects that would assist them in discharging their duties. Each new director will, within six months of election to the Board, spend a day at Applica's executive offices for personal briefing by senior management on Applica's strategic plans, its financial statements and its key policies and practices.

The directors are encouraged to participate in continuing director education.

7. Annual Chairman of the Board and Chief Executive Officer Performance Evaluations.

To ensure that the Chairman of the Board and the Chief Executive Officer are providing the best leadership for Applica, the Board of Directors will annually evaluate both the Chairman of the Board's and the Chief Executive Officer's performance in an executive session of non-management directors. The Compensation Committee will measure both the Chairman's and the Chief Executive Officer's performance against their goals and objectives and, considering the full Board's evaluation, determine the compensation of each of the Chairman of the Board and the Chief Executive Officer. The full Board will review the Compensation Committee's actions.

8. Management Succession.

The Board will determine policies and principles for selection of the Chairman of the Board and the Chief Executive Officer and policies regarding succession in the event of an emergency or the retirement of the Chairman of the Board or the Chief Executive Officer.

9. Annual Performance Evaluation of the Board of Directors.

The Board of Directors will conduct an annual self-evaluation to determine whether the Board and its Committees are functioning effectively. During the year, the Corporate Governance and Nominating Committee will receive input on the Board's performance from directors and, through its Chairman, will discuss the input with the full Board and oversee the full Board's review of its performance. The assessment will focus on the Board's contribution to Applica and specifically focus on areas in which the Board or management believes that the Board or any of its Committees could improve.

10. Director Compensation.

The form and amount of director compensation will be determined by the Corporate Governance and Nominating Committee and then recommended to the full Board for action in accordance with the Committee charter. In discharging this duty, the Committee will be guided by five goals:

- compensation should fairly pay directors for work required in a company of Applica's size and scope;

- compensation should be used to motivate director behavior;
- directors should be adequately compensated for their time and effort;
- compensation should align directors' interests with the long-term interests of shareholders; and
- the structure of the compensation should be simple, transparent and easy for shareholders to understand.

It is the general policy of Applica that the Board compensation be a mix of cash and equity-based compensation. Management directors will not be paid for Board membership in addition to their regular employee compensation.

The Corporate Governance and Nominating Committee will conduct a periodic review of director compensation and benefits.

The Corporate Governance and Nominating Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if Applica makes substantial charitable contributions to organizations with which a director is affiliated, or if Applica enters into consulting contracts with (or provides other forms of indirect compensation to) a director or an organization with which a director is affiliated.

11. Access to Independent Advisors.

The Board of Directors and its Committees will have the right at any time to retain independent outside auditors and financial, legal or other advisors and Applica will provide appropriate funding, as determined by the Board or any Committee, to compensate such independent outside auditors or advisors.

12. Board Interaction with Outside Interested Parties.

The Board believes that management speaks for Applica. From time to time, at the request of management, individual Board members may meet or otherwise communicate with various constituencies that are involved with Applica. Where comments from the Board are appropriate, they will normally come from the Chairman of the Board.