

To approve a Stock Appreciation Rights Plan under which 2,000,000 Rights may be issued to employees. Each Right entitles the participant to receive, at the time of exercise, an amount equal to the difference between the fair market value of a single share of Common Stock on the date of exercise and the base price of the Right, which may not be less than the fair market value of a single share of Common Stock on the date the Right was granted (*with a copy of the Stock Appreciation Rights Plan*)

3. PROPOSAL TO APPROVE THE MATERIAL TERMS OF THE HELENE CURTIS INDUSTRIES, INC. 1994 STOCK APPRECIATION RIGHT PLAN.

The Compensation and Stock Option Committee of the Board of Directors has adopted, subject to stockholder approval at the Annual Meeting, the Helene Curtis Industries, Inc. 1994 Stock Appreciation Right Plan (the SAR Plan”). If approved, the SAR Plan will be effective as of March 1, 1994. If the stockholders fail to approve the Plan, the Committee may consider adopting an alternative compensation program without stockholder approval, even though some or all of the payments made thereunder may not be deductible by the Company in order to maintain the competitiveness of the Company’s executive compensation program. The Board of Directors believes that the participation of key employees (including officers) of the Company and its subsidiaries in a stock appreciation right plan is an important part of the Company’s compensation program. Participants in the SAR Plan receive a benefit only if the Company’s Common Stock appreciates in value above its fair market value on the date of grant. The full text of the SAR Plan appears as Exhibit B to this Proxy Statement and is incorporated herein by reference. The SAR Plan is summarized below, but such summary is qualified in its entirety by reference to the full text of the SAR Plan.

The SAR Plan authorizes the issuance of up to 2,000,000 units to employees of the Company, subject to appropriate adjustments for stock dividends, stock splits, recapitalizations or similar changes in outstanding shares of the Company’s Common Stock. A unit is a right which entitles the participant to receive at the time of exercise an amount equal to the difference between the fair market value of a single share of Common Stock on the date of exercise and the base price of the unit. The base price of any unit may not be less than the fair market value of a single share of Common Stock on the date the unit is granted. No more than 100,000 units may be granted to any individual in any 12-month period. If any unit granted to a participant terminates or expires prior to being exercised, such unexercised units will be available for issuance again under the SAR Plan. The units will be awarded for no additional cash consideration from the participants selected.

The SAR Plan will be administered by the Compensation and Stock Option Committee (the “Committee”), which consists of three members of the Board of Directors who are not current or former employees or officers of the Company and thus will not at any time during the administration of the SAR Plan receive an award pursuant to the SAR Plan or any discretionary stock option plan of the Company. Subject to the provisions of the SAR Plan, the Committee will have full power to

select from among the officers and other employees of the Company or any subsidiary persons eligible for awards, the individuals to whom awards will be granted, the number of units, the duration of each unit, and the base price of each unit.

Under certain circumstances, all units will terminate immediately upon the cessation of the employee's employment. In the event of a participant's death, retirement or long-term disability while employed by the Company or a subsidiary (or during the three-month period during which the unit continues to be exercisable after cessation of employment), the participant or the participant's representative may exercise the unit (to the extent exercisable as of the date of death or retirement) within three years after the date of death, retirement or long-term disability, but no later than the expiration date of the unit. The Committee has the discretion to provide for the exercise of all or a portion of unvested units upon death, disability or retirement. The exercise of units under the SAR Plan may be subject to such other terms and conditions not inconsistent with the SAR Plan as the Committee may specify in granting such units. In the event of the merger, consolidation, dissolution or sale of substantially all of its assets, the Company may cancel any unit by giving 30 days' notice and permitting the exercise of any units without regard to vesting provisions.

The Board of Directors, acting by a majority of its members, exclusive of Board Members who are eligible to receive awards under the SAR Plan, without further action on the part of the stockholders, may from time to time alter, amend or suspend the SAR Plan or any unit granted under the SAR Plan or may at any time terminate the SAR Plan; *provided, however*, that the Board may not (i) (except as provided in Section 7 of the SAR Plan) change the total number of units available under the Plan, (ii) increase the maximum term of units or maximum number of units that may be granted to an individual in any 12-month period, (iii) decrease the minimum unit price or otherwise materially increase the benefits accruing to participants under the Plan or (iv) materially modify the eligibility requirements of the Plan, and provided further that no action shall materially and adversely affect any outstanding units without the consent of the respective unit holders.

The Board of Directors recommends a vote FOR this Proposal.

Annual cash bonus awards and SAR awards to be issued in the future under the Incentive Plan and SAR Plan, respectively, cannot be determined at this time. The following table sets forth: (1) the target and maximum annual cash bonus awards that participants are entitled to receive for fiscal 1995 if performance goals are met and (2) SAR awards granted at fair market value on March 1, 1994.

NEW PLAN BENEFITS

Executive Management Incentive Plan

Name and Position	FY 1995 Dollar Value (\$)			SAR Plan
	Minimum	Target	Maximum	Number of Units
Ronald J. Gidwitz	\$0	\$472,973	\$543,919	57,486
Charles G. Cooper	0	0	0	13,600
Michael Goldman	0	0	0	25,500
Cohn J. Morgan	0	0	0	10,000
Gilbert P Smith	0	0	0	14,400
Executive Group	0	472,973	543,919	149,834
Non-Executive Director Group	0	0	0	0
Non-Executive Officer Employee Group	0	0	0	5,422

EXHIBIT B

HELENE CURTIS INDUSTRIES, INC. 1994 STOCK APPRECIATION RIGHT PLAN

1. PURPOSE

The purpose of the Helene Curtis Industries, Inc. 1994 Stock Appreciation Right Plan (the “Plan”), as hereinafter set forth, is to enable Helene Curtis Industries, Inc., a Delaware corporation (the “Company”), to recognize the contributions of officers and key employees of the Company and its subsidiaries to the appreciation in value of the Company’s stock. Additional purposes of the Plan include providing a meaningful incentive to Participants to make substantial contributions to the Company’s future success and enhancing the Company’s ability to attract and retain persons who will make such contributions. By meeting these objectives, the Plan is intended to benefit the interests of the Company’s stockholders.

2. DEFINITIONS

As used herein, the following words or terms have the meanings set forth below:

“Award” means the grant of a Unit to a Participant.

“Base Price” has the meaning contained in Section 6.1.

“Board” means the Board of Directors of the Company.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute.

“Committee” means the Compensation and Stock Option Committee of the Board. The Committee shall be comprised solely of two or more persons who are “disinterested persons” within the meaning of Rule 16b-3(c)(2)(i), are not current or former employees or officers of the Company, otherwise meet the requirements of an outside director as that term is defined under the regulations promulgated pursuant to Section 162(m) of the Code, and will not at any time during the administration of the Plan receive an Award pursuant to the Plan or any discretionary stock option plan of the Company.

“Common Stock” or “Stock” means the Common Stock of the Company.

“Company” means Helene Curtis Industries, Inc., a corporation established under the laws of Delaware.

“Designated Beneficiary” means the beneficiary designated by a Participant, in a manner determined by the Committee, to receive amounts due or exercise rights of the Participant in the event of the Participant’s death. In the absence of an effective designation, Designated Beneficiary shall mean the Participant’s estate.

“Disability” means a physical or mental disability of such a nature that it would qualify a Participant for benefits under the long term disability insurance plan of Helene Curtis, Inc. or any successor plan.

“Fair Market Value,” as used to refer to the price of a share of Common Stock on a particular day, means the closing price for the Common Stock for that day as reported in The Wall Street Journal, or if no prices are quoted for that day, the last preceding day on which such prices of Common Stock are so quoted.

“Participant” means an individual selected by the Committee to receive an Award under the Plan.

“Retirement” means the termination of employment by a Participant after attaining age 62 under circumstances which the Committee, in its sole discretion, deems equivalent to retirement.

“Unit” means a right granted pursuant to this Plan to a Participant which entitles the Participant to receive at the time of exercise an amount, payable solely in cash, equal to the difference between the Fair Market Value of a single share of Common Stock and the Base Price of a single share of Common Stock.

“Unit Agreement” means an agreement executed by the Company and a Participant containing the terms and conditions for an Award of Units.

“Substantial Cause” means (a) the commission of a criminal act against, or in derogation of the interests of the Company or its subsidiaries; (b) knowingly divulging confidential information about the Company or its subsidiaries to a competitor or to the public; (c) interference with the relationship between the Company or its subsidiaries and any major supplier or customer; or (d) the performance of any similar action that the Committee, in its sole discretion, may deem to be sufficiently injurious to the interest of the Company or its subsidiaries to constitute substantial cause for termination.

3. ADMINISTRATION

The Plan shall be administered by the Committee in accordance with Rule 16b-3(c)(2)(i). Subject to the express provisions of the Plan, the Committee shall have full authority to determine the number and type of Awards granted to each Participant and shall interpret the Plan, prescribe, amend and rescind rules and regulations relating to it, determine the terms and provisions of the respective Participants’ agreements (which need not be identical) and make such other determinations as it deems necessary or advisable for the administration of the Plan. The decisions of the Committee on matters within its jurisdiction under the Plan shall be conclusive and binding. No member of the Board or the Committee shall be liable for any action taken or determination made in good faith.

4. UNITS AVAILABLE

The maximum number of Units that will be available for issuance under the Plan is 2,000,000 Units, which shall be subject to adjustment in accordance with the provisions of Section 7 hereof. No Participant may be granted an Award in excess of 100,000 Units in any 12-month period. In the event that any Unit granted under the Plan expires unexercised or is terminated or ceases to be exercisable for any other reason without having been fully exercised prior to the end of the period during which Units may be granted under the Plan, such unexercised Units shall again become available for new Awards to be granted under the Plan to any eligible employee (including the holder of such former Units).

5. AWARDS

Awards may be made under the Plan to any of the officers or employees of the Company or its subsidiaries who, in the opinion of the Committee, are in a position to make a significant contribution to the Company’s future success. The Committee shall determine, within the limits of the express provisions of the Plan, those key managerial employees to whom, and the time or times at which, Units are to be granted. The Committee shall also determine the number of Units, the duration of each Unit, the Base Price under each Unit, the time or times within which (during the term of the Unit) all or portions of each Unit may be exercised. In making such determinations, the Committee may take into account the nature of the services rendered by the employee, his or her present and potential contributions to the

Company's success and such other factors as the Committee in its discretion shall deem relevant.

6. REQUIRED TERMS AND CONDITIONS OF UNITS

The Units granted under the Plan shall be in such form and upon such terms and conditions as the Committee shall from time to time determine, subject to the provisions of the Plan, including the following:

- 6.1 **Base Price.** The Base Price of each Unit shall be established by the Committee and may not be a price less than the Fair Market Value of Common Stock on the date an Award is made.
- 6.2 **Maximum Term of Unit.** A Unit shall be exercisable during such period of time as the Committee may specify, provided that no Unit shall be exercisable after the expiration of five years from the date it is granted.
- 6.3 **Installment Exercise Limitations.** Each Award shall generally become exercisable in such number of cumulative annual installments as the Committee shall establish, if any, with an equal number becoming exercisable at the end of each year after the date such Award is made, except to the extent that other terms of exercise are specifically provided by other provisions of the Plan.

6.4 Termination of Employment

- (a) *Death.* If a Participant dies during employment with the Company (or within three months after cessation of such employment, unless cessation occurs due to Substantial Cause) and at a time when the Participant is entitled to exercise a Unit, all Units which were exercisable at the time of the Participant's death may be exercised at any time within three years after the Participant's death. Units not exercisable at the time of death will terminate. Units exercisable after death may be exercised by the Designated Beneficiary and shall be subject to all provisions of the Plan, and must be exercised by the end of the post-death exercise period specified in this paragraph. Unless exercised within the applicable period, each Unit shall expire at the end of such period. In no event, however, may any Unit granted under the Plan be exercised after the expiration of the term set forth in the Unit at the time of grant.
- (b) *Retirement.* In the event a Participant ceases employment due to Retirement at a time when the Participant is entitled to exercise a Unit granted under the Plan (unless, as determined by the Committee, such Participant becomes employed by a competitor of the Company) all Units which were exercisable at the time of the Participant's Retirement may be exercised at any time within three years after the Participant terminates employment due to Retirement; *provided*, however that if the

Participant shall die during the extended period for exercise provided by this section, the Units exercisable at the time of Retirement may be exercised to the same extent as if the deceased Participant had survived during a period equal to the greater of one year from the date of death or the remainder of the extended period. Units not exercisable at the time of Retirement will terminate. Unless exercised within the applicable period, each Unit shall expire at the end of such period. In no event, however, may any Unit granted under the Plan be exercised after the expiration of the term set forth in the Unit at the time of grant.

- (c) *Disability.* In the event that the Participant's employment ceases due to Disability at a time when the Participant is entitled to exercise a Unit, all Units which were exercisable at the time of the Participant's Disability may be exercised at any time within three years after the Participant ceases employment due to Disability; *provided, however* that if Participant shall die during the extended period for exercise provided by this section, the Units exercisable at the time employment ceased due to Disability may be exercised by the Designated Beneficiary to the same extent as if the deceased Participant had survived during a period equal to the greater of one year from the date of death or the remainder of the extended period. Units not exercisable at the time of Disability will terminate. Unless exercised within the applicable period, each Unit shall expire at the end of such period. In no event shall any Unit be exercised after the expiration of the term set forth in the Unit at the time of grant.
- (d) *Other termination.* In the event that Participant shall cease to be employed by the Company and/or its subsidiaries for any reason other than death, Disability or Retirement as set forth above unless, as determined by the Committee, the Participant becomes employed by a competitor of the Company, the Participant shall have the right, subject to the provisions of Sections 6.2 and 7, to exercise his or her Unit(s) at any time within three months after such cessation of employment (not in excess of the stated term of the Unit) but only to the extent each Unit was exercisable at the date of such cessation of employment. Notwithstanding the provisions of the preceding sentence, if employment is terminated at the request of the Company for Substantial Cause, the Participant's right to exercise any Units shall terminate at the time notice of termination of employment is given by the Company to such Participant.
- (e) *Acceleration of Vesting.* Notwithstanding any provision to the contrary in the foregoing Section 6, the Committee shall have the discretion at the time Units are granted under the Plan, to provide in the Unit Agreement for the exercise of all or a portion of Units, which would otherwise not be exercisable, at the time of death, Disability or Retirement of the Participant.

- 6.5 Notice of Exercise. Units may be exercised by giving written notice to the Secretary of the Company, stating the number of Units which are being exercised. Upon exercise, such holder of the Units will be paid the difference between the Base Price of the Units and the Fair Market Value of the Common Stock on the exercise date. The payment will be made in the form of a check payable to the holder of the Units within 30 days of the exercise date.

7. ADJUSTMENTS

- 7.1 The aggregate number of Units and the number of Units per Participant that may be granted hereunder and the Base Price per share for each Unit, may all be appropriately adjusted, as the Committee may in its sole discretion determine, for any increase or decrease in the number of shares of issued Common Stock of the Company resulting from a subdivision or consolidation of shares whether through reorganization, payment of a share dividend or other increase or decrease in the number of such shares outstanding effected without receipt of consideration by the Company, *provided, however* that no adjustment in the number of Units which may be granted under the Plan or in the number of outstanding Units shall be made in the event of a contribution, directly or indirectly of Common Stock by the Company to any Company employee benefit plan.
- 7.2 Subject to any required action by the stockholders, if the Company shall be a party to a transaction involving a sale of substantially all its assets, a merger or a consolidation, any Unit granted hereunder may be canceled by the Company as of the effective date of any such transaction, by giving 30 days' prior written notice to the holders thereof of its intention to do so during which time he or she shall have the right to exercise all Units whether or not by its terms such Unit is then exercisable and without regard to any installment exercise provisions therein or in this Plan.
- 7.3 In the case of dissolution of the Company, every Unit outstanding hereunder shall terminate; *provided, however* that each Unit holder shall have 30 days' prior written notice of such event, during which time he or she shall have a right to exercise all Units whether or not, by its terms, such Unit is then exercisable and without regard to any installment exercise provisions therein or in this Plan.
- 7.4 On the basis of information known to the Company, the Board or the Committee shall make all determinations under this Section 7, including whether a transaction involves a sale of substantially all the Company's assets, and all such determinations shall be conclusive and binding.
- 7.5 The termination of the Plan and any exercise of a Unit the exercisability of

which is accelerated by the operation of Section 7.2 above shall be subject to and conditioned upon the consummation of the transaction, to which such acceleration relates and if, for any reason, such transaction is abandoned, the exercise of such Unit shall be void and such Unit shall thereafter be exercisable only as permitted by the Plan, which shall remain in full force and effect.

8. UNIT AGREEMENTS

Each Participant shall agree to such terms and conditions in connection with the exercise of a Unit and execute a Unit Agreement containing such terms and conditions, as the Committee may deem appropriate. Unit Agreements need not be identical.

9. NON-TRANSFERABILITY

During the lifetime of a Participant, any Unit granted to a Participant shall be exercisable only by such Participant, the Participant's payee pursuant to a qualified domestic relations order or in the case of a Disability, legal guardian or representative. No Unit shall be assignable or transferable, except by will or by the laws of descent and distribution or, pursuant to a domestic relations order entered by a court of competent jurisdiction. The granting of a Unit shall impose no obligation upon the employee to exercise such Unit. The foregoing notwithstanding, nothing shall prevent the Participant (or any other person who acquires any of the Participant's Units in the manner stated above) from transferring any of the Units to a trust with the prior consent of the Committee.

10. NO CONTRACT OF EMPLOYMENT

Neither the adoption of this Plan nor the grant of any Unit shall be deemed to obligate the Company or any subsidiary of the Company to continue the employment of any Participant for any particular period, nor shall the granting of a Unit constitute a request or consent to postpone the Retirement date of any Participant.

11. INDEMNIFICATION OF COMMITTEE

In addition to such other rights of indemnification as they may have as directors or as members of the Committee, the members of the Committee shall be indemnified by the Company against the reasonable expenses, including attorneys' fees actually and necessarily incurred in connection with the defense of any action, suit or proceeding, (or in connection with any appeal therein), to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any Award granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as

to which it shall be adjudged in such action, suit or proceedings that such Committee member is liable for gross negligence or misconduct in the performance of his duties, provided that within 60 days after institution of any such action, suit or proceeding a Committee member shall in writing offer the Company the opportunity, at its own expense, to handle and defend the same.

12. TERMINATION AND AMENDMENT OF PLAN

The Board, acting by a majority of its members, exclusive of Board Members who are eligible to receive Units, may from time to time alter, amend or suspend the Plan or any Unit granted hereunder or may at any time terminate the Plan, provided, however, that the Board may not (i) (except as provided in Section 7 hereof) change the total number of Units available under the Plan, (ii) increase the maximum term of Units or maximum number of units that may be granted to an individual in any 12-month period, (iii) decrease the minimum Unit price or otherwise materially increase the benefits accruing to participants under the Plan or (iv) materially modify the eligibility requirements of the Plan, and provided further that no such action shall materially and adversely affect any outstanding Units without the consent of the respective Unit holders.

13. TAX WITHHOLDING

The Company shall have the power to either require the recipient to remit to the Company an amount sufficient to satisfy Federal, state and local withholding tax requirements, or to deduct from a payment pursuant to the Plan an amount sufficient to satisfy any withholding tax requirements.

14. GOVERNING LAW

The provisions of the Plan shall be governed by and interpreted in accordance with the laws of Delaware.

15. EFFECTIVE DATE AND TERMINATION DATE OF PLAN

The effective date of the Plan shall be March 1, 1994, and the Plan shall end on March 1, 2004.

Helene Curtis Industries, Inc
5/25/94