

BNS HOLDING, INC.  
61 East Main Street, Suite B  
Los Gatos, CA 95031

April 17, 2009

Dear Stockholder:

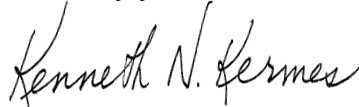
You are cordially invited to attend an annual meeting of stockholders of BNS Holding, Inc. which will be held at 10:00 a.m., Central Daylight Time, on Thursday, May 28, 2009 (the "Annual Meeting"), at the Hampton Inn, 1401 E. 11<sup>th</sup> Street, Hutchinson, Kansas 67501.

The principal business matters to be considered at the Annual Meeting will be (1) to approve the 2009 Equity Incentive Plan and authorize the delivery of up to 100,000 shares of Class A common stock from time to time thereunder, all as more fully set forth in the accompanying Proxy Statement;(2) to elect three directors to our Board of Directors, each to serve until the annual meeting of stockholders in fiscal year 2010 and until their successor has been duly elected and qualified; and (3) the approval of McGladrey & Pullen LLP as our independent accountants for the fiscal year ending October 31, 2009.

Attached you will find the Notice of Annual Meeting, our proxy statement and a proxy for the meeting. It is important that your shares be represented at the Annual Meeting, and we hope you will be able to attend in person. Whether or not you plan to attend the Annual Meeting, please be sure to vote as soon as possible. You may vote in person or by mail.

We look forward to seeing you at the Annual Meeting.

Sincerely yours,



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Kenneth Kermes,  
President and Chairman of the Board



BNS HOLDING, INC.  
61 East Main Street, Suite B  
Los Gatos, CA 95031

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held on Thursday, May 28, 2009

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TO THE STOCKHOLDERS OF  
BNS HOLDING, INC.:

NOTICE IS HEREBY GIVEN that an annual meeting of stockholders of BNS Holding, Inc., a Delaware corporation, will be held at 10:00 a.m., Central Daylight Time, on Thursday, May 28, 2009 (the "Annual Meeting"), at the Hampton Inn, 1401 E. 11<sup>th</sup> Street, Hutchinson, Kansas 67501, for the following purposes:

1. To approve the 2009 Equity Incentive Plan and authorize the delivery of up to 100,000 shares of Class A common stock from time to time thereunder, all as more fully set forth in the accompanying Proxy Statement;
2. To elect three directors to our Board of Directors, each to serve until the annual meeting of stockholders in fiscal year 2010 and until their successor has been duly elected and qualified;
3. To approve the appointment of McGladrey & Pullen LLP as our independent accountants for the fiscal year ending October 31, 2009; and
4. To transact such other business as may properly come before the meeting or any adjournment(s) thereof.

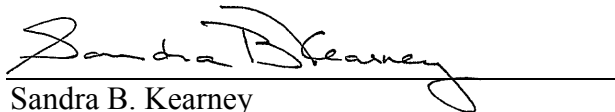
All of the above matters are more fully discussed in the accompanying proxy statement. Management is not aware of any other matters that will come before the Annual Meeting.

The Board of Directors has fixed the close of business on April 9, 2009, as the Record Date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. Only stockholders of record at such time will be so entitled to vote. Our stock transfer books will remain open between the Record Date and the date of the Annual Meeting.

It is important that your shares be represented at the Annual Meeting. Please complete, sign and return the enclosed proxy in the accompanying envelope promptly, whether or not you intend to be present at the Annual Meeting. If you later desire to revoke or change your proxy for any reason, you may do so at any time before the voting, by delivering to us a written notice

of revocation or a duly executed proxy bearing a later date or by attending the Annual Meeting and voting in person.

By Order of the Board of Directors,

A handwritten signature in cursive script, reading "Sandra B. Kearney", is written over a solid horizontal line.

Sandra B. Kearney  
Corporate Secretary

Dated: April 17, 2009

**PROXY STATEMENT  
BNS HOLDING, INC.**

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**ANNUAL MEETING OF STOCKHOLDERS  
May 28, 2009**

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INTRODUCTION

On behalf of BNS Holding, Inc., a Delaware corporation (the “Company”), its Board of Directors is soliciting the accompanying proxy for use at an annual meeting of stockholders to be held at 10:00 a.m., Central Daylight Time, on Thursday, May 28, 2009 (the “Annual Meeting”), at the Hampton Inn, 1401 E. 11<sup>th</sup> Street, Hutchinson, Kansas 67501, and at any adjournment thereof. The proxy statement and the form of proxy are first being sent to stockholders on or about April 28, 2009. Our principal office is located at 61 East Main Street, Suite B, Los Gatos, California 95031. Our telephone number is 401-848-6300.

At the Annual Meeting, the following matters will be considered:

1. To approve the 2009 Equity Incentive Plan and authorize the delivery of up to 100,000 shares of Class A common stock from time to time thereunder, all as more fully set forth in the accompanying Proxy Statement;
2. To elect three directors to our Board of Directors, each to serve until the annual meeting of stockholders for fiscal year 2010 and until their successor has been duly elected and qualified;
3. To approve the appointment of McGladrey & Pullen LLP as our independent accountants for the fiscal year ending October 31, 2009; and
4. The transaction of such other business as may properly come before the meeting or any adjournment(s) thereof.

Currently, our only outstanding class of voting securities is the Class A common stock, par value \$.01 per share (“Common Stock”), which we refer to as the Common Stock, each share of which entitles the holder thereof to one vote. As of April 9, 2009 (the “Record Date”), there were 2,996,333 shares of Common Stock outstanding and entitled to vote at the Annual Meeting or any adjournment thereof.

You may vote all of the Common Stock that you own as of the close of business on the Record Date, which includes shares held directly in your name as the “stockholder of record” and shares held for you as the “beneficial owner” either through a broker, bank, or other nominee. Many of our stockholders hold their shares through a broker, bank, or other nominee rather than directly in their own name.

A majority of the outstanding shares of Common Stock, represented in person or by proxy, will constitute a quorum for the Annual Meeting. Assuming the presence of a quorum, the affirmative vote of a majority of the total votes properly cast by the holders of Common Stock is required to approve the 2009 Equity Incentive Plan. The director nominees who receive the greatest number of votes properly cast for the election of directors shall be elected directors to serve until the annual meeting of our stockholders for fiscal year 2010 and until their successors have been elected and qualified. A majority of the total votes properly cast by the holders of Common Stock is required to ratify the selection of McGladrey & Pullen LLP as our independent accountants for the fiscal year ending October 31, 2009.

Our Board of Directors recommends that stockholders vote FOR each of the proposals described herein. As of the Record Date, Steel Partners II, L.P. (“Steel Partners”), and Warren G. Lichtenstein, each a beneficial holder of over five percent of our shares of Common Stock, and members of our Board of Directors and the executive officers (collectively, the “Affiliated Stockholders”) held a total of approximately 51.2% of the Common Stock entitled to vote at the Annual Meeting. The Affiliated Stockholders have indicated that they will vote “FOR” each of the proposals described in this proxy statement.

#### Stockholder of Record/Beneficial Owner

**Stockholder of Record:** If your shares are registered directly in your name with our transfer agent, Computershare Trust Company (the “Transfer Agent”), you are considered, with respect to those shares, the stockholder of record. As a result we are sending you these proxy materials. As the stockholder of record, you have the right to vote by proxy or in person at the Annual Meeting. We have enclosed proxy cards for you to use for the shares of Common Stock that you hold of record.

**Beneficial Owner:** If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the “beneficial owner” of shares held in “street name” with respect to those shares, and the proxy materials are being forwarded to you by your broker or other nominee. As a beneficial owner, you have the right to direct your broker or other nominee how to vote and are also invited to attend the Annual Meeting. As a beneficial owner, however, you are not the stockholder of record, and you may not vote these shares in person at the Annual Meeting unless you obtain a signed proxy appointment form from your broker or other nominee giving you the right to vote such shares. To vote by proxy, you must follow the voting instructions provided by your broker, bank or other nominee.

Whether you hold your shares directly as stockholder of record or beneficially in street name, you may direct your vote without attending the Annual Meeting. You may vote shares registered in your name by signing your proxy card and shares held in street name by following the voting instructions provided by your broker, bank, or nominee. If you provide specific voting instructions, your shares will be voted as you instruct. If you sign and return a proxy card without specifying your voting instructions, your shares will be voted as described above.

## Attending the Annual Meeting

All holders of Common Stock may attend the Annual Meeting in person. If you are a beneficial owner of Common Stock held by a broker, bank or other nominee (i.e., in “street name”), you will need proof of ownership to be admitted to the Annual Meeting. A recent brokerage statement or letter from a bank or broker are examples of proof of ownership. Only holders of record of Common Stock as of the Record Date or their duly appointed proxies may cast their votes in person at the Annual Meeting.

## Recommendation of Board of Directors

Our Board of Directors recommends that stockholders vote FOR each of the proposals described herein.

## **VOTING OF PROXIES**

You may vote “FOR,” “AGAINST,” or “ABSTAIN” on the proposals to approve our 2009 Equity Incentive Plan and the retention of McGladrey & Pullen LLP as our independent accountants for the fiscal year ending October 31, 2009. You may vote “FOR,” or “WITHHOLD” your vote for each of the director nominees listed in the proxy statement. Abstentions (or withheld in the case of election of directors) are not treated as a vote for or against the approval of our 2009 Equity Incentive Plan, the election of directors or approval of independent accountants. If you sign and date your proxy appointment form with no further instructions, your shares will be voted “FOR” the approval of our 2009 Equity Incentive Plan, the election of each of the director nominees and the approval of McGladrey & Pullen LLP, in accordance with the recommendations of the Board of Directors.

## Changing Your Votes

You may change your proxy instructions at any time prior to the vote at the Annual Meeting. For shares held directly in your name, you may change your vote by signing a new proxy appointment form bearing a later date (which automatically revokes the earlier dated proxy appointment form) or by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not cause your previously signed proxy appointment form to be revoked unless you specifically so request. For shares you beneficially hold, you may change your vote by submitting new voting instructions to your broker or nominee.

## How Your Proxies Will be Voted

Proxies that are properly executed and duly returned to us will be voted in accordance with the instructions contained therein. If no instruction is given with respect to any proposal to be acted upon, the proxy will be voted in favor of the proposals set forth therein. Each proxy granted may be revoked at any time prior to its exercise by the subsequent execution and submission of a revised proxy, by written notice to us, or by voting in person at the Annual Meeting. Votes cast by proxy or in person at the Annual Meeting will be counted by the persons we appoint as election inspectors for the meeting. The election inspectors will treat shares represented by proxies that reflect abstentions as

shares that are present and entitled to vote for purposes of determining the presence of a quorum and for purposes of determining the outcome of any matter submitted to the stockholders for a vote.

#### Broker Non-Votes

The election inspectors will treat shares referred to as “broker non-votes”(i.e., shares held by brokers or nominees as to which instructions have not been received from the beneficial owners or persons entitled to vote that the broker or nominee does not have discretionary power to vote on a particular matter) as shares that are present and entitled to vote for purposes of determining the presence of a quorum. However, for purposes of determining the outcome of any matter as to which the broker has physically indicated on the proxy that it does not have discretionary authority to vote, those shares will be treated as not present and will be tabulated as if the votes were not cast for the matters indicated (even though those shares are considered entitled to vote for quorum purposes and may be entitled to vote on other matters).

### **PROPOSAL NO. 1**

#### **BNS HOLDING, INC. 2009 EQUITY INCENTIVE STOCK PLAN**

The Board of Directors proposes that the BNS Holding, Inc. 2009 Equity Incentive Stock Plan (the “2009 Plan”) be approved. The Company is seeking approval of the 2009 Plan because the Company’s 1999 Equity Incentive Plan terminated in February, 2009.

The 2009 Plan is intended to assist the Company in securing and retaining directors, employees, officers, consultants and advisors (the “Participants”) by allowing them to participate in the ownership and growth of the Company through the grant of incentive and nonqualified stock options and shares of restricted stock. The granting of such options and restricted stock serves as partial consideration for, and gives the Participants an additional inducement to remain in, the service of the Company and its subsidiaries and provides them with an increased incentive to work towards the Company’s success. Shares of Common Stock may be issued under the 2009 Plan upon the exercise of incentive stock options, as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”), and nonqualified stock options, or to Participants with such restrictions as determined by the Company.

The Board of Directors believes it is in the Company's and its stockholders' best interests to approve the 2009 Plan because it would allow the Company to continue to grant options and to grant restricted shares which facilitates the benefits of the additional incentive inherent in the ownership of Common Stock by the Participants and helps the Company retain the services of these Participants.

The proposed 2009 Plan is attached as Exhibit A to this Proxy Statement.

## SUMMARY OF THE 2009 PLAN

The following summary of the 2009 Plan, assuming stockholder approval of the 2009 Plan, is qualified in its entirety by the specific language of the 2009 Plan.

**General.** The 2009 Plan provides for the grant of incentive and nonqualified stock options, and restricted stock, to directors, employees, officers, consultants and advisors of the Company.

**Shares Subject to Plan.** A maximum of 100,000 of the authorized but unissued or treasury shares of the Common Stock of the Company may be issued upon the grant of restricted shares or upon the exercise of options granted under the 2009 Plan. Upon any stock dividend, stock split, reverse stock split, recapitalization, combination, reclassification, or similar change in the capital structure of the Company, appropriate adjustments will be made to the shares subject to the 2009 Plan and to outstanding restricted shares and options. To the extent that (i) any outstanding restricted shares under the 2009 Plan expires or terminates prior to the termination of the restrictions on restricted stock, (ii) any option expires prior to the exercise in full or (iii) shares issued upon the exercise of an option are repurchased by the Company, the shares of Common Stock for which such option is not exercised or the repurchased shares shall be returned to the 2009 Plan and again become available for grant.

**Administration.** The 2009 Plan will be administered by the Board of Directors or a committee appointed by the Board of Directors (such entity administering the 2009 Plan shall be referred to herein as, the “Committee”). The Committee will approve option and restricted share grants to directors, employees, officers, consultants and advisors of the Company, and will determine the terms of any restrictions on restricted shares, subject to the provisions of the 2009 Plan. The Committee will also make any other determinations necessary or advisable for the administration of the 2009 Plan. The determinations by the Committee will be final and conclusive.

**Eligibility.** Directors, employees, officers, consultants and advisors of the Company are eligible to participate in the 2009 Plan.

**Terms and Conditions of Restricted Stock.** A grantee of restricted stock has no right to an award of restricted stock until the grantee accepts the award within the timeframe prescribed by the Committee and, if the Committee requires, makes payment to the Company in cash, or by check or other acceptable instrument. Certificate(s) are issued in the grantee’s name after acceptance of the award by the grantee, but are not delivered to the Grantee until the shares are free of any restrictions specified by the Committee at the time of grant.

Shares of restricted stock are forfeitable until the terms of the restricted stock grant have been satisfied. Shares of restricted stock are not transferable until the date on which the Committee has specified such restrictions have lapsed. Unless otherwise provided by the Committee at or after grant, distributions in the form of dividends or otherwise of additional shares or property in respect of shares of restricted stock shall be subject to the same restrictions as such shares of restricted stock.

Upon the occurrence of a change in control of the Company, the Committee may accelerate the vesting of outstanding restricted stock, in whole or in part, as determined by the Committee, in its sole discretion.

Unless otherwise determined by the Committee at or after grant, in the event the grantee ceases to be an employee or otherwise associated with the Company for any other reason, all shares of restricted stock previously awarded to him which are still subject to restrictions will be forfeited and the Company will have the right to complete a blank stock power. The Committee may provide (on or after grant) that restrictions or forfeiture conditions relating to shares of restricted stock will be waived in whole or in part in the event of termination resulting from specified causes, and the Committee may in other cases waive in whole or in part restrictions or forfeiture conditions relating to restricted stock.

**Termination or Amendment.** Unless earlier terminated by the Board, the 2009 Plan will terminate on February 10, 2019. The 2009 Plan provides that it may be terminated or amended by the Board at any time, subject to stockholder approval under certain circumstances including if such amendment would increase the total number of shares of Common Stock reserved for issuance thereunder.

The Board believes it is in the Company's best interests to approve the 2009 Plan, which would allow the Company to continue to grant options, and to grant restricted stock, to secure for the Company the benefits of the additional incentive inherent in the ownership of shares of the Company's Common Stock by directors, employees, officers, consultants and advisors and to help the Company secure and retain the services of employees, officers, consultants and advisors.

### **Recommendation of the Board of Directors**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE TO APPROVE THE 2009 EQUITY INCENTIVE STOCK PLAN.**

### **PROPOSAL NO. 2**

### **ELECTION OF DIRECTORS**

The table below sets forth the name of each person nominated by the Board of Directors to serve for a term expiring on the date of the annual meeting of stockholders in fiscal year 2010 and until their successor has been duly elected and qualified. Each nominee has consented to be named as a nominee and, to our present knowledge, is willing and able to serve as a director, if elected. Should any of the nominees not remain a candidate at the end of the Annual Meeting (a situation which is not expected), proxies solicited hereunder will be voted in favor of those who remain as candidates and may be voted for substitute nominees. The director's service as a director of BNS Co., our wholly-owned subsidiary, prior to December 14, 2004, the date we reorganized as a holding company, is included when determining the year the director was first elected as

our director. Unless contrary instructions are given on the proxy, the shares represented by a properly executed proxy will be voted “FOR” the election of the following persons:

<u>Director Name</u>	<u>Year Became Director</u>	<u>Professional Background</u>
<b>J. Robert Held (70)</b>	1996	Since 1996, Mr. Held has served as a consultant to the computer industry. From 1988 to 1995, he was President, Chief Executive Officer and a Director of Chipcom Corporation, a computer communications company. Mr. Held is currently a Director of Art Technology Group (Nasdaq: ARTG), a customer relationship management company, and Azimuth Inc., a start-up in the wireless market. Until 2004, Mr. Held served as a director of e-studio, a webcasting business, and ESI, a software company.

<b>James Henderson (51)</b>	2004	James R. Henderson (age 51) is a Managing Director and operating partner of Steel Partners LLC, a global investment management firm, which is the Investment Manager for Steel Partners II Master Fund L.P., Steel Partners II, L.P. and Steel Partners II (Onshore) LP. Mr. Henderson has been associated with Steel Partners LLC and its affiliates since August 1999. Mr. Henderson has, since March 1, 2007, served as an Executive Vice President of SP Acquisition Holdings, Inc., a “blank check company” formed for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more businesses or assets.
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Mr. Henderson has served as a director (currently Chairman of the Board) of GenCorp Inc., a manufacturer of aerospace and defense systems with a real estate segment that includes activities related to the entitlement, sale, and leasing of its excess real estate assets, since March 2008.

Mr. Henderson has served as a director (currently Chairman of the Board) of Point Blank Solutions, Inc., a manufacturer and provider of bullet, fragmentation and stab resistant apparel and related ballistic accessories, which are used in the United States and internationally by military, law enforcement, security and corrections personnel, as well as government agencies since August 2008.

Mr. Henderson has served as a director of BNS Holdings, Inc., a holding company that owns a majority of Collins Industries, Inc., a manufacturer of school buses, ambulances, and terminal trucks, since June 2004.

Mr. Henderson has served as a director (currently Chairman of

Director Name	Year Became Director	<u>Professional Background</u>
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the Board) of Del Global Technologies Corp., a designer and manufacturer of medical imaging and diagnostic systems, since November 2003.

Mr. Henderson has served as a director of SL Industries, Inc. (“SLI”), a manufacturer and marketer of power and data quality systems and equipment for industrial, medical, aerospace and consumer applications since January 2002.

Mr. Henderson was employed as Chief Financial Officer with Aydin Corporation from 1996 to June 1999, which also included tenure as President and Chief Operating Officer from October 1998 to June 1999. Prior to his employment with Aydin Corporation, Mr. Henderson was employed as an executive with UNISYS Corporation, an e-business solutions provider.

Past Experience

President and Chief Operating Officer of WebFinancial Corporation (“WebFinancial”), which, through its operating subsidiaries, operates in niche banking markets, from November 2003 to April 2008 and as Chief Executive Officer and a director from June 2005 to April 2008.

Director of Angelica Corporation, an outsourced linen management services provider to the healthcare industry, from August 2006 until August 2008.

President of Gateway Industries, Inc., a provider of database development and website design and development services, from December 2001 until April 2008.

Director of ECC International Corp., a manufacturer and marketer of computer controlled simulators for training personnel to perform maintenance and operation procedures on military weapons, from December 1999 until September 2003, and as acting Chief Executive Officer from July 2002 until March 2003.

President of MDM Technologies, Inc., a direct mail and marketing company, from January 2001 to August 2001.

**Kenneth  
N. Kermes**      2000

Mr. Kermes has served as our Chairman of the Board of Directors since May 2001 and as President since July 2007.

	Year	
Director	Became	
<u>Name</u>	<u>Director</u>	<u>Professional Background</u>

(74) From January 2004 to September 2004, he served as Director of Major Gifts, Advancement Department of the University of Rhode Island. From April 2002 to January 2004, he was Vice President of Planning and Service Development, South County Hospital. From May 2001 to April 2002, and from 1999 to 2000, he was a Partner at SeaView Capital, a private equity firm. From May 2000 to May 2001, he was Interim President and Chief Executive Officer of BNS Co. From 1998 to 1999, he was a partner at Bay View Equity Partners, a private equity firm. From 1994 to 1998, he served as Vice President for Business and Finance and Chief Financial and Administrative Officer for the University of Rhode Island. From 1998 to date, he has served as a Director of AT Wall, a metal stamping company. From 1996 to date, he has served as a Director of Bradford Soap International, a soap manufacturing company, and from 2005 to date he has served as a director of ION Signature Technology, Inc., a software development company for scientific analytical equipment. Mr. Kermes has served as a director of Collins I Holding Corp. and Collins Industries, Inc. since November 1, 2006.

Recommendations of the Board of Directors

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE ELECTION OF EACH OF THE NOMINEES.

**GENERAL INFORMATION  
RELATING TO THE BOARD OF DIRECTORS**

Organization and Meetings

The Board of Directors, which is comprised exclusively of non-employee directors, presently maintains standing committees on audit (“Audit Committee”) and corporate governance, compensation and nominating committee (“Nominating, Compensation and Corporate Governance Committee”). The Board of Directors held four (4) regular meetings and one (1) special meeting in the fiscal year ended October 31, 2008. Each of the directors participated in 75% or more of the aggregate number of meetings of the Board of Directors and of the committees on which he is a member.

Audit Committee

The Audit Committee is composed of Messrs. Kermes (Chairman) and Held. The Audit Committee met four (4) times in the fiscal year ended October 31, 2008. The Board of Directors has determined that Mr. Kermes, Chairman of the Audit Committee, is an “audit committee financial expert.” The Audit Committee recommends, for approval by

the stockholders, the appointment of a firm of independent certified public accountants to audit our financial statements. The Audit Committee approves all audit and non-audit services provided by our independent auditor. The Audit Committee also meets with the independent accountants and our chief financial officer to review the scope and results of the audit, the scope of audit and non-audit services, the range of audit and non-audit fees, any proposed changes in accounting policies, practices, or procedures, including those relating to our internal controls, and other related matters. A copy of the Charter for the Audit Committee was previously filed with our Proxy Statement relating to our 2006 Annual Meeting of Stockholders.

#### Nominating, Compensation and Corporate Governance Committee

The Nominating, Compensation and Corporate Governance Committee is currently composed of Messrs. Held (Chairman), Kermes and Henderson.

The Nominating, Compensation and Corporate Governance Committee met one (1) time in the fiscal year ended October 31, 2008. The purposes of the Nominating, Compensation and Corporate Governance Committee are (i) to identify individuals qualified to become members of the Board of Directors, (ii) to select, or to recommend that the Board of Directors select, the director nominees for the next annual meeting of stockholders, (iii) to develop and recommend to the Board of Directors a set of corporate governance principles applicable to us, and (iv) to discharge the Board of Directors' responsibilities relating to the compensation of our executives. The committee also performs a periodic review of salaries and compensation/benefit plans for our executive officers and other key management personnel and administers our 1999 Equity Incentive Plan. A copy of the charter for the Nominating, Compensation and Corporate Governance Committee was attached as Annex C to our May 2004 Proxy Statement. The Nominating, Compensation and Corporate Governance Committee may utilize a variety of methods for identifying potential nominees for directors, including considering potential candidates who come to their attention through current officers, directors, professional search firms or other persons. Once a potential nominee has been identified, the Nominating, Compensation and Corporate Governance Committee evaluates whether the nominee has the appropriate skills and characteristics required to become a director in light of the then current make-up of the Board of Directors. This assessment includes an evaluation of whether: (a) the nominee is an individual of the highest personal and professional integrity; (b) the nominee has substantial experience which is of particular relevance to us; (c) whether the nominee has sufficient time available to devote to our affairs; and (d) the nominee will be effective, in conjunction with the other directors, in collectively serving the interests of the stockholders.

Each nominee for election at the Annual Meeting was recommended to the Board of Directors by the Nominating, Compensation and Corporate Governance Committee. In addition, each of the nominees was identified in accordance with the requirements of the Confirmatory Agreement between us and Steel Partners. Such Confirmatory Agreement terminates on December 31, 2009.

## **CORPORATE GOVERNANCE MATTERS**

We have a Code of Business Conduct and Ethics which applies to all our directors, officers and employees, including executive officers. A copy of the Code of Business Conduct and Ethics was filed as Exhibit 14.1 to our Annual Report on Form 10-K for the year ended December 31, 2003.

Stockholders may also obtain free of charge printed copies of this policy as well as the committee charters for our Board of Directors by writing to the Corporate Secretary at our headquarters at 61 East Main Street, Suite B, Los Gatos, California 95031.

### **PROPOSAL NO. 3**

#### **APPROVAL OF APPOINTMENT OF INDEPENDENT ACCOUNTANTS**

Effective as of December 8, 2006, we retained McGladrey & Pullen, LLP (“McGladrey”) as our independent accountants for the fiscal year ending October 31, 2007.

McGladrey was the independent accountants of Collins Industries, Inc. (“Collins”) prior to its merger with and into our subsidiary. Since we now hold 80% of the outstanding equity interest of the entity which controls Collins and we have no other operating businesses, we believe that it is in our best interest to have McGladrey as our independent accountants. The principal office of McGladrey is located at 3600 American Blvd. W., Third Floor, Bloomington, MN 55431-4502.

If stockholders do not ratify the appointment of McGladrey as our independent accountants for the fiscal year ending October 31, 2009, the Audit Committee of the Board of Directors will consider the appointment of other certified public accountants. A representative of McGladrey will not be present at the Meeting. The approval of the proposal to ratify the appointment of McGladrey requires the affirmative vote of a majority of the votes cast by the holders of all classes of Common Stock voting as a single class represented and entitled to vote thereon.

#### **Recommendation of the Board of Directors**

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE RATIFICATION OF THE APPOINTMENT OF MCGLADREY & PULLEN, LLP AS OUR INDEPENDENT ACCOUNTANTS FOR THE FISCAL YEAR ENDING OCTOBER 31, 2009.

### **OTHER MATTERS**

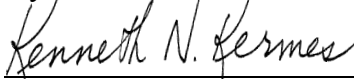
It is not expected that any matters other than those in the Notice of Annual Meeting, as described in this Proxy Statement, will be brought before the Annual Meeting. If any other matters are presented, however, it is the intention of the persons named in the proxy to vote the proxies in accordance with the discretion of the persons named in such proxy.

## COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Stockholders wishing to communicate with our Board of Directors as a whole or with certain directors, including committee chairpersons or the Chairman of the Board, individually, may do so by writing the Corporate Secretary at our headquarters at 61 East Main Street, Suite B, Los Gatos, California 95031. Each stockholder communication should include an indication of the submitting stockholder's status as our stockholder and eligibility to submit such communication. Each such communication will be received for handling by the Corporate Secretary, who will maintain originals of each communication received and provide copies to (i) the Chairman and (ii) any other appropriate committee(s) or director(s) based on the expressed desire of the communicating stockholder and content of the subject communication. The Corporate Secretary also will coordinate with the Chairman to facilitate a response, if it is believed that a response is appropriate or necessary, to each communication received. The Nominating, Compensation and Corporate Governance Committee will review all stockholder communications received on a periodic basis. The Board of Directors reserves the right to revise this policy in the event that this process is abused, becomes unworkable or otherwise does not efficiently serve the purpose of the policy.

A copy of our audited financial statements for the fiscal year ended October 31, 2008 is included in the mailing of this proxy statement.

By Order of the Board of Directors,



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Kenneth Kermes,  
President and Chief Executive Officer

Dated: April 17, 2009

**BNS HOLDING, INC.**

**2009 INCENTIVE STOCK PLAN**

**1. Purpose of the Plan.**

This 2009 Incentive Stock Plan (the “Plan”) is intended as an incentive, to retain in the employ of and as directors, officers, consultants, advisors and employees to BNS Holding, Inc., a Delaware corporation (the “Company”) and any Subsidiary of the Company, within the meaning of Section 424(f) of the United States Internal Revenue Code of 1986, as amended (the “Code”), persons of training, experience and ability, to attract new directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage the sense of proprietorship and to stimulate the active interest of such persons in the development and financial success of the Company and its Subsidiaries.

Certain options granted pursuant to the Plan may constitute incentive stock options within the meaning of Section 422 of the Code (the “Incentive Options”) while certain other options granted pursuant to the Plan may be nonqualified stock options (the “Nonqualified Options”). Incentive Options and Nonqualified Options are hereinafter referred to collectively as “Options.”

If the Company becomes a reporting company (a “Reporting Company”) under Section 12 or Section 15 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Company intends that the Plan meet the requirements of Rule 16b-3 (“Rule 16b-3”) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and that transactions of the type specified in subparagraphs (c) to (f) inclusive of Rule 16b-3 by officers and directors of the Company pursuant to the Plan will be exempt from the operation of Section 16(b) of the Exchange Act. In all cases, the terms, provisions, conditions and limitations of the Plan shall be construed and interpreted consistent with the Company's intent as stated in this Section 1.

**2. Administration of the Plan.**

The Board of Directors of the Company (the “Board”) shall appoint and maintain as administrator of the Plan a Committee (the “Committee”) which, in the event that the Company becomes a Reporting Company, shall consist of two or more directors who are “Non-Employee Directors” (as such term is defined in Rule 16b-3) who shall serve at the pleasure of the Board. The Committee, subject to Sections 3 and 5 hereof, shall have full power and authority to designate recipients of Options, stock appreciation rights (“Stock Appreciation Rights”), restricted stock (“Restricted Stock”) and other equity incentives or stock or stock based awards (“Equity Incentives”) and to determine the terms and conditions of respective Option, Stock Appreciation Rights, Restricted Stock and Equity Incentives agreements (which need not be identical) and to interpret the provisions and supervise the administration of the Plan. The

Committee shall have the authority, without limitation, to designate which Options granted under the Plan shall be Incentive Options and which shall be Nonqualified Options. To the extent any Option does not qualify as an Incentive Option, it shall constitute a separate Nonqualified Option.

Subject to the provisions of the Plan, the Committee shall interpret the Plan and all Options, Stock Appreciation Rights, Restricted Stock and Equity Incentives granted under the Plan, shall make such rules as it deems necessary for the proper administration of the Plan, shall make all other determinations necessary or advisable for the administration of the Plan and shall correct any defects or supply any omission or reconcile any inconsistency in the Plan or in any Options, Stock Appreciation Rights, Restricted Stock or Equity Incentives granted under the Plan in the manner and to the extent that the Committee deems desirable to carry into effect the Plan or any Options, Stock Appreciation Rights, Restricted Stock or Equity Incentives. The act or determination of a majority of the Committee shall be the act or determination of the Committee and any decision reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made by a majority at a meeting duly held. Subject to the provisions of the Plan, any action taken or determination made by the Committee pursuant to this and the other Sections of the Plan shall be conclusive on all parties.

In the event that for any reason the Committee is unable to act or if the Committee at the time of any grant, award or other acquisition under the Plan does not consist of two or more Non-Employee Directors, or if there shall be no such Committee, then the Plan shall be administered by the Board, and references herein to the Committee (except in the proviso to this sentence) shall be deemed to be references to the Board, and to the extent that the Company is a Reporting Company, any such grant, award or other acquisition may be approved or ratified in any other manner contemplated by subparagraph (d) of Rule 16b-3.

### **3. Designation of Optionees and Grantees.**

The persons eligible for participation in the Plan as recipients of Options (the “Optionees”), Stock Appreciation Rights, Restricted Stock or Equity Incentives (respectively, the “Grantees”) shall include directors, officers and employees of, and consultants and advisors to, the Company or any Subsidiary; provided that Incentive Options may only be granted to employees of the Company and the Subsidiaries. In selecting Optionees and Grantees, and in determining the number of shares to be covered by each Option, Stock Appreciation Right, Restricted Stock or Equity Incentive granted to Optionees or Grantees, the Committee may consider any factors it deems relevant, including without limitation, the office or position held by the Optionee or Grantee or the Optionee or Grantee’s relationship to the Company, the Optionee or Grantee’s degree of responsibility for and contribution to the growth and success of the Company or any Subsidiary, the Optionee or Grantee’s length of service, promotions and potential. An Optionee or Grantee who has been granted an Option, Stock Appreciation Right, Restricted Stock or Equity Incentive hereunder may be granted an additional Option or Options, Stock Appreciation Right(s), Restricted Stock or Equity Incentive(s) if the Committee shall so determine.

#### 4. **Stock Reserved for the Plan.**

Subject to adjustment as provided in Section 10 hereof, a total of 100,000 shares of the Company's Class A Common Stock, \$0.01 par value per share (the "Stock"), shall be subject to the Plan. The shares of Stock subject to the Plan shall consist of unissued shares, treasury shares or previously issued shares held by any Subsidiary of the Company, and such amount of shares of Stock shall be and is hereby reserved for such purpose. Any of such shares of Stock that may remain unsold and that are not subject to outstanding Options at the termination of the Plan shall cease to be reserved for the purposes of the Plan, but until termination of the Plan the Company shall at all times reserve a sufficient number of shares of Stock to meet the requirements of the Plan. Should any Option, Stock Appreciation Right, Restricted Stock, or Equity Incentives expire or be canceled prior to its exercise or vesting in full or should the number of shares of Stock to be delivered upon the exercise or vesting in full of an Option, Stock Appreciation Right, Restricted Stock, or Equity Incentives be reduced for any reason, the shares of Stock theretofore subject to such Option, Stock Appreciation Right, Restricted Stock, or Equity Incentives may be subject to future Options under the Plan.

#### 5. **Terms and Conditions of Options.**

Options granted under the Plan shall be subject to the following conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) Option Price. The purchase price of each share of Stock purchasable under an Option shall be determined by the Committee at the time of grant, but shall not be less than 100% of the Fair Market Value (as defined below) of such share of Stock on the date the Option is granted; provided, however, that with respect to an Optionee who, at the time an Incentive Option is granted, owns (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or of any Subsidiary, the purchase price per share of Stock under an Incentive Option shall be at least 110% of the Fair Market Value per share of Stock on the date of grant. The exercise price for each Option shall be subject to adjustment as provided in Section 10 below. Unless otherwise determined by the Committee, the Fair Market Value of a share of stock as of any given date shall be determined in a manner consistent with Treasury Regulations 1.409A-1(a)(5)(iv)(A), which may be based upon the last sale before or the first sale after the grant, the closing price on the trading day before or the trading day of the grant, the arithmetic mean of the high and low prices on the trading day before or the trading day of the grant, an average selling price during a specified period that is within thirty days before or thirty days after the grant date (if the conditions set forth in the Treasury Regulations are satisfied), any other reasonable method using actual transactions in such stock as reported by such market or as determined by the Committee in a manner consistent with the provisions of the Code. Anything in this Section 5(a) to the contrary notwithstanding, in no event shall the purchase price of a share of Stock be less than the minimum price permitted under the rules and policies of any national securities exchange on which the shares of Stock are listed.

(b) Option Term. The term of each Option shall be fixed by the Committee, but no Option shall be exercisable more than ten years after the date such Option is granted and

in the case of an Incentive Option granted to an Optionee who, at the time such Incentive Option is granted, owns (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or of any Subsidiary, no such Incentive Option shall be exercisable more than five years after the date such Incentive Option is granted.

(c) Exercisability. Subject to Section 5(e) hereof, Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee.

Upon the occurrence of a “Change in Control” (as hereinafter defined), the Committee may accelerate the vesting and exercisability of outstanding Options, in whole or in part, as determined by the Committee in its sole discretion. In its sole discretion, the Committee may also determine that, upon the occurrence of a Change in Control, each outstanding Option shall terminate within a specified number of days after notice to the Optionee thereunder, and each such Optionee shall receive, with respect to each share of Company Stock subject to such Option, an amount equal to the excess of the Fair Market Value of such shares immediately prior to such Change in Control over the exercise price per share of such Option; such amount shall be payable in cash, in one or more kinds of property (including the property, if any, payable in the transaction) or a combination thereof, as the Committee shall determine in its sole discretion.

For purposes of the Plan, a Change in Control shall be deemed to have occurred if:

(i) a tender offer (or series of related offers) shall be made and consummated for the ownership of 50% or more of the outstanding voting securities of the Company, unless as a result of such tender offer more than 50% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the stockholders of the Company (as of the time immediately prior to the commencement of such offer), any employee benefit plan of the Company or its Subsidiaries, or their respective affiliates;

(ii) the Company shall be merged or consolidated with another corporation, unless as a result of such merger or consolidation more than 50% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the stockholders of the Company (as of the time immediately prior to such transaction), any employee benefit plan of the Company or its Subsidiaries, or their respective affiliates;

(iii) the Company shall sell substantially all of its assets to another corporation that is not wholly owned by the Company, unless as a result of such sale more than 50% of such assets shall be owned in the aggregate by the stockholders of the Company (as of the time immediately prior to such transaction), any employee benefit plan of the Company or its Subsidiaries, or their respective affiliates;

(iv) a Person (as defined below) shall acquire 50% or more of the outstanding voting securities of the Company (whether directly, indirectly, beneficially or of record), unless as a result of such acquisition more than 50% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the stockholders of the Company (as of the time immediately prior to the first acquisition of such securities by such Person), any employee benefit plan of the Company or its Subsidiaries, or their respective affiliates; or

(v) During any period of two (2) consecutive years (not including any period prior to the Effective Date) individuals who constitute the Board on the Effective Date (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Effective Date whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

For purposes of this Section 5(c), ownership of voting securities shall take into account and shall include ownership as determined by applying the provisions of Rule 13d-3(d)(1)(i) (as in effect on the date hereof) under the Exchange Act. In addition, for such purposes, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof; however, a Person shall not include (A) the Company or any of its Subsidiaries; (B) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Subsidiaries; (C) an underwriter temporarily holding securities pursuant to an offering of such securities; or (D) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportion as their ownership of stock of the Company.

(d) Method of Exercise. Options to the extent then exercisable may be exercised in whole or in part at any time during the option period, by giving written notice to the Company specifying the number of shares of Stock to be purchased, accompanied by payment in full of the purchase price, in cash, or by check or such other instrument as may be acceptable to the Committee. As determined by the Committee, in its sole discretion, at or after grant, payment in full or in part may be made at the election of the Optionee (i) in the form of Stock owned by the Optionee (based on the Fair Market Value of the Stock on the trading day before the Option is exercised) which is not the subject of any pledge or security interest, (ii) in the form of shares of Stock withheld by the Company from the shares of Stock otherwise to be received with such withheld shares of Stock having a Fair Market Value on the date of exercise equal to the exercise price of the Option, or (iii) by a combination of the foregoing, provided that the combined value of all cash and cash equivalents and the Fair Market Value of any shares surrendered to the Company is at least equal to such exercise price and except with respect to (ii) above, such method of payment will not cause a disqualifying disposition of all or a portion of

the Stock received upon exercise of an Incentive Option. An Optionee shall have the right to dividends and other rights of a stockholder with respect to shares of Stock purchased upon exercise of an Option at such time as the Optionee (i) has given written notice of exercise and has paid in full for such shares and (ii) has satisfied such conditions that may be imposed by the Company with respect to the withholding of taxes.

(e) Limit on Value of Incentive Option. The aggregate Fair Market Value, determined as of the date the Incentive Option is granted, of Stock for which Incentive Options are exercisable for the first time by any Optionee during any calendar year under the Plan (and/or any other stock option plans of the Company or any Subsidiary) shall not exceed \$100,000.

(f) Incentive Option Shares. A grant of an Incentive Option under this Plan shall provide that (a) the Optionee shall be required as a condition of the exercise to furnish to the Company any payroll (employment) tax required to be withheld, and (b) if the Optionee makes a disposition, within the meaning of Section 424(c) of the Code and regulations promulgated thereunder, of any share or shares of Stock issued to him upon exercise of an Incentive Option granted under the Plan within the two-year period commencing on the day after the date of the grant of such Incentive Option or within a one-year period commencing on the day after the date of transfer of the share or shares to him pursuant to the exercise of such Incentive Option, he shall, within 10 days after such disposition, notify the Company thereof.

#### **6. Terms and Conditions of Stock Appreciation Rights.**

Stock Appreciation Rights shall be granted with an exercise price that is not less than 100% of the Fair Market Value (as defined in Section 5(a) herein) of a share of Common Stock on the date the Stock Appreciation Right is granted and shall be exercisable at such time or times and subject to such other terms and conditions as shall be determined by the Committee. Unless otherwise provided, Stock Appreciation Rights shall become immediately exercisable and shall remain exercisable until expiration, cancellation or termination of the award. Such rights may be exercised in whole or in part by giving written notice to the Company. Stock Appreciation Rights to the extent then exercisable may be exercised for payment in cash, shares of Common Stock or a combination of both, as the Committee shall deem desirable, equal to: (i) the excess of the Fair Market Value as defined in Section 5(a) herein of a share of Common Stock on the date of exercise over (ii) the exercise price of such Stock Appreciation Right.

#### **7. Terms and Conditions of Restricted Stock.**

Restricted Stock may be granted under this Plan aside from, or in association with, any other award and shall be subject to the following conditions and shall contain such additional terms and conditions (including provisions relating to the acceleration of vesting of Restricted Stock upon a Change of Control), not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) Grantee rights. A Grantee shall have no rights to an award of Restricted Stock unless and until Grantee accepts the award within the period prescribed by the Committee and, if the Committee shall deem desirable, makes payment to the Company in cash, or by check or such other instrument as may be acceptable to the Committee. After acceptance and issuance

of a certificate or certificates, as provided for below, the Grantee shall have the rights of a stockholder with respect to Restricted Stock subject to the non-transferability and forfeiture restrictions described in section 7(d) below.

(b) Issuance of certificates. The Company shall issue in the Grantee's name a certificate or certificates for the shares of Common Stock associated with the award promptly after the Grantee accepts such award.

(c) Delivery of certificates. Unless otherwise provided, any certificate or certificates issued evidencing shares of Restricted Stock shall not be delivered to the Grantee until such shares are free of any restrictions specified by the Committee at the time of grant.

(d) Forfeitability, Non-transferability of Restricted Stock. Shares of Restricted Stock are forfeitable until the terms of the Restricted Stock grant have been satisfied. Shares of Restricted Stock are not transferable until the date on which the Committee has specified such restrictions has lapsed. Unless otherwise provided, distributions of additional shares or property in the form of dividends or otherwise in respect of shares of Restricted Stock shall be subject to the same restrictions as such shares of Restricted Stock.

(e) Change of Control. Upon the occurrence of a Change in Control, the Committee may accelerate the vesting of outstanding Restricted Stock, in whole or in part, as determined by the Committee in its sole discretion.

## 8. **Other Equity Incentives or Stock Based Awards.**

The Committee may grant Equity Incentives (including the grant of unrestricted shares) to such key persons, in such amounts and subject to such terms and conditions, as the Committee shall in its discretion determine, subject to the provisions of the Plan and the provisions set forth in Section 409A of the Code. Such awards may entail the transfer of actual shares of Common Stock to Plan participants, or payment in cash or otherwise of amounts based on the value of shares of Common Stock.

## 9. **Term of Plan.**

No Option, Stock Appreciation Rights, Restricted Stock or Equity Incentives shall be granted pursuant to the Plan on the date which is ten years from the effective date of the Plan, but Options, Stock Appreciation Rights or Equity Incentives theretofore granted may extend beyond that date.

## 10. **Capital Change of the Company.**

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, or similar type of corporate restructuring affecting the Stock, the Committee shall make an appropriate and equitable adjustment in the number and kind of shares reserved for issuance under the Plan and in the number and option price of shares subject to outstanding Options granted under the Plan, to the end that after such event each Optionee's proportionate interest shall be maintained as immediately before the occurrence of such event. The Committee shall, to the extent feasible, make such other adjustments as may be required under the tax laws

so that any Incentive Options previously granted shall not be deemed modified within the meaning of Section 424(h) or Section 409A of the Code. Appropriate adjustments shall also be made in the case of outstanding Stock Appreciation Rights and Restricted Stock granted under the Plan.

**11. Purchase for Investment.**

Unless the Options and shares covered by the Plan have been registered under the Securities Act of 1933, as amended (the "Securities Act"), or the Company has determined that such registration is unnecessary, each person exercising or receiving Options, Stock Appreciation Rights, Restricted Stock or Equity Incentives under the Plan may be required by the Company to give a representation in writing that he is acquiring the securities (if issued) for his own account for investment and not with a view to, or for sale in connection with, the distribution of any part thereof.

**12. Taxes.**

(a) The Company may make such provisions as it may deem appropriate, consistent with applicable law, in connection with any Options, Stock Appreciation Rights, Restricted Stock or Equity Incentives granted under the Plan with respect to the withholding of any taxes (including income or employment taxes) or any other tax matters.

(b) If any Grantee, in connection with the acquisition of Restricted Stock, makes the election permitted under section 83(b) of the Code (that is, an election to include in gross income in the year of transfer the amounts specified in section 83(b)), such Grantee shall notify the Company of the election with the Internal Revenue Service pursuant to regulations issued under the authority of Code section 83(b).

(c) If any Grantee shall make any disposition of shares of Stock issued pursuant to the exercise of an Incentive Option under the circumstances described in section 421(b) of the Code (relating to certain disqualifying dispositions), such Grantee shall notify the Company of such disposition within 10 days hereof.

**13. Effective Date of Plan.**

The Plan shall be effective as of February 11, 2009; provided, however, that if, and only if, certain options are intended to qualify as Incentive Stock Options, the Plan must subsequently be approved by majority vote of the Company's stockholders no later than February 10, 2010.

**14. Amendment and Termination, Section 409A of the Code.**

The Board may amend, suspend, or terminate the Plan, except that no amendment shall be made that would impair the rights of any Optionee or Grantee under any Option, Stock Appreciation Right, Restricted Stock or Equity Incentive theretofore granted without the Optionee or Grantee's consent, and except that no amendment shall be made which, without the approval of the stockholders of the Company would:

(a) materially increase the number of shares that may be issued under the Plan, except as is provided in Section 10;

(b) materially increase the benefits accruing to the Optionees or Grantees under the Plan;

(c) materially modify the requirements as to eligibility for participation in the Plan;

(d) decrease the exercise price of an Incentive Option to less than 100% or 110% (as the case may be) of the Fair Market Value per share of Stock on the date of grant thereof or the exercise price of a Nonqualified Option to less than 100% of the Fair Market Value per share of Stock on the date of grant thereof; or

(e) extend the term of any Option beyond that provided for in Section 5(b).

(f) The Committee may amend the terms of any Option, Stock Appreciation Right, Restricted Stock or Equity Incentive theretofore granted, prospectively or retroactively, but no such amendment shall impair the rights of any Optionee or Grantee without the Optionee or Grantee's consent. The Committee may also substitute new Options, Stock Appreciation Rights or Restricted Stock for previously granted Options, Stock Appreciation Rights or Restricted Stock including options granted under other plans applicable to the participant and previously granted Options having higher option prices, upon such terms as the Committee may deem appropriate.

It is the intention of the Board that the Plan comply strictly with the provisions of Section 409A of the Code and Treasury Regulations and other Internal Revenue Service guidance promulgated thereunder (the "Section 409A Rules") and the Committee shall exercise its discretion in granting Options, Stock Appreciation Rights or Restricted Stock hereunder (and the terms of such grants), accordingly. The Plan and any grant of an Option, Stock Appreciation right or Restricted Stock hereunder may be amended from time to time (without, in the case of an Award, the consent of the Participant) as may be necessary or appropriate to comply with the Section 409A Rules.

#### **15. Government Regulations.**

The Plan, and the grant and exercise of Options, Stock Appreciation Rights, Restricted Stock and Equity Incentives hereunder, and the obligation of the Company to sell and deliver shares under such Options, Stock Appreciation Rights, Restricted Stock and Equity Incentives shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies, national securities exchanges and interdealer quotation systems as may be required. The Committee shall have the authority to adopt such modifications, procedures, and subplans as may be necessary or desirable to comply with provisions of the laws of foreign countries in which the Company or its Subsidiary may operate to assure the viability of the benefits from awards granted to participants performing services in such countries and to meet the objectives of the Plan.

## 16. General Provisions.

(a) Certificates. All certificates for shares of Stock delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, or other securities commission having jurisdiction, any applicable Federal or state securities law, any stock exchange or interdealer quotation system upon which the Stock is then listed or traded and the Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

(b) Employment Matters. The adoption of the Plan shall not confer upon any Optionee or Grantee of the Company or any Subsidiary any right to continued employment or, in the case of an Optionee or Grantee who is a director, continued service as a director, with the Company or a Subsidiary, as the case may be, nor shall it interfere in any way with the right of the Company or any Subsidiary to terminate the employment of any of its employees, the service of any of its directors or the retention of any of its consultants or advisors at any time.

(c) Limitation of Liability. No member of the Board or the Committee, or any officer or employee of the Company acting on behalf of the Board or the Committee, shall be personally liable for any action, determination or interpretation taken or made in good faith with respect to the Plan, and all members of the Board or the Committee and each and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

(d) Registration of Stock. Notwithstanding any other provision in the Plan, no Option may be exercised unless and until the Stock to be issued upon the exercise thereof has been registered under the Securities Act and applicable state securities laws, or are, in the opinion of counsel to the Company, exempt from such registration in the United States. The Company shall not be under any obligation to register under applicable federal or state securities laws any Stock to be issued upon the exercise of an Option granted hereunder in order to permit the exercise of an Option and the issuance and sale of the Stock subject to such Option, although the Company may in its sole discretion register such Stock at such time as the Company shall determine. If the Company chooses to comply with such an exemption from registration, the Stock issued under the Plan may, at the direction of the Committee, bear an appropriate restrictive legend restricting the transfer or pledge of the Stock represented thereby, and the Committee may also give appropriate stop transfer instructions with respect to such Stock to the Company's transfer agent.

(e) Non-transferability. Options and Stock Appreciation Rights granted hereunder are not transferable and may be exercised solely by the Optionee or Grantee during his lifetime or after his death by the person or persons entitled thereto under his will or the laws of descent and distribution, or as otherwise required by law. The Committee, in its sole discretion, may permit a transfer of a Nonqualified Option to (i) a trust for the benefit of the Optionee or (ii) a member of the Optionee's immediate family (or a trust for his or her benefit). Any attempt to transfer, assign, pledge or otherwise dispose of, or to subject to execution, attachment or similar

process, any Option or Stock Appreciation Right contrary to the provisions hereof shall be void and ineffective and shall give no right to the purported transferee.

(f) No rights as a Stockholder. No Optionee or Grantee (or other person having the right to exercise such award) shall have any of the rights of a stockholder of the Company with respect to shares subject to such award until the issuance of a stock certificate to such person for such shares. Except as otherwise provided herein, no adjustment shall be made for dividends, distributions or other rights (whether ordinary or extraordinary, and whether in cash, securities or other property) for which the record date is prior to the date such stock certificate is issued.

(g) Termination by Death. Unless otherwise determined by the Committee, if any Optionee or Grantee's employment with or service to the Company or any Subsidiary terminates by reason of death, the Option or Stock Appreciation Right may thereafter be exercised, to the extent then exercisable (or on such accelerated basis as the Committee shall determine at or after grant), by the legal representative of the estate or by the legatee of the Optionee or Grantee under the will of the Optionee or Grantee, for a period of one year after the date of such death or until the expiration of the stated term of such Option or Stock Appreciation Right as provided under the Plan, whichever period is shorter.

(h) Termination by Reason of Disability. Unless otherwise determined by the Committee, if any Optionee or Grantee's employment with or service to the Company or any Subsidiary terminates by reason of total and permanent disability, any Option or Stock Appreciation Right held by such Optionee or Grantee may thereafter be exercised, to the extent it was exercisable at the time of termination due to Disability (or on such accelerated basis as the Committee shall determine at or after grant), but may not be exercised after 60 days after the date of such termination of employment or service or the expiration of the stated term of such Option or Stock Appreciation Right, whichever period is shorter; provided, however, that, if the Optionee or Grantee dies within such 60-day period, any unexercised Option or Stock Appreciation Right held by such Optionee or Grantee shall thereafter be exercisable to the extent to which it was exercisable at the time of death for a period of one year after the date of such death or for the stated term of such Option or Stock Appreciation Right, whichever period is shorter.

(i) Termination by Reason of Retirement. Unless otherwise determined by the Committee, if any Optionee or Grantee's employment with or service to the Company or any Subsidiary terminates by reason of Normal or Early Retirement (as such terms are defined below), any Option or Stock Appreciation Right held by such Optionee or Grantee may thereafter be exercised to the extent it was exercisable at the time of such Retirement (or on such accelerated basis as the Committee shall determine at or after grant), but may not be exercised after 60 days after the date of such termination of employment or service or the expiration of the stated term of such Option or Stock Appreciation Right, whichever period is shorter; provided, however, that, if the Optionee or Grantee dies within such 60-day period, any unexercised Option or Stock Appreciation Right held by such Optionee or Grantee shall thereafter be exercisable, to the extent to which it was exercisable at the time of death, for a period of one year after the date of such death or for the stated term of such Option or Stock Appreciation Right, whichever period is shorter.

For purposes of this paragraph (i), "Normal Retirement" shall mean retirement from active employment with the Company or any Subsidiary on or after the normal retirement date specified in the applicable Company or Subsidiary pension plan or if no such pension plan, age 65, and "Early Retirement" shall mean retirement from active employment with the Company or any Subsidiary pursuant to the early retirement provisions of the applicable Company or Subsidiary pension plan or if no such pension plan, age 55.

(j) Other Termination. Unless otherwise determined by the Committee, if any Optionee or Grantee's employment with or service to the Company or any Subsidiary terminates for any reason other than death, Disability or Normal or Early Retirement, the Option or Stock Appreciation Right shall thereupon terminate, except that the portion of any Option or Stock Appreciation Right that was exercisable on the date of such termination of employment or service may be exercised for the lesser of 30 days after the date of termination or the balance of such Option or Stock Appreciation Right's term if the Optionee or Grantee's employment or service with the Company or any Subsidiary is terminated by the Company or such Subsidiary without cause or for good reason by the Optionee or Grantee (the determination as to whether termination was for cause or for good reason to be made by the Committee). The transfer of an Optionee or Grantee from the employ of or service to the Company to the employ of or service to a Subsidiary, or vice versa, or from one Subsidiary to another, shall not be deemed to constitute a termination of employment or service for purposes of the Plan.

BNS HOLDING, INC.