

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **June 7, 2007**

Lifetime Brands, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

0-19254

(Commission File Number)

11-2682486

(IRS Employer Identification No.)

1000 Stewart Avenue, Garden City, New York 11530

(Address of Principal Executive Offices)(Zip Code)

(Registrant's Telephone Number, Including Area Code) **516-683-6000**

(Former Name or Former Address, if Changed Since Last Report) **N/A**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On June 7, 2007, Lifetime Brands, Inc. (the "Company") entered into an amended employment agreement with Ronald Shiftan, the Company's Chief Operating Officer and Vice-Chairman of the Board of Directors, pursuant to which the Company increased (effective January 1, 2007) Mr. Shiftan's base salary to an annual rate of \$500,000. A copy of the amendment to Mr. Shiftan's employment agreement is attached hereto as Exhibit 10.1.

On June 7, 2007, the Company entered into a new employment agreement ("Employment Agreement") with Robert McNally, the Company's Chief Financial Officer, Vice-President- Finance and Treasurer. The Employment Agreement terminates Mr. McNally's former employment agreement dated July 1, 2003. The initial term of the Employment Agreement expires on August 31, 2007. Thereafter, the term automatically renews for additional one-month periods unless terminated by either the Company or Mr. McNally. The Employment Agreement provides for a base salary for the initial term and each additional term at an annual rate of \$275,018 and severance for a period of six months at the base salary rate in effect upon the Company's or Mr. McNally's failure to renew the Employment Agreement or Mr. McNally's termination by the Company without cause. A copy of the Employment Agreement is attached hereto as Exhibit 10.2.

On June 7, 2007, upon recommendation of the Compensation Committee, the Board of Directors of the Company approved changes to the compensation offered to independent board members, effective June 7, 2007. The changes are summarized below:

	Effective June 7, 2007	Prior to change
Board of Director Annual Retainer:		
Cash	\$25,000	\$25,000
Restricted Common Stock	30,000	20,000
Total	<u>\$55,000</u>	<u>\$45,000</u>
Annual Retainer for Committee Chairs:		
Audit Committee	\$20,000	\$20,000
Compensation Committee	5,000	5,000
Governance Committee	5,000	5,000

Annual Retainer for Committee members	\$ 2,000	\$ 2,000
Fees for each meeting attended:		
Board of Director meetings	\$ 2,000	\$ 2,000
Committee meetings	500	500

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Item 5.05 Amendments to the Registrant’s Code of Ethics, or Waiver of a Provision of the Code of Ethics.

On June 7, 2007, the Company’s Board of Directors approved two amendments to the Company’s Insider Trading Compliance Program which is incorporated by reference in the Company’s Code of Conduct. The amendments are effective July 1, 2007. The amendments (a) change the periods (the “blackout periods”) in which Directors, Executive Officers and Other Designated Individuals may not trade in shares of the Company’s common stock, and (b) authorize the Company’s Insider Trading Compliance Officer, following consultation with the CEO and Counsel, to waive the Blackout Period restrictions in instances in which the Company, during the Blackout Period, had publicly disseminated an updated forecast for the quarter and/or the year. The following is a summary of the changes to the blackout periods:

Blackout periods prior to amendment:

Quarter ending March 31 – Last two weeks of March to the second trading day following the date of public disclosures of the financial results for the quarter.

Quarter ending June 30 – Entire month of June to the second trading day following the date of public disclosures of the financial results for the quarter.

Quarter ending September 30 – Entire month of September to the second trading day following the date of public disclosures of the financial results for the quarter.

Quarter ending December 31 – Entire month of December to the second trading day following the date of public disclosures of the financial results for the quarter.

Blackout periods subsequent to amendment:

Quarter ending March 31 – Last ten trading days of March to the second trading day following the date of public disclosures of the financial results for the quarter.

Quarter ending June 30 – Last ten trading days of June to the second trading day following the date of public disclosures of the financial results for the quarter.

Quarter ending September 30 – Last fifteen trading days of September to the second trading day following the date of public disclosures of the financial results for the quarter.

Quarter ending December 31 – Last fifteen trading days of December to the second trading day following the date of public disclosures of the financial results for the quarter.

A copy of the Company’s Code of Conduct and Insider Trading Compliance Program are attached hereto as Exhibit 14.1 and are incorporated herein by reference.

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Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

10.1 Amendment of Employment Agreement dated June 7, 2007 by and between Lifetime Brands, Inc. and Ronald Shiftan.

10.2 Employment Agreement Dated June 7, 2007 between Lifetime Brands, Inc. and Robert McNally.

14.1 Code of Conduct dated March 25, 2004 and Insider Trading Compliance Program, as amended on June 7, 2007.

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Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Lifetime Brands, Inc.

By: /s/ Robert McNally
Robert McNally
Vice President of Finance and
Chief Financial Officer

AMENDMENT
OF
EMPLOYMENT AGREEMENT

THIS AMENDMENT, dated as of this 7th day of June, 2007, by and between LIFETIME BRANDS, INC., a Delaware corporation (the "Employer"), and RONALD SHIFTAN (the "Executive").

W I T N E S S E T H:

WHEREAS, the Employer and the Executive entered into an Employment Agreement dated as of October 17, 2005 (the "Employment Agreement") pursuant to which the employer employed the Executive as its Vice Chairman and Chief Operating Officer on the terms and conditions therein set forth; and

WHEREAS, the Employer and the Executive desire to amend the Employment Agreement to increase the Salary payable by the Employer to the Executive thereunder.

NOW, THEREFORE, in consideration of the promises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Definitions : Capitalized terms used herein shall have the meaning set forth in the Employment Agreement unless otherwise defined herein.
2. Amendment. Effective as of January 1, 2007, Section 3(a) of the Employment Agreement is hereby amended in its entirety to read as follows:

(a) Salary. As of January 1, 2007, the Employer shall pay to the Executive a base salary (the "Salary") at an annual rate of \$500,000, payable to the Executive in accordance with the normal payroll practices of the Employer as are in effect from time to time. On an annual basis, commencing on January 1, 2008, the amount of the Executive's Salary shall be reviewed by the Employer and shall be increased, but not decreased, by the percentage by which the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U) all items index, New York-Northern New Jersey-Long Island, NY-NJ-CT-PA (the "Relevant CPI Index") for the December immediately preceding the January 1 in question, increased over the Relevant CPI Index for the December of the previous year. For example, if the Relevant CPI Index for December 2007 increased by 1% over the Relevant CPI Index for December 2006, the Executive's Salary shall increase by 1% effective January 1, 2008.

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3. No Other Amendment. Except as specifically provided in this Amendment, the Employment Agreement shall not be modified or amended in any manner whatsoever and shall remain in full force and effect.

4. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York (determined without regard to the choice of law provisions thereof), and the parties consent to jurisdiction in the United States District Court for the Southern District of New York.

5. Counterparts. This Amendment may be executed by the parties hereto in counterparts, each of which shall be deemed an original, but both such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, the parties have executed this Amendment effective as of the day and year first written above.

LIFETIME BRANDS, INC.

By: /s/ Jeffrey Siegel
Jeffrey Siegel
Chief Executive Officer and
President

EXECUTIVE

By: /s/ Ronald Shiftan
Ronald Shiftan

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EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into as of the date set forth on Schedule 1 by and between Lifetime Brands, Inc. (the “Company”), a Delaware corporation, having its principal place of business at 1000 Stewart Avenue, Garden City, New York 11530-4814, and Robert McNally (the “Executive”), residing at the address set forth on the signature page hereof.

WHEREAS, the Company is engaged in the development, design, sourcing, manufacturing, licensing, marketing, distribution and sale, at both wholesale and retail, of proprietary housewares products; including, without limitation, cutlery, kitchen tools and gadgets, kitchenware, pantryware, bakeware, barware and spices and the Executive has many years of experience as an executive in the industry; and

WHEREAS, the Company entered into an executive employment agreement dated as of July 1, 2003 (the “Former Executive Employment Agreement”) with the Executive pursuant to which the Company employed the Executive in the senior management position and with responsibility as set forth on Schedule 2 thereof, all in accordance with the terms and conditions provided in the Former Executive Employment Agreement;

WHEREAS, the Company and the Executive desire to terminate the Former Executive Employment Agreement and to replace the Former Executive Employment Agreement by entering into this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, it is hereby covenanted and agreed by the Executive and the Company as follows:

1. Termination of Former Employment Agreement. The Former Employment Agreement is hereby terminated and replaced by this Agreement. Neither the Company nor the Employee shall have any liability whatsoever to the other, and each of the Company and the Executive hereby releases the other from any claims or obligations that it or he, as the case may be, has or may have against the other, as a result of any of the terms or provisions of the Former Employment Agreement or as a result of such termination.
 2. Employment: Term; Duties and Responsibilities. The Executive’s employment with the Company shall be subject to the following:
 - (a) Subject to the terms of this Agreement, the Company hereby agrees to employ the Executive in the senior management position set forth in Schedule 2 and the Executive hereby agrees to be employed by the Company in such capacity.
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- (b) The term of this Agreement shall commence as of the date set forth on Schedule 3 and shall continue through the initial expiration date also set forth on Schedule 3 (the “Initial Term”), unless earlier terminated as hereinafter provided. The Executive’s employment shall continue thereafter for consecutive periods of one month (each an “Additional Term”), unless either the Executive or the Company gives written notice to the other no later than thirty (30) days prior to the expiration of the Initial Term or any Additional Term, as the case may be, of the decision not to extend the Executive’s employment beyond the Initial Term or such Additional Term in which case the Executive’s employment shall terminate at the end of the Initial Term or such Additional Term. The period of the Executive’s employment hereunder shall hereinafter be referred to as the “Employment Term”.
 - (c) Subject to the policy directions and instructions of the Board of Directors of the Company (the “Board”) and the Chief Executive Officer (“CEO”) of the Company, the Executive shall have management responsibility as set forth on Schedule 2, and shall perform such other duties as are consistent with his position and as may be prescribed from time to time by the Board or the CEO. The Executive shall report to the senior executive of the Company set forth on Schedule 4.
 - (d) The Executive shall devote all of his business time, attention and energies to the business and affairs of the Company, and shall use his best efforts to advance the best interests of the Company.
 - (e) The Executive’s principal office location shall be as set forth on Schedule 5; however, the Executive recognizes that travel within the United States of America may be required in connection with his responsibilities under this Agreement. In addition, the Executive shall be expected to attend regular meetings with the CEO of the Company and with other executives of the Company, and to keep the CEO and such other executives fully informed of the Executive’s activities, so as to make the most effective use of the Executive’s services to the Company.
 3. Compensation. Subject to the terms of this Agreement, during the Employment Term, while the Executive is employed by the Company, the Company shall compensate him for his services as follows:
 - (a) Base Salary. For the Initial Term and each Additional Term, if any, the Company shall pay to the Executive a base salary (the “Base Salary”) at the annual rate as set forth on Schedule 6.
 - (b) Annual Bonus. The Executive shall not be entitled to earn a bonus during either the Initial Term or any Additional Term.

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- (c) Fringe Benefits. Except as specifically provided in this Agreement, the Executive shall be provided with perquisites and other benefits to the same extent and on the same terms as those benefits are provided generally to the Company’s executive employees. This shall include enrollment in the Company’s medical, dental and disability plans and participation in the Company’s 401(k) Plan under normal procedures under such plans. Nothing in this paragraph shall be construed to prevent the Company from revising the benefits or perquisites generally provided to executives from time to time.

- (d) Expenses. The Executive is authorized to incur reasonable expenses for travel, meals, lodging, entertainment and similar items in the performance of his duties for the Company in accordance with Company policies. The Company will reimburse the Executive for all business expenses so incurred, *provided that* such expenses are incurred and accounted for in accordance with the policies and procedures established by the Company. The Executive shall not be permitted to use Company personnel, vehicles or equipment for personal purposes, other than the automobile provided Executive pursuant to paragraph 3(e). The charging of expenses to the Company in violation of Company policy will subject the Executive to termination pursuant to paragraph 4(b) below.
 - (e) Automobile. During the Employment Term and thereafter through December 21, 2007, the Company shall provide Executive with the use of the Company vehicle described on Schedule 7.
 - (f) Time Bank. The Executive shall be entitled to paid leave in accordance with the Company's Time Bank policies.
 - (g) Deductions; Set-Off. The compensation payable to the Executive hereunder shall be subject to all legally required withholding and deductions. The Company shall be entitled to set-off any amounts owed to it by the Executive against all amounts owed by the Company to the Executive by operation of this Agreement.
4. Termination. During the Employment Term, the Executive's employment shall terminate upon the events or circumstances described in paragraphs 4(a) through 4(c) below.
- (a) Death. Executive's employment hereunder shall terminate upon his death.

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- (b) Termination by the Company for Cause. The Company may terminate the Executive's employment hereunder at any time for Cause. For purposes of this Agreement, "Cause" shall mean:
 - (i) The Executive's conviction of a felony or any other crime involving fraud, embezzlement or bribery;
 - (ii) The Executive's indictment for, entering a plea of guilty or *nolo contendere*, or agreeing to a civil penalty or entering into a consent decree, in connection with any criminal act or any banking or securities law violation related to the Company;
 - (iii) The Executive's having committed an act of disloyalty, dishonesty or breach of trust relating to the Company;
 - (iv) The engaging by the Executive in misconduct involving moral turpitude;
 - (v) The willful engaging by the Executive in conduct that, in the reasonable judgment of the Board, is materially injurious to the Company, or has or threatens to have a material adverse impact on the Company;
 - (vi) The Executive's failure to maintain decorum or professional behavior that, in the reasonable judgment of the Board, materially affects the Executive's credibility or reputation;
 - (vii) The Executive's repeated abuse of alcohol or drugs (legal or illegal), that, in the reasonable judgment of the Board, materially impairs the Executive's ability to perform his duties hereunder;
 - (viii) The engaging by the Executive in misconduct in material violation of the Company's personnel policies; including, but not limited to, harassment, disparagement or abusive treatment of personnel, customers, licensees, licensors, vendors, suppliers or contractors of the Company;
 - (ix) The Executive's extended absences without permission, failure to work on a full time basis, or charging of material improper expenses to the Company;
 - (x) The Executive's failure to cure, within ten (10) days of receiving written notice of same by the Company (to the extent a cure is possible), any gross neglect, gross misconduct or act outside the scope of his authority engaged in by the Executive;
 - (xi) The Executive's willful violation or failure to follow the lawful instructions and directions of the Board, the CEO or the Company's policies; or

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- (xii) The breach or violation of any provision of this Agreement, including, but not limited to, the confidentiality and non-competition provisions set forth in paragraphs 8 and 9 hereof.
- (c) Termination by the Company Without Cause. The Company may terminate the Executive's employment hereunder at any time without Cause and for any reason or for no reason, by giving the Executive written notice of termination, which notice of termination shall be effective immediately, or at such later time as specified in such notice. The Company shall not be required to specify a reason for the termination of the Executive's employment pursuant to this paragraph 4(c), *provided that* termination of the Executive's employment by the Company shall be deemed to have occurred under this paragraph 4(c), only if none of the reasons specified in paragraphs 4(a) or 4(b) shall be applicable.

- (d) Termination Date. "Termination Date" means the last day that the Executive is employed by the Company, *provided that* the Executive's employment is terminated in accordance with the foregoing provisions of this paragraph 4.
- (e) Effect of Termination. If, on the Termination Date, the Executive is a member of the Board of Directors of the Company or any subsidiary or affiliate of the Company, or holds any position with the Company or any subsidiary of the Company other than the position specified in paragraph 2 hereof, the Executive shall resign from all such positions as of the Termination Date.
5. Rights upon Termination. The Executive's right to payment and benefits under this Agreement for periods after the Termination Date shall be determined in accordance with the following provisions of this paragraph 5:
- (a) General. If the Executive's employment hereunder is terminated during the Employment Term for any reason, the Company shall pay to the Executive:
- (i) The Executive's Base Salary for the period ending on the Termination Date.
- (ii) Payment for unused Time Bank days, as determined in accordance with Company Time Bank policy, as in effect from time to time.
- (iii) The Executive and any of his dependents shall be eligible for medical continuation coverage under the provisions of section 4980B of the Internal Revenue Code or section 601 of the Employee Retirement Income Security Act (sometimes called "COBRA coverage") to the extent required by applicable law. All other benefits and perquisites otherwise provided under this Agreement shall be discontinued on the Termination Date.

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- (b) Death, Disability or Cause. If the Executive's employment hereunder is terminated by reason of the Executive's death or Total Disability or under the circumstances described in paragraph 4(b) relating to termination for Cause, then, except as otherwise expressly provided in this Agreement, the Company shall have no obligation to make payments under this Agreement for any period after the Termination Date.
- (c) Termination by the Company Without Cause. If the Executive's employment hereunder is terminated by the Company without Cause, as provided in paragraph 4(c), then, in addition to the amounts payable in accordance with paragraph 5(a), the Company shall continue to pay the Executive his Base Salary, at the rate in effect on the Termination Date, from the Termination Date until the Severance Expiration Date set forth on Schedule 8. In no event, however, shall the Executive be entitled to receive any amounts, rights or benefits under this paragraph 5(c) unless he executes a release of claims against the Company in a form prepared by, and acceptable to, the Company.
- (d) Failure of the Company or the Executive to Renew. If the Company or the Executive gives written notice of its or his decision not to extend the Executive's employment beyond the Initial Term or any Additional Term as provided in paragraph 2(b) then in effect, then in addition to the amounts payable under Section 5(a), the Company shall continue (i) to pay the Executive his Base Salary, at the rate in effect on the Termination Date, from the Termination Date until the Severance Expiration Date set forth on Schedule 8 and (ii) to provide from the Termination Date until the date twelve months following the Termination Date to the Executive and his immediate family (and, if the Executive shall die during such twelve month period, to his immediate family) the medical benefits (or, if such medical benefits may not be available, the substantial equivalent of such medical benefits) to which the Executive and his immediate family were entitled under the plan or plans of the Company under which the Executive and his immediate family were covered on the Termination Date; in no event, however, shall the Executive be entitled to receive any amounts, rights or benefits under this paragraph 5(d) unless he executes a release of claims against the Company in a form prepared by, and acceptable to, the Company.
- (e) Other Benefits. The Executive's rights under this paragraph 5 shall be in lieu of any benefits that may be otherwise payable to or on behalf of the Executive pursuant to the terms of any severance pay arrangement of the Company, or any similar arrangement of the Company providing benefits upon termination of employment.

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- (f) Severance Not Reduced by Other Compensation. Payments by the Company of Base Salary for any period after the Termination Date and through the Severance Expiration Date (the "Severance Period"), if any are required to be made pursuant to the terms of paragraphs 5(c) or 5(d), shall not be reduced nor offset by any compensation Executive receives which is attributable to services performed for other enterprises during such period, whether characterized as salary, bonus, consulting fees, commissions, or otherwise.
6. Duties on Termination. During the period beginning on the date notice is given of (a) the decision not to extend the Executive's employment beyond the expiration of the Initial Term or any Additional Term then in effect or (b) termination of the Executive's employment pursuant to paragraph 4(b) or 4(c), and ending on the Termination Date, the Executive shall continue to perform his duties as set forth in this Agreement, and shall also perform such services for the Company as are necessary and appropriate for a smooth transition to the Executive's successor, if any. Notwithstanding the foregoing, the Company may suspend the Executive from performing his duties under this Agreement following the giving of the notices contemplated by this paragraph 6; *provided, however*, that during the period of suspension (which shall end on the Termination Date), the Executive shall continue to be treated as employed by the Company for other purposes, and his rights to compensation or benefits shall not be reduced by reason of the suspension.
7. Inventions. The Executive shall disclose promptly to the Company any and all inventions, discoveries, improvements and patentable or copyrightable works, relating to the business of the Company, developed, initiated, conceived or made by him, alone or in conjunction with others, during the Employment Term, all of which shall be considered "work for hire", and the Executive shall assign, without additional consideration, all of his right, title and interest therein to the Company or its nominee. Whenever requested to do so by the Company, the

Executive shall execute any and all applications, assignments or other instruments that the Company shall deem necessary to apply for and obtain letters patent, trademarks or copyrights of the United States or any foreign country, or otherwise protect the Company's interest therein. These obligations shall continue beyond the conclusion of the Employment Term with respect to inventions, discoveries, improvements or copyrightable works made by the Executive during the Employment Term and shall be binding upon the Executive's assigns, executors, administrators and other legal representatives.

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8. Confidentiality. The Executive acknowledges and agrees that the Company owns, controls and has exclusive access to a body of existing technical knowledge and technology, and that the Company has expended and is expending substantial resources in a continuing program of research, development and production with respect to its business. The Company possesses and will continue to possess information that has been or will be created, discovered or developed, or has or will otherwise become known to the Company, and/or in which property rights have been or will be assigned or otherwise conveyed to the Company, which information has commercial value in the business in which the Company is engaged. All of the aforementioned information is hereinafter called "Confidential Information". By way of illustration, but not limitation, Confidential Information includes all product designs and development plans, costs, profits, pricing policies, sales records, terms and conditions of license, purchase, distributor or franchise arrangements, data, compilations, blueprints, plans, audio and/or visual recordings and/or devices, information on computer disks, software in various stages of development, source codes, tapes, printouts and other printed, typewritten or handwritten documents, specifications, strategies, systems, schemes, methods (including delivery, storage, receipt, transmission, presentation and manufacture of audio, visual, informational or other data or content), business and marketing development plans and projections, customer lists, prospects lists, vendor lists, employee files and compensation data, research projections, processes, techniques, designs, sequences, components, programs, technology, ideas, know-how, improvements, inventions (whether or not patentable or copyrightable), information about operations and maintenance, trade secrets, formulae, models, patent disclosures and any other information concerning the actual or anticipated business, research or development of the Company or its actual or potential customers or partners on which is or has been generated or received in confidence by the Company by or from any person, and all tangible and intangible embodiments thereof of any kind whatsoever including where appropriate and without limitation all compositions, machinery, apparatus, records, reports, drawings, copyright applications, patent applications, documents and samples, prototypes, models, products and the like. Confidential Information also includes any such information as to which the Company is bound under confidentiality and/or license, distribution, purchase or franchise agreements with third parties, and any information which the Company has obtained or will obtain from its customers, vendors, licensors, licensees or any other party and which the Company treats as confidential, whether or not owned or developed by the Company. The Executive understands that Confidential Information does not include any of the foregoing that has become publicly known and made generally available through no wrongful act by him or others who were under confidentiality obligations as to such information.
- (a) Disclosure of Confidential Information to the Executive. The Executive acknowledges and agrees that his employment hereunder creates a relationship of confidence and trust between the Executive and the Company, and that by reason of such employment the Executive will come into possession of, contribute to, have access to and knowledge of Confidential Information.

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- (b) Obligation to Keep Confidential. The Executive acknowledges and confirms that all Confidential Information that comes into his possession during the Employment Term (including any Confidential Information originated or developed by the Executive) is or will be the exclusive property of the Company. Further, during the period of his employment hereunder and at all times thereafter, the Executive shall use and hold such Confidential Information solely for the benefit of the Company and shall not use Confidential Information for the Executive's own benefit or for the benefit of any third party. The Executive shall not, directly or indirectly, disclose or reveal Confidential Information, in any manner, to any person other than the Company's employees unless required by law and, then, to the extent practicable, only following prior written notice to the Company.
- (c) Return of Company Property. Upon termination of the Executive's employment hereunder for any reason, or at any other time upon the request of the Company, the Executive shall immediately deliver or cause to be delivered to the Company all of the Confidential Information in the Executive's possession or control, including, without limitation: originals and/or copies of books; catalogues; sales brochures; customer lists; vendor lists; price lists; product design and development materials, product data, employee manuals; operation manuals; marketing and sales plans and strategies; files; computer disks; and all other documents and materials, in any form whatsoever, reflecting or referencing Confidential Information as well as all other materials and equipment to or acquired by the Executive as a result of or during the course of the Executive's employment by the Company.
9. Non-Solicitation and Non-Competition. The Executive acknowledges that the Company has expended substantial time, money and effort in developing and solidifying its relationships with customers, vendors, licensors and licensees and developing certain brand name or trademarked products; and that the Executive's compensation hereunder represents consideration, among other things, for the development and preservation of Confidential Information, good will, loyalty and contacts for and on behalf of the Company. Accordingly, the Executive covenants and agrees that he will not under any circumstance, directly or indirectly, for or on behalf of himself or any other person, firm or entity, during the Executive's employment hereunder and for the Restricted Period set forth on Schedule 9, following the termination of such employment for any reason:
- (a) Solicit or accept business, in competition with the Company, from any of the customers, or known customer prospects of the Company, its subsidiaries, parent corporation or affiliates, or otherwise induce or influence any such customer or known customer prospect to reduce its volume of business, or terminate or divert its relationship or otherwise in any way adversely affect its relationship, with the Company, its subsidiaries, parent corporation or affiliates; or

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- (b) Employ, engage or retain, or solicit for employment, engagement or retention, any person who, within the prior twelve (12) months, was

a director, officer, employee, consultant, representative or agent of the Company, or encourage any such person to terminate his or her employment or other relationship with the Company; or

- (c) Engage in, be employed by or participate in any way in the United States in any business that engages in any business that the Company is engaging in, or is actively planning to engage in, on the Termination Date (including, without limitation, the development, design, sourcing, manufacturing, licensing, marketing, distribution and sale of housewares products; including, without limitation, cutlery, kitchen tools and gadgets, kitchenware, pantryware, bakeware, barware, and spices or the licensing of trademarks and brand names therefore). Such prohibited engagement, employment or participation includes, but is not limited to, acting as a director, officer, employee, agent, member, manager, managing member, independent contractor, partner, general partner, limited partner, consultant, representative, salesman, licensor or licensee, franchisor or franchisee, proprietor, syndicate member, shareholder or creditor. Notwithstanding the foregoing, the Executive may own or hold equity securities (or securities convertible into, or exchangeable or exercisable for, equity securities) of companies or entities that engage in a business that is the same or similar to that of the Company or of its parent entities (if any) or any of its subsidiaries or affiliates; *provided, however*, that (i) such equity securities are publicly traded on a securities exchange and (ii) the Executive's aggregate holdings of such securities do not exceed at any time five percent (5%) of the total issued and outstanding equity securities of such company or entity;
- (d) The Company and the Executive expressly acknowledge and agree that the scope of the Executive's promises specified in this paragraph 9 are in each case reasonable and necessary to protect the Confidential Information, trade secrets and good will of the Company. In the event that, for any reason, any aspect of the Executive's obligations specified in this paragraph 9 are determined by a court of competent jurisdiction to be unreasonable or unenforceable against him, such provisions shall, if possible, be modified by such court to the minimum extent required by law to make the provisions enforceable with respect to the Executive.
10. Non-Disparagement. The Executive covenants and agrees that during the Employment Term and following termination of the Employment Term, he will not make any disparaging, false or abusive remarks communications, written or oral, regarding the Company, its products, brands, trademarks, officers, directors, employees, personnel, licensors, licensees, customers, vendors or others with which it has business relationships.

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11. Specific Remedies. The Executive acknowledges that the Company would be irreparably injured, and that it is impossible to measure in money the damages which will accrue to the Company if he shall breach or violate his covenants in paragraphs 7, 8, 9 or 10 hereof. Accordingly, the Executive agrees that if he shall breach or violate any of such covenants or obligations, the Company shall have the full right to seek injunctive relief in addition to any other rights provided in this Agreement or by operation of law, without the requirement of posting bond or proving special damages, and to terminate any payments to the Executive. In any action or proceeding instituted by the Company to enforce the provisions of paragraph 7, 8, 9 or 10 of this Agreement, the Executive waives any claim or defense that the Company has an adequate remedy at law or that the Company has not been, or is not being, irreparably injured by the Executive's breach or violation. The provisions of paragraphs 7, 8, 9, 10 and 11 hereof shall survive any termination of this Agreement or the Employment Term.
12. Acknowledgment by the Executive. The Executive represents and warrants that (i) he is not, and will not become party to any agreement, contract, arrangement or understanding, whether employment or otherwise, that would in any way restrict or prohibit him from undertaking or performing his duties in accordance with this Agreement or that restricts his ability to be employed by the Company in accordance with this Agreement; (ii) his position with the Company, as described in this Agreement, will not require him to improperly use any trade secrets or confidential information of any prior employer, or any other person or entity for whom he has performed services.
13. Arbitration of Disputes. Any controversy or claim arising out of or relating to this (or the breach thereof) shall be settled by final and binding arbitration in New York, New York by three arbitrators. Except as otherwise expressly provided in this paragraph 13, the arbitration shall be conducted in accordance with the commercial rules of the American Arbitration Association (the "Association") then in effect. One of the arbitrators shall be appointed by the Company, one shall be appointed by the Executive, and the third shall be appointed by the first two arbitrators. If the first two arbitrators cannot agree on the third arbitrator within the thirty (30) days of the appointment of the second arbitrator, then the third shall be appointed by the Association. This paragraph 13 shall not be construed to limit the Company's right to obtain equitable relief under this Agreement with respect to any matter or controversy subject to this Agreement, and, pending, a final determination by the arbitrators with respect to any such matter or controversy, the Company shall be entitled to obtain any such relief by direct application to state, federal or other applicable court, without first being required to arbitrate such matter or controversy and without the necessity of posting bond.

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14. Notices. All notices and other communications hereunder shall be deemed given upon (a) the sender's confirmation of receipt of a facsimile transmission to the recipient's facsimile number set forth below, (b) confirmed delivery by a standard overnight carrier to the recipient's address set forth below, (c) delivery by hand to the recipient's address set forth below or (d) the expiration of five (5) business days after the day mailed in the United States by certified or registered mail, postage prepaid, return receipt requested, addressed to the recipient's addresses set forth below (or, in each case, to or at such other facsimile number or address for a party as such party may specify by notice given in accordance with this paragraph 14):

If to the Company, to:

Lifetime Brands, Inc.
1000 Stewart Avenue
Garden City, NY 11530-4814
Attention: Jeffrey Siegel, Chief Executive Officer
Facsimile: (516) 683-6006

If to the Executive, to the address set forth on the signature page hereof.

15. Entire Agreement; Modification. This Agreement constitutes the entire agreement and understanding of the parties with respect to the matters set forth herein and supersedes all prior and contemporaneous agreements and understandings between the parties with respect to those matters. There are no promises, representations, warranties, covenants or undertakings other than those set forth herein. This Agreement may not be amended, modified or changed except by a writing signed by the parties hereto.
16. Waiver of Breach. Waiver by either party of a breach of any provision of this Agreement by the other shall not operate as a waiver of any other or subsequent breach by such other party.
17. Assignment. Neither this Agreement, nor the Executive's rights, powers, duties or obligations hereunder, may be assigned by the Executive. This Agreement may be assigned by the Company to any successor in interest and the obligations hereunder shall be binding on such third party assignee.
18. Severability. If any provision of this Agreement shall be unenforceable under any applicable law, then notwithstanding such unenforceability the remainder of this Agreement shall continue in full force and effect.
19. Survival. Notwithstanding the termination of this Agreement or the Executive's employment hereunder, such provisions of this Agreement as by their terms survive the termination of this Agreement shall continue in full force and effect in accordance with their respective terms.

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20. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to those laws that would require the application of the substantive law of another jurisdiction). The Executive hereby consents to the personal jurisdiction of the federal and state courts located in New York in connection with any matter arising out of this Agreement and confirms and agrees that any claim against the Company, including without limitation, enforcement of any arbitration award under paragraph 13 hereof shall be brought only in the federal and state courts located in New York.
21. Representation by Counsel; No Duress. The Executive acknowledges that this Agreement has been negotiated at arm's length; that he has full opportunity for representation by counsel in connection with the negotiation and review of this Agreement, and has either been adequately represented by counsel or has chosen to forego his opportunity to be so represented; that this Agreement will be deemed to have been drafted by both parties and, as such, ambiguities shall not be construed against any one party; and that he enters this Agreement freely and without duress or compulsion of any kind.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

LIFETIME BRANDS, INC.

By: /s/ Ronald Shiftan

Printed Name: Ronald Shiftan

Title: Chief Operating Officer

Date: June 7, 2007

EXECUTIVE

/s/ Robert McNally

Printed Name: Robert McNally

Title: Chief Financial Officer

Date: June 7, 2007

ADDRESS OF EXECUTIVE:

10 Tree Top Terrace
Smithtown, NY 11787

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EXECUTIVE EMPLOYMENT AGREEMENT

FOR

ROBERT McNALLY

SCHEDULE OF TERMS AND CONDITIONS

Schedule 1:	Date of Agreement: June 7, 2007
Schedule 2:	(a) Title and Management Position; Responsibilities Vice President Finance Treasurer Chief Financial Officer
Schedule 3:	(b) Initial Term Commencement Date: June 7, 2007 (c) Initial Term Expiration Date: August 31, 2007
Schedule 4:	Reporting Authority: Chief Executive Officer
Schedule 5:	Principal Office Location: Garden City, New York
Schedule 6:	Base Salary per annum: \$275,018
Schedule 7:	Automobile: use of 2005 Cadillac.
Schedule 8:	Severance Expiration Date: The Severance Expiration Date shall be six (6) months after the Termination Date.
Schedule 9:	Restricted Period: The Restricted Period shall be the twelve (12) month period immediately following the Termination Date.

LIFETIME BRANDS, INC.

CODE OF CONDUCT

The reputation and integrity of Lifetime Brands, its subsidiaries and its affiliates (the “Company”) are valuable assets that are vital to the Company’s success. Each employee of the Company, including each of the Company’s officers, is responsible for conducting the Company’s business in a way that demonstrates a commitment to the highest standards of integrity. No Code of Conduct can replace the thoughtful behavior of an ethical employee. The purpose of this Code is to focus employees on areas of ethical risk, provide guidance to help employees to recognize and deal with ethical issues, provide mechanisms for employees to report unethical conduct, and foster among employees a culture of honesty and accountability. Dishonest or unethical conduct or conduct that is illegal will constitute a violation of this Code, regardless of whether such conduct is specifically referenced herein.

The Company’s Board of Directors is ultimately responsible for the implementation of the Code of Conduct. The Board has designated Jeffrey Siegel, the Company’s Chief Executive Officer, and Robert McNally, the Company’s Chief Financial Officer, or their respective successors in these capacities, to be the compliance officers (the “Compliance Officers”) for the implementation and administration of the Code.

Questions regarding the application or interpretation of the Code of Conduct are inevitable. Employees should feel free to direct questions to either Compliance Officer. In addition, employees who observe, learn of, or, in good faith, suspect a violation of the Code, must immediately report the violation to one of the Compliance Officers, another member of the Company’s senior management, or to the Audit Committee of the Board of Directors.

Employees who report violations or suspected violations in good faith will not be subject to retaliation of any kind. Reported violations will be investigated and addressed promptly and will be treated confidentially to the extent possible. A violation of the Code of Conduct may result in disciplinary action, up to and including termination of employment.

Requests for a waiver of a provision of the Code of Conduct must be submitted in writing to the Compliance Officer for appropriate review, and an officer, director or appropriate Board committee will decide the outcome. For conduct involving an officer or Board member, only the Board of Directors or the Audit Committee of the Board, have the authority to waive a provision of the Code. The Audit Committee must review and approve any “related party” transaction as defined in Item 404(a) of Regulation S-K before it is consummated. In the event of an approved waiver involving the conduct of an officer or Board member, appropriate disclosure must be made to the Company’s stockholders as and to the extent required by listing standards or any other regulation. Statements in the Code of Conduct to the effect that certain actions may be taken only with “Company approval” will be interpreted to mean that appropriate officers or Board directors must give prior written approval before the proposed action may be undertaken.

This Code of Conduct should be read in conjunction with the Company’s other policy statements.

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Employees will receive periodic training on the contents and importance of the Code of Conduct and related policies and the manner in which violations must be reported and waivers must be requested. Each employee of the Company will be asked to certify on an annual basis that he/she is in full compliance with the Code of Conduct and related policy statements. See Appendix A.

I. Violations of Law

A variety of laws apply to the Company and its operations, and some carry criminal penalties. These laws include banking regulations, securities laws, and state laws relating to duties owed by corporate directors and officers. Examples of criminal violations of the law include: stealing, embezzling, misapplying corporate or bank funds, using threats, physical force or other unauthorized means to collect money; making a payment for an expressed purpose on the Company’s behalf to an individual who intends to use it for a different purpose; or making payments, whether corporate or personal, of cash or other items of value that are intended to influence the judgment or actions of political candidates, government officials or businesses in connection with any of the Company’s activities. The Company must and will report all suspected criminal violations to the appropriate authorities for possible prosecution, and will investigate, address and report, as appropriate, non-criminal violations.

II. Conflicts of Interest

A conflict of interest can occur or appear to occur in a wide variety of situations. Generally speaking a conflict of interest occurs when an employee’s or an employee’s immediate family’s personal interest interferes with, has the potential to interfere with, or appears to interfere with the interests or business of the Company. For example, a conflict of interest could arise that makes it difficult for an employee to perform corporate duties objectively and effectively where he/she is involved in a competing interest. Another such conflict may occur where an employee or a family member receives a gift,⁽¹⁾ a unique advantage or an improper personal benefit as a result of the employee’s position at the Company. Because a conflict of interest can occur in a variety of situations, you must keep the foregoing general principle in mind in evaluating both your conduct and that of others.

Employees are prohibited from trading in securities while in possession of material inside information. Among other things, trading while in possession of material inside information can subject the employee to criminal or civil penalties. The Company’s policy on insider trading is incorporated by reference into this Code.

⁽¹⁾ Acceptance of gifts in the nature of a memento, e.g. a conference gift or other inconsequential gift, valued at less than one hundred dollars (\$100), is permitted.

Outside Activities/Employment

Any outside activity, including employment, should not significantly encroach on the time and attention employees devote to their corporate duties, should not adversely affect the quality or quantity of their work, and should not make use of corporate equipment, facilities, or supplies, or imply (without the Company's approval), the Company's sponsorship or support. In addition, under no circumstances are employees permitted to compete with the Company, or take for themselves or their family members business opportunities that belong to the Company that are discovered or made available by virtue of their positions at the Company. Employees are prohibited from taking part in any outside employment without the Company's prior approval.

Civic/Political Activities

Employees are encouraged to participate in civic, charitable or political activities so long as such participation does not encroach on the time and attention they are expected to devote to their company-related duties. Such activities are to be conducted in a manner that does not involve the Company or its assets or facilities, and does not create an appearance of Company involvement or endorsement.

Loans to Employees

The Company will not make loans or extend credit guarantees to or for the personal benefit of officers, except as permitted by law. Loans or guarantees may be extended to other employees only with Company approval.

III. Fair Dealing

Each employee should deal fairly and in good faith with the Company's customers, suppliers, regulators, business partners, and others. No employee may take unfair advantage of anyone through manipulation, misrepresentation, inappropriate threats, fraud, abuse of confidential information, or other related conduct.

IV. Proper Use of Company Assets

Company assets, such as information, materials, supplies, time, intellectual property, facilities, software, and other assets owned or leased by the Company, or that are otherwise in the Company's possession, may be used only for legitimate business purposes. The personal use of Company assets, without Company approval, is prohibited.

V. Delegation of Authority

Each employee, and particularly each of the Company's officers, must exercise due care to ensure that any delegation of authority is reasonable and appropriate in scope, and includes appropriate and continuous monitoring. No authority may be delegated to employees whom the Company has reason to believe, through the exercise of reasonable due diligence, may have a propensity to engage in illegal activities.

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VI. Handling Confidential Information

Employees should observe the confidentiality of information that they acquire by virtue of their positions at the Company, including information concerning customers, suppliers, competitors, and other employees, except where disclosure is approved by the Company or otherwise legally mandated. Of special sensitivity is financial information, which should under all circumstances be considered confidential except where its disclosure is approved by the Company, or when it has been publicly available in a periodic or special report for at least two business days.

VII. Handling of Financial Information

Federal law requires the Company to set forth guidelines pursuant to which senior financial employees perform their duties. Employees subject to this requirement include the principal financial officer, comptroller or principal accounting officer, and any person who performs a similar function. However, the Company expects that all employees who participate in the preparation of any part of the Company's financial statements follow these guidelines.

- Act with honesty and integrity, avoiding actual or apparent conflicts of interest with the Company in personal and professional relationships.
- Provide the Company's other employees, consultants, and advisors with information that is accurate, complete, objective, relevant, timely and understandable.
- Endeavor to ensure full, fair, timely, and understandable disclosure in the Company's periodic reports.
- Comply with rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies.
- Act in good faith, responsibly, and with due care, competence and diligence, without misrepresenting material facts or allowing your independent judgment to be subordinated.
- Respect the confidentiality of information acquired in the course of your work except where you have Company approval or where disclosure is otherwise legally mandated. Confidential information acquired in the course of your work will not be used for personal advantage.
- Share and maintain skills important and relevant to the Company's needs.
- Proactively promote ethical behavior among peers in your work environment.

- Achieve responsible use of and control over all assets and resources employed or entrusted to you.
- Record or participate in the recording of entries in the Company's books and records that are accurate to the best of your knowledge.

The foregoing are set as guidelines for financial employees, but are, in fact statements of mandatory conduct.

VIII. Implementation and General Issues

It is the responsibility of each Company manager to ensure compliance with the Code.

- A. The Company's outside independent auditors shall call to the attention of the Chief Executive Officer, the Chief Financial Officer and the Audit Committee of the Company any information disclosed as a result of any of their audits that indicates a violation of the Code.
- B. A copy of the Code will be circulated to all employees, and each employee shall annually and, in the case of newly hired employees, upon their hiring or, in the case of employees employed by a company acquired by the Company, upon the acquisition of such company, file a report of compliance with the Chief Executive Officer and the Chief Financial Officer of the Company. Each of the Chief Executive Officer and the Chief Financial Officer of the Company shall file a report of compliance with the Board of Directors of the Company. See Appendix A. The failure to timely complete and file a report of compliance, as well as a falsely completed report of compliance, will be grounds for termination of employment.

Dated: March 25, 2004

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APPENDIX A

REPORT OF COMPLIANCE

Chief Executive Officer and Chief Financial Officer
Lifetime Brands, Inc.
1000 Stewart Avenue
Garden City, NY 11530

Dear Sirs:

I have read the Company's Code of Conduct dated March 25, 2004, have retained a copy for my guidance, and agree to be bound thereby.

I hereby declare that during the past twelve months and at present:

I have been and am in full compliance with the Company's Code of Conduct dated March 25, 2004 (indicate below any exceptions), and

To the best of my knowledge, all members of my family and all employees reporting to me are in full compliance with the same (indicate below any exceptions).

Date _____

Signature

Printed Name

Position

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LIFETIME BRANDS, INC.

INSIDER TRADING COMPLIANCE PROGRAM

In order to take an active role in the prevention of insider trading violations by its officers, directors, employees and other related individuals, the Company has adopted the policies and procedures described in this Memorandum.

I. Adoption of Insider Trading Policy.

The Company has adopted the Insider Trading Policy attached hereto as Attachment 1 (the “Policy”), which prohibits trading based on material, nonpublic information regarding the Company (“Inside Information”). The Policy covers officers, directors and all other employees of, or consultants or contractors to, the Company, as well as family members of such persons, and others, in each case where such persons have or may have access to Inside Information. The Policy (and/or a summary thereof) is to be delivered to all new employees and consultants upon the commencement of their relationships with the Company.

II. Designation of Certain Persons.

A. Section 16 Individuals. The Company has identified certain persons who are the directors and officers who are subject to the reporting and liability provisions of Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the rules and regulations promulgated thereunder (“Section 16 Individuals”). These persons will be notified by the Company as to their obligations under Section 16. These persons will change from time to time as appropriate to reflect the election of new officers or directors, any change in function of current officers and the resignation or departure of current officers or directors.

B. Other Persons. The Company will from time to time identify other persons who, together with the Section 16 Individuals, should be subject to the pre-clearance requirement described in Section V.A., in that the Company believes that, in the normal course of their duties or with respect to a particular matter, such persons have, or are likely to have, regular or special access to Inside Information.

III. Establishment of Trading Windows.

The Company has determined that all directors, executive officers and such other employees of the Company as the Company will from time to time identify shall be prohibited from buying, selling or otherwise effecting transactions in any stock or other securities of the Company or derivative securities thereof except during the following trading windows

- (i) the trading windows beginning at the open of market on the second trading day following the date of public disclosure of the

Company's financial results for the first fiscal quarter and ending at the close of market on the last day immediately preceding the last ten trading days of the second fiscal quarter;

(ii) the trading windows beginning at the open of market on the second trading day following the date of public disclosure of the Company's financial results for the second fiscal quarter and ending at the close of market on the last day immediately preceding the last fifteen trading days of the third fiscal quarter;

(iii) the trading windows beginning at the open of market on the second trading day following the date of public disclosure of the Company's financial results for the third fiscal quarter and ending at the close of market on the day immediately preceding the last fifteen trading days of the fourth fiscal quarter; and

(iv) the trading windows beginning at the open of market on the second trading day following the date of public disclosure of the Company's financial results for its fiscal year and continuing until the close of market on the day immediately preceding the last ten trading days of the first quarter of the next fiscal year.

In addition, the Company shall have the right to impose special black-out periods during which such persons will be prohibited from buying, selling or otherwise effecting transactions in any stock or other securities of the Company or derivative securities thereof, even though the trading window would otherwise be open. These restrictions on trading shall not apply to transactions made under a trading plan adopted pursuant to Securities and Exchange Commission Rule 10b5-1(c) (17 C.F.R. § 240.10b5-1(c)) (a "Rule 10b5-1 Trading Plan") that is approved in writing by the Board of Directors of the Company or a committee thereof, or such proper officer(s) of the Company as may be designated by the Board of Directors (an "Approved Rule 10b5-1 Trading Plan").

A Rule 10b5-1 Trading Plan is a pre-existing binding contract, instruction to another person or written plan entered into in good faith with respect to the sale or purchase of the securities in question that (i) specifies the amount, price and date, (ii) contains a written formula, algorithm, or computer program for determining amounts, prices and dates or (iii) prevents the person from exercising any subsequent influence over how, when or whether to effect sales or purchases; provided, in addition, that any other person who does exercise such influence is not aware of the material, non-public information when doing so. Further, the person entering into the contract, instruction or plan must do so before becoming aware of the material, non-public information.

IV. Appointment of Compliance Officer.

The Company has appointed the Company's Chief Financial Officer as the Company's Insider Trading Compliance Officer.

V. Duties of Compliance Officer.

The duties of the Compliance Officer shall include, but not be limited to, the following:

- A. Other than transactions made pursuant to an Approved Rule 10b5-1 Trading Plan, pre-clearing all transactions involving the Company's securities by those individuals that have been identified and informed by the Company in order to determine compliance with the Policy, insider trading laws, Section 16 of the Exchange Act and Rule 144 promulgated under the Securities Act of 1933, as amended. These persons will change from time to time as appropriate.
- B. Assisting in the preparation and filing of Section 16 reports (Forms 3, 4 and 5) for all Section 16 Individuals.
- C. Serving as the designated recipient at the Company of copies of reports filed with the Securities and Exchange Commission by Section 16 Individuals under Section 16 of the Exchange Act.
- D. Periodically reminding all Section 16 Individuals regarding their obligations to report and quarterly reminders of the dates that the trading window described in Section III above begins and ends.
- E. Performing periodic cross-checks of available materials, which may include Forms 3, 4 and 5, Forms 144, officer's and director's questionnaires, and reports received from the Company's stock administrator and transfer agent, to determine trading activity by officers, directors and others who have, or may have, access to Inside Information.
- F. Circulating the Policy (and/or a summary thereof) to all employees, including Section 16 Individuals, on an annual basis, and providing the Policy and other appropriate materials to new officers, directors and others who have, or may have, access to Inside Information.
- G. Assisting the Company in implementation of the Policy.
- H. Coordinating with Company counsel regarding compliance activities with respect to Rule 144 requirements and regarding changing requirements and recommendations for compliance with Section 16 of the Exchange Act and insider trading laws to ensure that the Policy is amended as necessary to comply with such requirements.

ATTACHMENT 1

LIFETIME BRANDS, INC.

INSIDER TRADING POLICY and Guidelines with Respect to Certain Transactions in Company Securities

This Policy provides guidelines to employees, officers and directors of, and consultants and contractors to, Lifetime Brands, Inc. (the “Corporation”) with respect to transactions in the Company’s securities.

Applicability of Policy

This Policy applies to all transactions in the Company’s securities, including common stock, options for common stock and any other securities the Company may issue from time to time, such as preferred stock, warrants and convertible debentures, as well as to derivative securities relating to the Company’s stock, whether or not issued by the Company, such as exchange-traded options. It applies to all officers of the Company, all members of the Company’s Board of Directors, and all employees of, and consultants and contractors to, the Company and its subsidiaries, who receive or have access to Material Nonpublic Information (as defined below) regarding the Company. This group of people, members of their immediate families, and members of their households are sometimes referred to in this Policy as “Insiders.” This Policy also applies to any person who receives Material Nonpublic Information from any Insider.

Any person who possesses Material Nonpublic Information regarding the Company is an Insider for so long as the information is not publicly known. Any employee can be an Insider from time to time, and would at those times be subject to this Policy.

Statement of Policy

General Policy

It is the policy of the Company to oppose the unauthorized disclosure of any nonpublic information acquired in the work-place and the misuse of Material Nonpublic Information in securities trading.

Specific Policies

1. Trading on Material Nonpublic Information. No director, officer or employee of, or consultant or contractor to, the Company, and no member of the immediate family or household of any such person, shall engage in any transaction involving a purchase or sale of the Company’s securities, including any offer to purchase

or offer to sell, during any period commencing with the date that he or she possesses Material Nonpublic Information concerning the Company, and ending at the beginning of the second Trading Day following the date of public disclosure of that information, or at such time as such nonpublic information is no longer material. As used herein, the term “Trading Day” shall mean a day on which national stock exchanges and the Nasdaq Stock Market (“Nasdaq”) are open for trading. A “Trading Day” begins at the time trading begins on such day. This restriction on trading does not apply to transactions made under a trading plan adopted pursuant to Securities and Exchange Commission Rule 10b5-1(c) (17 C.F.R. § 240.10b5-1(c)) (a “Rule 10b5-1 Trading Plan”) that is approved in writing by the Company (an “Approved Rule 10b5-1 Trading Plan”).

A Rule 10b5-1 Trading Plan is a pre-existing binding contract, instruction to another person or written plan entered into in good faith with respect to the sale or purchase of the securities in question that (i) specifies the amount, price and date, (ii) contains a written formula, algorithm, or computer program for determining amounts, prices and dates or (iii) prevents the person from exercising any subsequent influence over how, when or whether to effect sales or purchases; provided, in addition, that any other person who does exercise such influence is not aware of the material, non-public information when doing so. Further, the person entering into the contract, instruction or plan must do so before becoming aware of the material, non-public information.

2. **Tipping.** No Insider shall disclose (“tip”) Material Nonpublic Information to any other person (including any family member) where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor shall such Insider or related person make recommendations or express opinions on the basis of Material Nonpublic Information as to trading in the Company’s securities.

3. **Confidentiality of Nonpublic Information.** Nonpublic information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden. In the event any officer, director or employee of the Company receives any inquiry from outside the Company, such as from a stock analyst, for information (particularly financial results and/or projections) that may be Material Nonpublic Information, the inquiry should be referred to the Company’s Chief Financial Officer, who is responsible for coordinating and overseeing the release of such information to the investing public, analysts and others in compliance with applicable laws and regulations.

Potential Criminal and Civil Liability and/or Disciplinary Action

1. **Liability for Insider Trading.** Pursuant to federal and state securities laws, insiders may be subject to criminal and civil fines and penalties as well as imprisonment for engaging in transactions in the Company’s securities at a time when they have knowledge of Material Nonpublic Information regarding the Company.

2. **Liability for Tipping.** Insiders may also be liable for improper transactions by any person (commonly referred to as a “tippee”) to whom they have disclosed Material Nonpublic Information regarding the Company or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Company’s securities. The Securities and Exchange Commission (the “SEC”) has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the stock exchanges and the National Association of Securities Dealers, Inc. use sophisticated electronic surveillance techniques to uncover insider trading.

3. **Possible Disciplinary Actions.** Employees of the Company who violate this Policy shall also be subject to disciplinary action by the Company, which may include ineligibility for future participation in the Company’s equity incentive plans or termination of employment.

Trading Guidelines and Requirements

1. Black-Out Periods and Trading Windows.

(a) **Black-Out Periods.** The following periods

(i) the periods beginning at the close of market on the last day immediately preceding the last ten trading days of the first fiscal quarter and ending at the beginning of the second Trading Day following the date of public disclosure of the financial results for that quarter;

(ii) the periods beginning at the close of market on the last day immediately preceding the last ten trading days of the second fiscal quarter and ending at the beginning of the second Trading Day following the date of public disclosure of the financial results for that quarter;

(iii) the periods beginning at the close of market on the last day immediately preceding the last fifteen trading days of the third fiscal quarter and ending at the beginning of the second Trading Day following the date of public disclosure of the financial results for that quarter; and

(iv) the periods beginning at the close of market on the last day immediately preceding the last fifteen trading days of the fourth fiscal quarter and ending at the beginning of the second Trading Day following the date of public disclosure of the financial results for the fiscal year

are particularly sensitive periods of time for transactions in the Company’s stock from the perspective of compliance with applicable securities laws. This sensitivity is due to the fact that directors, executive officers and certain employees will, during these periods,

often possess Material Nonpublic Information about the expected financial results for the quarter during these periods. Accordingly, these periods of time are referred to as “black-out” periods. All directors, executive officers and those other employees identified by the Company from time to time and who have been notified that they have been so identified are prohibited from trading during such periods. The Company’s Insider Trading Compliance Officer, following consultation with the CEO and Counsel, is authorized to waive the Blackout Period restrictions in instances in which the Company, during the Blackout Period, had publicly disseminated an updated forecast for the quarter and/or the year. In addition, from time to time Material Nonpublic Information regarding the Company may be pending. While such information is pending, the Company may impose a special “black-out” period during which the same prohibitions and recommendations shall apply. These restrictions on trading do not apply to transactions made under an Approved Rule 10b5-1 Trading Plan.

(b) Mandatory Trading Windows. To ensure compliance with this Policy and applicable federal and state securities laws, the Company requires that all directors, executive officers and those certain identified employees of the Company refrain from conducting transactions involving the purchase or sale of the Company’s securities other than during the following periods (the “trading windows”)

(i) the trading windows beginning at the open of market on the second trading day following the date of public disclosure of the Company’s financial results for the first fiscal quarter and ending at the close of market on the last day immediately preceding the last ten trading days of the second fiscal quarter;

(ii) the trading windows beginning at the open of market on the second trading day following the date of public disclosure of the Company’s financial results for the second fiscal quarter and ending at the close of market on the last day immediately preceding the last fifteen trading days of the third fiscal quarter;

(iii) the trading windows beginning at the open of market on the second trading day following the date of public disclosure of the Company’s financial results for the third fiscal quarter and ending at the close of market on the day immediately preceding the last fifteen trading days of the fourth fiscal quarter; and

(iv) the trading windows beginning at the open of market on the second trading day following the date of public disclosure of the Company’s financial results for its fiscal year and continuing until the close of market on the day immediately preceding the last ten trading days of the first quarter of the next fiscal year.

This restriction on trading does not apply to transactions made under an Approved Rule 10b5-1 Trading Plan. The prohibition against trading during the black-out periods

encompasses the fulfillment of “limit orders” by any broker for a director, officer or employee, as applicable, and the brokers with whom any such limit order is placed must be so instructed at the time it is placed.

From time to time, the Company may also prohibit directors, officers and potentially a larger group of employees, consultants and contractors from trading securities of the Company because of material developments known to the Company and not yet disclosed to the public. In such event, directors, officers and such employees, consultants and contractors may not engage in any transaction involving the purchase or sale of the Company’s securities and should not disclose to others the fact of such suspension of trading. This restriction on trading does not apply to transactions made under an Approved Rule 10b5-1 Trading Plan. The Company would re-open the trading window at the beginning of the second Trading Day following the date of public disclosure of the information, or at such time as the information is no longer material.

It should be noted that even during the trading window, any person possessing Material Nonpublic Information concerning the Company, whether or not subject to the black-out period and trading window, should not engage in any transaction in the Company’s securities until such information has been known publicly for at least one Trading Day, whether or not the Company has recommended a suspension of trading to that person. This restriction on trading does not apply to transactions made under an Approved Rule 10b5-1 Trading Plan. **Trading in the Company’s securities during the trading window should not be considered a “safe harbor,” and all directors, officers and other persons should use good judgment at all times.**

2. **Pre-Clearance of Trades.** The Company has determined that all directors, executive officers and certain other persons identified by the Company from time to time and who have been notified that they have been so identified must refrain from trading in the Company’s securities, even during the trading window, without first complying with the Company’s “pre-clearance” process. Each such person should contact the Company’s Insider Trading Compliance Officer prior to commencing any trade in the Company’s securities. The Insider Trading Compliance Officer will consult as necessary with senior management of and/or counsel to the Company before clearing any proposed trade. Although an Insider wishing to trade pursuant to an Approved Rule 10b5-1 Trading Plan need not seek pre-clearance from the Company’s Insider Trading Compliance Officer before each trade takes place, such an Insider must obtain Company approval of the proposed Rule 10b5-1 trading plan before it is adopted.

3. **Individual Responsibility.** Every officer, director and other employee, consultant and contractor has the individual responsibility to comply with this Policy against insider trading. An Insider may, from time to time, have to forego a proposed transaction in the Company’s securities even if he or she planned to make the transaction before learning of the Material Nonpublic Information and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

Applicability of Policy to Inside Information Regarding Other Companies

This Policy and the guidelines described herein also apply to Material Nonpublic Information relating to other companies, including the Company's vendors and suppliers ("business partners"), when that information is obtained in the course of employment with, or the performance of services on behalf of, the Company. Civil and criminal penalties, and termination of employment, may result from trading on inside information regarding the Company's business partners. All officers, directors, employees, consultants and contractors should treat Material Nonpublic Information about the Company's business partners with the same care required with respect to information related directly to the Company.

Definition of Material Nonpublic Information

It is not possible to define all categories of material information. However, information should be regarded as material if there is a reasonable likelihood that it would be considered important to an investor in making an investment decision regarding the purchase or sale of the Company's securities.

While it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information include:

- Financial results
- Known but unannounced future earnings or losses
- Changes in order rates
- Execution or termination of significant contracts with suppliers and customers and other business partners
- News of a pending or proposed merger
- News of the disposition or acquisition of significant assets
- Significant developments related to intellectual property
- Significant developments involving corporate relationships
- Changes in dividend policy
- Stock splits
- New equity or debt offerings
- Significant litigation exposure due to actual or threatened litigation

Either positive or negative information may be material.

Nonpublic information is information that has not been previously disclosed to the general public and is otherwise not available to the general public.

Certain Exceptions

For purposes of this Policy, the Company considers that the exercise of stock options for cash under the Company's 1991 Stock Option Plan, 1996 Incentive Stock

Option Plan and the Company's 2000 Long-Term Incentive Plan and the grant of shares pursuant to the Company's 2000 Long-Term Incentive Plan (but not the sale of any shares issued upon such exercise or purchase and not a cashless exercise (accomplished by a sale of a portion of the shares issued upon exercise of an option)) are exempt from this Policy, since the other party to these transactions is the Company itself and the price does not vary with the market, but is fixed by the terms of the option agreement or plan, as applicable. In addition, for purposes of this Policy, the Company considers that bona fide gifts of securities of the Company are exempt from this Policy.

Additional Information — Directors and Officers

Directors and officers of the Company and certain other persons identified by the Company from time to time must also comply with the reporting obligations and limitations on short-swing transactions set forth in Section 16 of the Securities Exchange Act of 1934, as amended. The practical effect of these provisions is that officers, directors and such other persons who purchase and sell the Company's securities within a six-month period must disgorge all profits to the Company whether or not they had knowledge of any Material Nonpublic Information. Under these provisions, and so long as certain other criteria are met, neither the receipt of an option under the Company's option plans, nor the exercise of that option is deemed a purchase under Section 16; however, the sale of any such shares is a sale under Section 16. In addition, the receipt of stock under the Company's 2000 Long-Term Incentive Plan is not deemed a purchase under Section 16, but the subsequent sale of such stock is not exempt from Section 16. Section 16 prohibits executive officers and directors from ever making a short sale of the Company's stock. A short sale is a sale of securities not owned by the seller or, if owned, not delivered. Transactions in put and call options for the Company's securities may in some instances constitute a short sale or may otherwise result in liability for short swing profits. All executive officers and directors of the Company and such other identified persons must confer with the Insider Trading Compliance Officer before effecting any such transaction. The Company strongly discourages all such short-swing and short sale transactions by executive officers, directors and all employees.

While employees who are not executive officers and directors are not prohibited by law from engaging in short sales of the Company's securities, the Company believes it is inappropriate for employees to engage in such transactions and therefore strongly discourages all employees from such activity. The Company has provided, or will provide, separate memoranda and other appropriate materials to its executive officers and directors and those identified employees regarding compliance with Section 16 and its related rules.

Inquiries

Please direct your questions as to any of the matters discussed in this Policy to the Company's Insider Trading Compliance Officer, Robert McNally, the Company's Chief Financial Officer, or his successor.