UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

[X] Annual Report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
[No Fee Required]
For the fiscal year ended December 31, 2004
or
[ ] Transition Report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
[No Fee Required]

For the transition period from to

Commission file number 1-19254
Lifetime Hoan Corporation
(Exact name of registrant as specified in its charter)

Delaware	11-2682486
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Merrick Avenue, Westbury, New York	11590
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (516) 683-6000

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value $.01 per share
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [ ].

Indicate by check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Act).
Yes X No

The aggregate market value of 7,339,128 shares of the voting stock held by non-affiliates of the registrant as of June 30, 2004 was approximately $167,258,727. Directors, executive officers, and trusts controlled by said individuals are considered affiliates for the purpose of this calculation, and should not necessarily be considered affiliates for any other purpose.

The number of shares of Common Stock, par value $.01 per share, outstanding as of February 28, 2005 was 11,051,349.

DOCUMENTS INCORPORATED BY REFERENCE
Parts of the registrant's definitive proxy statement for the 2005 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 are incorporated by reference into Items 10,11,12,13 and 14 hereof.

LIFETIME HOAN CORPORATION

FORM 10-K

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Forward Looking Statements: This Annual Report on Form 10-K contains certain forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including statements concerning the products, results of operations and prospects of Lifetime Hoan Corporation and its wholly-owned subsidiaries (collectively the "Company"). These forward-looking statements involve risks and uncertainties, including but not limited to the following:

- our relationships with key customers;
- our relationships with key licensors;
- our dependence on foreign sources of supply and foreign manufacturing;
- the level of competition in the industry;
- changes in demand for the Company's products and the success of new products;
- changes in general economic and business condition which could affect customer payment practices or consumer spending;
- industry trends;
- increases in costs relating to manufacturing and transportation of products;
- the seasonal nature of our business;

the departure of key personnel;
the timing of orders received from customers

Such statements are based on management's current expectations and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. Except as required by law, we undertake no obligation to publicly update or revise forward-looking statements which may be made to reflect events or circumstances after the date of this filing or to reflect the occurrence of unanticipated events.

Other Information:The Company is required to file its annual reports on Forms 10-K and quarterly reports on Forms 10-Q, and other reports and documents as required from time to time with the United States Securities and Exchange Commission (the "SEC"). The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. Information may be obtained with respect to the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding the Company's electronic filings with the SEC at http://www.sec.gov. The Company also maintains a website at http://www.lifetime.hoan.com where users can access the Company's electronic filings free of charge.

PART I

ITEM 1. BUSINESS

The Company is a leading designer, developer and marketer of a broad range of branded consumer products used in the home, including Kitchenware, Cutlery and Cutting Boards, Bakeware and Cookware, Pantryware and Spices, Tabletop and Bath Accessories. Products are marketed under brand names including Farberware(R), KitchenAid(R), Cuisinart(R), Hoffritz(R), Sabatier(R), DBK-Daniel Boulud Kitchen(TM), Joseph Abboud Environments(R), Roshco(R), Baker's Advantage(R), Kamenstein(R), Casa-Moda(R), Hoan(R), Gemco(R) and :USE(R). The Company uses the Farberware(R) brand name for kitchenware, cutlery and cutting boards and bakeware pursuant to a 200-year royalty-free license. The Company licenses the KitchenAid(R), Cuisinart(R), Farberware(R) (for flatware and dinnerware), Sabatier(R), DBK-Daniel Boulud Kitchen(TM) and Joseph Abboud Environments(R) trade names pursuant to licenses granted by the owners of those brands. All other brand names listed above are owned. Several product lines are marketed within each of the Company's product categories and under brands primarily targeting moderate to medium price points, through every major level of trade.

Over the last several years, sales growth has come from: (i) expanding product offerings within current categories, (ii) developing and acquiring product categories and (iii) entering new channels of distribution, primarily in the United States. Key factors in the Company's growth strategy have been, and will continue to be, the selective use and management of strong brands and the ability to bring to market a steady stream of innovative products and designs.

Acquisitions and Dispositions

Since 1995 the Company has made several acquisitions that expanded our product offerings, allowed us to enter new product categories or added another strong brand. In 1995, the Company acquired the Hoffritz trademarks and brand name, which we use on various cutlery, kitchenware, bakeware and barware products. In 1998, the Company acquired the stock of Roshco, Inc., a Chicago-based bakeware and baking-related products company, which introduced us to the Bakeware category. In September 2000, the Company acquired substantially all of the assets of M. Kamenstein, Inc., a 107-year old housewares company, whose products included pantryware, tea kettles, spices and spice racks, and home organization accessories. As noted below, in late 2003, the Company made two additional acquisitions that introduced us to two new product categories: bath accessories and functional glassware products. Further, in July 2004 the Company made an additional acquisition that provided us two new product categories: tabletop and cookware.

:USE Acquisition

In October 2003, the Company acquired the business and certain assets of the :USE - Tools for Civilization Division of DX Design Express, Inc. (":USE"), which focused on creating high-end contemporary lifestyle products for the home, including decorative hardware, mirrors and lighting for the bath, as well as decorative window accessories. The :USE acquisition gives us a presence in another room in the house - the bathroom.

Gemco Acquisition

In November 2003, the Company acquired certain assets of Gemco Ware, Inc. ("Gemco"), a distributor of functional glassware products for storing and dispensing food and condiments, a new product category for us.

Excel Acquisition

On July 23, 2004, the Company completed the acquisition of the business and certain assets of Excel Importing, Inc. ("Excel"), which designed, marketed and distributed a diversified line of high quality cutlery, tabletop, cookware and barware products under well-recognized premium brand names, including Sabatier, Farberware, Joseph Abboud Environments, DBK-Daniel Boulud Kitchen and Legnoart, all of which are licensed, and Retroneu Design Studio, which is owned. The Excel acquisition broadened the Company's portfolio of brands, expanded our customer base to include additional higher-end retailers and specialty stores and made us a more complete resource for our retail customers by adding flatware, dinnerware, glassware and cookware to the product categories we offer.

Prestige Companies Disposition

In September 1999, the Company acquired 51% of the capital stock of Prestige Italiana, Spa ("Prestige Italy"), and Prestige Haushaltswaren GmbH ("Prestige Germany, and together with Prestige Italy, the "Prestige Companies") for approximately $1.3 million in cash. Effective September 27, 2002, the Company sold its interest in Prestige Italy, and, together with its minority interest shareholder, caused Prestige Germany to sell all of its receivables and inventory to a European housewares distributor. The Prestige Companies marketed and distributed kitchen tools, gadgets, cutlery and bakeware under the Prestige(R) trade name primarily in Italy and Germany.

Licenses

The Company uses the Farberware brand name pursuant to a 200-year royalty-free license and licenses the KitchenAid and Cuisinart brand names from Whirlpool Corporation and Conair Corporation, respectively. We have also recently entered into a license agreement with Hershey Foods Corporation, and with the Excel acquisition in July, 2004 we acquired license agreements for the Sabatier, Joseph Abboud Environments, DBK-Daniel Boulud Kitchen and Legnoart brand names and an additional license for

Farberware dinnerware and flatware not covered by our existing Farberware license.

Farberware Agreement

In 1996, the Company entered into an agreement to acquire certain assets of Farberware, Inc. Under the terms of the acquisition agreement we acquired a 200-year, royalty-free, exclusive right to use the Farberware name in connection with product lines covered by then existing license agreements between the Company and Farberware, which included kitchen cutlery products (excluding flatware), kitchen tools such as spatulas, barbecue forks and kitchen "gadgets" (but excluding appliances), plus a limited number of certain additional products. The Company also acquired 50 Farberware retail outlet stores pursuant to the acquisition agreement. With the July 2004 acquisition of Excel, the Company obtained an additional Farberware license for dinnerware and flatware, which extends until June 30, 2005.

KitchenAid Agreement

On September 24, 2000, the Company entered into a licensing agreement with Whirlpool Corporation. This agreement allows us to design, manufacture and market an extensive range of kitchen utensils, barbecue items and pantryware products under the KitchenAid brand name. On January 1, 2002, our licensing agreement with Whirlpool Corporation was amended, to include bakeware and baking related products as covered products. A second amendment to the license agreement was entered into effective August 1, 2003, which extended the term of the license through December 31, 2007 and further expanded the covered products to include kitchen cutlery. Shipments of products by us under the KitchenAid name began in the second quarter of 2001.

Cuisinart Agreement

On March 19, 2002, the Company entered into a licensing agreement with Conair Corporation. This agreement allows us to design, manufacture and market a wide variety of kitchen cutlery products under the Cuisinart brand name. On April 8, 2004, the licensing agreement with Conair Corporation was amended, expanding the covered products to include cutting boards. The license for kitchen cutlery products expires on June 30, 2005 and the license for cutting board products expires on June 30, 2007. Each license renews automatically for successive one year terms provided the agreement is not earlier terminated by either party and certain minimum royalty requirements are met. Shipments of products by us under the Cuisinart name began in the fourth quarter of 2002.

Hershey's Agreement

On February 20, 2004, the Company entered into a licensing agreement with Hershey Foods Corporation. This agreement allows us to design, manufacture and market S'mores Makers and Fondues under the Hershey brand name. The licensing agreement expires February 28, 2006 and may be renewed for one year at our option provided certain minimum royalty requirements are met. Shipment of products by us under the Hershey name began in the third quarter of 2004.

Sabatier Agreement

On July 23 2004, the Company acquired from Excel a licensing agreement with Rousellon Freres to utilize the Sabatier brand name for cutlery as well as flatware, serveware, bakeware and dinnerware line extensions. The licensing agreement extends for twenty years until December 31, 2023 and may be automatically renewed for two additional ten-year terms at our option.

DBK - Daniel Boulud Kitchen Agreements

The Company also acquired from Excel on July 23, 2004, three licensing and endorsement agreements with Dinex Licensing to utilize the DBK Daniel Boulud Kitchen brands for cutlery (expires June 30, 2006), cookware, kitchen gadgets, dinnerware and bakeware (expires September 30, 2006), and flatware, glassware, barware and vases (expires December 31, 2008). DBK cutlery, cookware and utensils are the inspiration of 4-star chef Daniel Boulud. The licenses renew automatically for successive one year terms provided the agreements are not earlier terminated by either party and certain minimum royalty requirements are met.

Joseph Abboud Agreement

Another license agreement acquired from Excel on July 23,2004 is with JA Apparel Corp. for the Joseph Abboud Environments brand for use on flatware, dinnerware, glassware, textile, tableware and giftware products. The license extends to December 31, 2007, and may be renewed with the consent of the licensor.

Products

The Company designs, develops and markets a broad range of branded consumer products used in the home, including Kitchenware, Cutlery and Cutting Boards, Bakeware and Cookware, Pantryware and Spices, Tabletop and Bath Accessories. We have a design and development team consisting of 33 professional designers and engineers who create new products, packaging, and merchandising concepts. In 2004, we developed or redesigned approximately 600 individual products. Our products are marketed under various trade names including Farberware, KitchenAid, Cuisinart, Hoffritz, Sabatier(R), DBK-Daniel Boulud Kitchen(TM), Joseph Abboud Environments(R), Roshco(R), Baker's Advantage(R), Kamenstein(R), Casa-Moda(R), Hoan(R), Gemco(R) and :USE(R). Our products are manufactured to our specifications, primarily in the People's Republic of China, and are generally shipped fully assembled.

Kitchenware

The Company sells over 4,000 kitchenware items under various trade names including Farberware, KitchenAid, Hoffritz, Gemco and Hoan. Our kitchenware products include tools and gadgets used in the preparation and serving of meals, functional glassware products for storing and dispensing food and condiments and barbeque tools and accessories. These items are typically packaged cards, which generally are hung on racks for maximum point of sale display visibility. We also provide J-Hook and Clip Strip merchandising systems to retail customers, especially supermarkets and mass merchants, to create additional selling space and to trigger impulse buying.

Some of the key items developed during 2004 under the KitchenAid brand include a salad spinner, mandoline slicer, silicone brushes and a variety of innovative specialty peelers and fruit slicers. In 2004, we introduced a high-end line of Farberware Industrial tools and gadgets, featuring a completely new look for the brand, a new line of silicone-over-steel kitchen tools with chrome-plated zinc alloy castings, 20 new items of barbecue tools, as well as a line of over 50 new Farberware Innovations items that include a number of potentially patentable inventions, which can be incorporated into all of the Farberware kitchenware lines. Over 50 new functional glassware items were added, including the new Swirl Glass collection, offered in both open stock and sets, plus new oil and vinegar sets, oil bottles, and glass pitchers, all with colored tops. The

Company has also developed a new Facet Glass collection, bringing an elegant, upscale look to affordable, functional glassware.

New kitchenware items planned for 2005 include further expansion of KitchenAid branded products and new lines of innovative Farberware and Hoffritz utensils. With the acquisition of Excel the Company will also be marketing kitchenware under the Sabatier brand name.

Cutlery and Cutting Boards

The Company sells kitchen cutlery under a variety of trade names including Farberware, Cuisinart, KitchenAid, Sabatier, DBK Daniel Bouloud and Hoffritz. Cutlery is sold individually, in blister packages, in boxed sets and in sets fitted into wooden counter blocks, resin carousels and stainless carousels. Some Cuisinart open stock cutlery is sold in reusable hard plastic locking cases. We also sell a full range of cutting boards made of polyethylene, wood, glass and acrylic. These products are distributed under several trade names including Farberware, KitchenAid, Cuisinart and Hoffritz. We also package cutting boards with cutlery items and/or kitchenware.

A major development in 2004 was the introduction of three full lines of KitchenAid cutlery, pursuant to an expansion of our license from the Whirlpool Corporation. We have designed and developed 45 cutlery SKUs, all using a similar design concept; however each line incorporates different materials. One line has handles made out of all stainless steel; one utilizes heavy-duty poly-resin; and one features the world's first series of silicone handles, combining the benefits of comfort and slip-resistance. The knives are offered in open stock as well as countertop wood block sets, a molded block, and a revolving carousel block. Each line is moderately priced for distribution at all levels of retail trade. Shipments of KitchenAid cutlery began in the fourth quarter of 2004.

In addition, the Company introduced a fourth line of Cuisinart cutlery in 2004, utilizing the same high quality standards, but with a distinctly different handle design and incorporating a cast metal cap on the back of the handle. Also introduced in 2004 was the patented Cuisinart Knife Vault, a knife block designed to match today's professional-looking kitchens with built-in mechanisms making it virtually childproof.

In Cuisinart cutting boards, the Company debuted a line of heavy-duty polypropylene boards, a series of polypropylene with non-slip Santoprene-corner boards, curved wood paddle boards, and the patented Chop 'N Slide board in both wood and polypropylene.

Farberware Classic forged cutlery, in both a 14-Piece and 23-Piece gift block set were major additions, as were the Farberware Bamboo cutting board collection and wood cutting boards. In all lines of cutlery, the traditional Japanese "Santoku" knife was the signature piece, combining ancient technique with modern technology and design.

New cutlery items planned for 2005 include further expansion of KitchenAid branded cutlery sets and open stock items and with the acquisition of Excel, the Company will also be marketing cutlery under the prestigious Sabatier and DBK Daniel Bouloud brands.

Bakeware and Cookware

The Company sells a variety of bakeware and baking related products under the Roshco, KitchenAid, Baker's Advantage and Hoffritz trade names. This product line includes baking, measuring, and rangetop products such as metal and silicone cake and pie pans, cookie sheets, muffin pans, drip pans, bake, roast and loaf pans, scraper sets, whisks, cutters, rolling pins, baking shells, baking cups, measuring devices, thermometers, timers, pizza stones, fondues, woks, ceramics and coasters.

In 2004, the KitchenAid brand lines of premium bakeware were expanded to include aluminum versions of the patented "Slider" cookie sheets, silicone specialty baking pans, silicone baking mats, gift sets in silicone bakeware, and combinations of metal pans with silicone liners. The Company also introduced 14 items in Roshco branded silicone bakeware, many of which feature a wire-frame carrying "sled".

The Company also markets a diverse line of products catering to the growing trend of casual home entertaining, encompassing items such as barware, buffet servers and warmers, and innovative devices for tabletop cooking. These products are marketed under the Hoffritz, Farberware and Casa-Moda brands.

The home entertaining trend continued to be strong in 2004. We introduced the new "Tabletop Grill", which allows for smokeless cooking right at the dining table in 2004 and expanded our line of patented S'mores makers with the Hershey's brand ceramic S'mores maker. The Hershey's brand ceramic "Kiss" fondue was also added, as were the ceramic inserts that convert all of the Company's S'mores makers into dessert fondues.

In 2004, Splash, an assortment of barware items utilizing a combination of colored plastic and steel with non-skid bases, was expanded to include a pitcher, chip and dip, and coasters, in new opaque colors. A series of ceramic buffetware was introduced, including a party laptray, 3-section sauce dish, flatware caddy, chip and dip, 2-tier dessert server, 4-section serving dish, gravy boat with built-in candle warmer, and a double-decker buffet stand with candle warmers.

New bakeware and cookware items planned for 2005 include expansion of KitchenAid silicone bakeware products, the introduction of KitchenAid ceramic bakeware and with the acquisition of Excel, the Company will also be marketing bakeware and cookware under the Sabatier brand name.

Pantryware and Spices

In September 2000, with the acquisition of Kamenstein, the Company began marketing pantryware, teakettles, spice racks and home organization accessories. These products are distributed under the trade names Kamenstein, Farberware, Hoffritz, Mrs. K's Organics, and PerfectTear. Our pantryware lines are manufactured in wood, wire, stainless steel and mixed media and include bread boxes, mug holders, paper towel dispensers, spice carousels, mail caddies, enamel teakettles, stainless steel teakettles, storage and organization products and hardwood message centers. Organic and non-organic spices are sold separately in gift packs. These items are manufactured to our specifications outside the United States; however, spice containers are filled domestically in our Winchendon, Massachusetts facility.

The patented PerfectTear Paper Towel Holder was introduced in 2003, in five designs and in four materials and finishes (stainless steel, wood, chrome, and satin nickel). In 2004, 36 new PerfectTear designs were added, while also broadening the material choices to include antiqued bronze, polycarbonate, ceramic and wire. Two of the 30 newly developed spice racks were significant, the Commercial Stainless Steel spice racks in three sizes and the stainless steel "Jar Tower" spice racks. We also developed and introduced a full line of Bamboo pantryware and a new and patented line of magnetic storage and organization canisters for the kitchen and home office, along with a new sift and pour dispenser cap for spice bottles.

Bath Accessories

With the acquisition of :USE in October 2003, we now market upscale contemporary decorative hardware, mirrors and lighting for the bath and decorative window accessories under the :USE trade name. Since the purchase, three new lines of product have been developed for introduction in 2005, totaling over 70 items, all targeted for the more moderately priced retail segment with many featuring innovative and potentially patentable items. One of these lines is specifically targeted towards the back to school market and will make it simple and inexpensive for students to accessorize their bath. The other two new lines showcase new designs and concepts like an expanding towel bar, as well as a toilet tissue holder that utilizes the patented technology of the PerfectTear Paper Towel holders.

Tabletop

In July 2004, with the acquisition Excel, the Company began to market tabletop products under well-recognized brand names, including Sabatier, Farberware, Joseph Abboud Environments, DBK-Daniel Boulud Kitchen and Legnoart, all of which are licensed, and Retroneu Design Studio, which is owned. The Excel acquisition broadened our product categories adding flatware, dinnerware and drinkware to the product categories we offer. Flatware includes knives, forks and spoons; dinnerware includes plates, bowls, cups, and accessories and drinkware products include beverage glasses as well as pitchers, vases and related accessories.

For 2005, the Company is planning on introducing over 50 new patterns of flatware, dinnerware and drinkware with increased placement in the Company's existing customer base.

Sources of Supply

The Company sources its products from approximately 98 suppliers located primarily in the People's Republic of China, and to a lesser extent in the United States, Taiwan, Thailand, Malaysia, Indonesia, Germany, France, Korea, Czechoslovakia, Italy, India and Hong Kong. For the fiscal year ended December 31, 2004 our three largest suppliers provided us with approximately 54% of the products we distributed, as compared to 62% for the fiscal year ended December 31, 2003. This concentration of sourcing in certain key vendors is a risk to our business. Furthermore, because our product lines cover thousands of products, many products are produced for us by only one or two manufacturers. An interruption of supply from any of these manufacturers could have an adverse impact on our ability to fill orders on a timely basis. However, we believe other manufacturers with whom we do business would be able to increase production to fulfill our requirements.

The Company's policy is to maintain several months of supply of inventory and, accordingly, we order products substantially in advance of the anticipated time of its sale to our customers. While we do not have any long-term formal arrangements with any of our suppliers, in certain instances, particularly with respect to the manufacture of cutlery, we place firm commitments for products several months in advance of receipt of firm orders from our customers. Our arrangements with most manufacturers allow for flexibility in modifying the quantity, composition and delivery dates of each order. All purchase orders are in United States dollars.

Customers

The Company's products are sold primarily in the United States to approximately 900 customers including mass merchants, specialty stores, national chains, department stores, warehouse clubs, supermarkets, off-price retailers and home centers, as well as through other channels of distribution. During the years ended December 31, 2004, 2003 and 2002, Wal-Mart Stores, Inc. (including Sam's Clubs) accounted for approximately 24%, 29% and 20% of net sales, respectively. No other customer accounted for 10% or more of the Company's net sales during 2004, 2003 or 2002. For the years ended December 31, 2004, 2003 and 2002, our ten largest customers accounted for approximately 59%, 62% and 56% of net sales, respectively.

Marketing and Distribution

The Company distributes its products through a diverse nationwide retail customer base of approximately 900 customers including mass merchants, specialty stores, national chains, department stores, warehouse clubs, supermarkets, off-price retailers and home centers, as well as through other channels of distribution, and through its Farberware outlet stores. The 20 largest customers are each serviced by an in-house team that includes representatives from our sales, marketing, merchandising and product development departments. This team effort enables us to maximize the sales of our products to each of these customers. We believe we have developed close and collaborative relationships with our major customers, for whom we often develop specific versions and packaging of our product lines to be sold in their stores.

The Company operates approximately 60 retail outlet stores in 31 states under the Farberware name. In 2004 under an agreement with the Meyer Corporation, Meyer Corporation assumed responsibiity for merchandising and for stocking Farberware cookware products in the stores, received all revenue from store sales of Farberware cookware, occupied 30% of the space in each store and reimbursed us for 30% of the operating expenses of the stores. We utilize the outlet stores to sell excess inventory, overstock and discontinued items. The Company also uses the outlet stores to test certain marketing techniques we develop prior to using such techniques with our customers. In 2003 Meyer Corporation occupied 50% of each stores space during the first nine months of the year and 30% of each stores space in the final three months of the year. The outlet stores represented 8.4%, 6.9% and 7.8% of the Company's net sales in 2004, 2003 and 2002, respectively.

The Company's 550,000 square foot distribution facility in Robbinsville, New Jersey is our largest distribution facility and most of our products are shipped to our customers from that facility. This advanced distribution facility was designed to enable us to comply with the current "just-in-time" delivery requirements of our major customers, as well as to enable us to meet the increasingly more stringent requirements that we anticipate will be imposed upon us by our retail customers in the foreseeable future.

Competition

The markets for Kitchenware, Cutlery and Cutting Boards, Bakeware and Cookware, Pantryware and Spices, Tabletop and Bath Accessories are highly competitive and include numerous domestic and foreign competitors, some of which are larger than we are. The primary competitive factors in selling such products to retailers are consumer brand name recognition, quality, packaging, breadth of product line, distribution capability, prompt delivery and price to the consumer.

Patents and Trademarks

The Company has licenses for the following trademarks: KitchenAid under a license from Whirlpool Corporation, Cuisinart under a license from Conair Corporation, Farberware, Sabatier, Joseph Abboud Environments, DBK-Daniel Boulud Kitchen, Legnoart and Hershey's. We also use a number of owned trademarks, primarily Hoffritz, Baker's Advantage, Roshco, Kamenstein, Tristar, Gemco, :USE, Hoan and Retroneu Design Studio. The Farberware trademark is licensed under a 200-year royalty-free agreement. We consider these trademarks significant to our competitive position. Some of these trademarks are registered in the United States and others have become distinctive marks as to which we have acquired common law rights.

The Company also owns several design and utility patents expiring from 2004 to 2023 on the overall design of some of our products. We acquired patents, trademarks and copyrights as part of the Hoffritz, Roshco, Kamenstein, :USE and Excel acquisitions that expire from 2004 to 2022. We believe that the expiration of any of our patents would not have a material adverse effect on our business.

Seasonality

The Company's business and working capital needs are highly seasonal, with a significant majority of sales occurring in the third and fourth quarters. In 2004, 2003 and 2002, net sales for the third and fourth quarters combined accounted for 63%, 66% and 61% of total annual net sales, respectively, and operating profit earned in the third and fourth quarters combined accounted for 92%, 97% and 100% of total annual profits, respectively. Inventory levels increase primarily in the June through October time period in anticipation of the pre-holiday shipping season.

Backlog

The Company's backlog at December 31, 2004 and 2003 was $10,568,000 and $5,242,000, respectively. The Company expects to fill the 2004 backlog during 2005. The Company does not believe that backlog is indicative of its future results of operations or prospects. Although the Company seeks commitments from customers well in advance of shipment dates, actual confirmed orders are typically not received until close to the required shipment dates.

Employees

As of December 31, 2004, the Company had 751 full-time employees, of whom 7 were employed in an executive capacity, 100 in sales, marketing, design or product development capacities, 97 in financial, administrative or clerical capacities, 220 in distribution capacities and 327 were outlet store personnel. None of the Company's employees are represented by a labor union. The Company considers its employee relations to be good.

Regulatory Matters

Certain of the products the Company manufactures are subject to the jurisdiction of the U.S. Consumer Product Safety Commission (CPSC). Our spice packing facility in Winchendon, Massachusetts is subject to regulation by the Food and Drug Administration (FDA).

ITEM 2. PROPERTIES

The following table describes the facilities (other than the outlet stores) at which the Company operates its business:

~~Approximate~~
~~Owned Lease~~
~~Description/Use~~
~~of Square or~~
~~Expiration~~
~~Property~~
~~Location~~
~~Footage Leased~~
~~Date Corporate~~
~~Westbury,~~
~~headquarters~~
~~New York 47,000~~
~~Owned N/A~~
~~Distribution~~
~~Robbinsville~~
~~facility New~~
~~Jersey 550,000~~
~~Leased 7/9/16~~
~~Showroom/Office~~
~~Bentonville,~~
~~Arkansas 3,750~~
~~Leased 5/31/07~~
~~Kamenstein~~
~~Elmsford, 6,200~~
~~Leased 3/31/09~~
~~headquarters~~
~~New York~~
~~Kamenstein~~
~~Winchendon,~~
~~distribution~~
~~Massachusetts~~
~~169,000 Owned~~
~~N/A facility~~
~~Showroom/Office~~
~~Zhuhai, 4,000~~
~~Leased 4/19/06~~
~~China~~
~~Showroom/Office~~
~~Shanghai, 1,800~~
~~Leased 9/14/06~~
~~China Sales~~
~~Office Chicago,~~
~~750 Leased~~
~~12/15/05~~
~~Illinois~~

In addition to the properties listed above, the Company leases approximately 60 stores in retail outlet centers located in 31 states throughout the United States. The stores range in size from approximately 2,000 square feet to 5,500 square feet. The terms of these leases range from month-to-month to five years with expiration dates beginning in January 2005 and extending through July 2009.

Subject to certain provisions in the lease agreement for the Robbinsville, New Jersey distribution facility, the Company has three separate renewable options each of which would extend the term of the lease for a period of five years.

The Company no longer occupies approximately 13,000 square feet of leased office space located in Westbury, New York under a lease that will expire on May 31, 2006 and intends to sublease this space.

ITEM 3. LEGAL PROCEEDINGS

The Company has, from time to time, been involved in various legal proceedings. The Company believes that all current litigation is routine in nature and incidental to the conduct of our business, and that none of this litigation, if determined adversely to us, would have a material adverse effect on our consolidated financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock has been traded under the symbol "LCUT" on The NASDAQ National Market ("NASDAQ") since its initial public offering in June 1991. The Board of Directors of the Company has authorized a repurchase of up to 3,000,000 of its outstanding shares of Common Stock in the open market. Through December 31, 2004, a cumulative total of 2,128,000 shares of Common Stock had been repurchased and retired at a cost of approximately $15,235,000. There were no repurchases in 2004 or 2003.

The following table sets forth the high and low sales prices for the Common Stock of the Company for the fiscal periods indicated as reported by NASDAQ.

	~~2004~~		~~2003~~	
	~~High~~	~~Low~~	~~High~~	~~Low~~
~~First Quarter~~	~~$17.65~~	~~$13.41~~	~~$7.10~~	~~$4.68~~
~~Second Quarter~~	~~$22.79~~	~~$17.78~~	~~$7.93~~	~~$6.30~~
~~Third Quarter~~	~~$22.98~~	~~$14.85~~	~~$10.50~~	~~$6.43~~
~~Fourth Quarter~~	~~$15.90~~	~~$11.74~~	~~$17.12~~	~~$9.84~~

The Company estimates that at December 31, 2004, there were approximately 2,000 beneficial holders of the Common Stock of the Company.

The Company is authorized to issue 2,000,000 shares of Series B Preferred Stock, par value of One Dollar ($1.00) each, none of which is outstanding. The Company is also authorized to issue 100 shares of Series A Preferred Stock, par value of One Dollar ($1.00) each, none of which is outstanding.
The Company paid quarterly cash dividends of $0.0625 per share, or a total annual cash dividend of $0.25 per share, on its Common Stock during each of 2004 and 2003. The Board of Directors currently intends to continue to

pay quarterly cash dividends of $0.0625 per share of Common Stock for the foreseeable future, although the Board may in its discretion determine to modify or eliminate such dividends at any time.

The following table summarizes the Company's equity compensation plans as of December 31, 2004:

~~Plan category~~	~~Number of securities to be issued upon exercise of outstanding options (a)~~	~~Weighted average exercise price of outstanding options (b)~~	~~Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)~~
~~Equity compensation plans approved by security holders~~	~~694,807~~	~~$7.59~~	~~949,500~~
~~Equity compensation plans not approved by security holders~~	~~—~~	~~—~~	~~—~~
~~Total~~	~~694,807~~	~~$7.59~~	~~949,500~~

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated income statement data for the years ended December 31, 2004, 2003 and 2002, and the selected consolidated balance sheet data as of December 31, 2004 and 2003, have been derived from the Company's audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The selected consolidated income statement data for the years ended December 31, 2001 and 2000, and the selected consolidated balance sheet data as of December 31, 2002, 2001 and 2000, are derived from audited consolidated financial statements of the Company which are not included in this Annual Report on Form 10-K. The Company acquired the business and certain assets of Kamenstein. in September 2000, of :USE in October 2003, of Gemco in November 2003 and of Excel in July 2004. This information should be read together with the discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's consolidated financial statements and notes to those statements included elsewhere in this Annual Report on Form 10-K.

(in thousands except per share data)

~~Year Ended December 31, 2004 2003 2002 2001 2000 INCOME STATEMENT DATA: Net sales $189,458 $160,355 $131,219 $135,068 $121,124 Cost of sales 111,497 92,918 73,145 75,626 70,189 Distribution expenses 22,830 21,030 22,255 22,037 16,555 Selling, general and administrative expenses 40,282 31,762 28,923 30,427 26,882 Income from operations 14,849 14,645 6,896 6,978 7,498 Interest expense 835 724 1,004 1,015 730 Other income, net (60) (68) (66) (98) (82) Income before income taxes 14,074 13,989 5,958 6,061 6,850 Income taxes 5,602 5,574 2,407 2,449 2,786 Income from continuing operations $8,472 $8,415 $3,551 $3,612 $4,064 Basic earnings per common share from continuing operations $0.77 $0.79 $0.34 $0.34 $0.37 Weighted average shares — basic 10,982 10,628 10,516 10,492 10,995 Diluted earnings per common share from continuing~~

~~operations $0.75 $0.78 $0.34 $0.34 $0.37 Weighted average shares and common share equivalents - diluted 11,226 10,754 10,541 10,537 11,079 Cash dividends paid per common share $0.25 $0.25 $0.25 $0.25 $0.25~~

~~December 31, 2004 2003 2002 2001 2000 BALANCE SHEET DATA: Current assets $102,543 $88,284 $66,189 $75,486 $73,280 Current liabilities 52,913 46,974 32,809 44,925 34,074 Working capital 49,630 41,310 33,380 30,561 39,206 Total assets 156,335 136,736 113,369 124,856 113,307 Short term borrowings 19,400 16,800 14,200 22,847 10,746 Long-term debt 5,000 — — Stockholders' equity 92,938 86,081 78,309 78,061 77,517~~

Effective September 2002, the Company sold its 51% controlling interest in Prestige Italia, Spa ("Prestige Italy"), and, together with its minority interest shareholder, caused Prestige Haushaltwaren GmbH ("Prestige Germany", and together with Prestige Italy, the "Prestige Companies") to sell all of its receivables and inventory to a European housewares distributor. The results of operations of the Prestige Companies through the date of disposal are reflected as discontinued operations and are therefore excluded from the selected consolidated income statement data presented above.

Certain selling, general and administrative expenses have been reclassified to distribution expenses in 2003, 2002, 2001 and 2000 to conform with the current year's presentation.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

General

The following discussion should be read in conjunction with the consolidated financial statements for the Company and notes thereto filed under item 8.

OVERVIEW

The Company is a leading designer, developer and marketer of a broad range of branded consumer products used in the home, including Kitchenware, Cutlery and Cutting Boards, Bakeware and Cookware, Pantryware and Spices, Tabletop and Bath Accessories. Products are marketed under brand names including Farberware(R), KitchenAid(R), Cuisinart(R), Hoffritz(R), Sabatier(R), DBK-Daniel Boulud Kitchen(TM), Joseph Abboud Environments(R), Roshco(R), Baker's Advantage(R), Kamenstein(R), Casa-Moda(R), Hoan(R), Gemco(R) and :USE(R). The Company uses the Farberware(R) brand name for kitchenware, cutlery and cutting boards and bakeware pursuant to a 200-year royalty-free license. The Company licenses the KitchenAid(R), Cuisinart(R), Farberware(R) (for flatware and dinnerware), Sabatier(R), DBK-Daniel Boulud Kitchen(TM) and Joseph Abboud Environments(R) trade names pursuant to licenses granted by the owners of those brands. All other brand names listed above are owned. Several product lines are marketed within each of the Company's product categories and under brands primarily targeting moderate to medium price points, through every major level of trade.

Over the last several years, sales growth has come from: (i) expanding product offerings within current categories, (ii) developing and acquiring product categories and (iii) entering new channels of distribution, primarily in the United States. Key factors in the Company's growth strategy have been, and will continue to be, the selective use and management of strong brands and the ability to provide a steady stream of new products and designs.

For the year ended December 31, 2004, net sales were $189.5 million, which represented an 18.1% growth over the previous year. The combined net sales in 2004 for the Gemco, :USE and Excel businesses that had been acquired during the past 15 months, were approximately $14.3 million compared to $0.6 million in 2003. Excluding the impact of these acquisitions, net sales for 2004 were approximately $175.2 million, a 9.6% growth over 2003. The 9.6% increase in sales was primarily attributable to the continuing growth in demand for KitchenAid branded products and higher Outlet Store sales, offset by lower sales in 2004 of the Company's S'mores Maker. Net sales for the Outlet Stores in 2004 were $15.9 million compared to $11.0 million in 2003. The sales growth for the Outlet Stores was principally attributable to the Company assuming responsibility for an additional 20% of the floor space in each store, effective October 1, 2003.

The Company's gross profit margin is subject to fluctuation due primarily to product mix and, in some instances, customer mix. In 2004 our gross profit margin declined as a substantial portion of our sales growth came from sales of KitchenAid branded products, which generate lower margins due to the added cost of royalties, and increased sales of other product lines, including Gemco functional glassware and Excel products, that generate lower gross profit margins.

Our operating profit margin declined in 2004 due to three factors: (i) the $14.3 million in sales for the recently acquired Gemco, :USE and Excel businesses generated a small operating loss in 2004, (ii) the distribution of the Company's products through its outlet stores generated higher sales and a larger operating loss in 2004 compared to 2003 and (iii)added personnel costs incurred in 2004 to expand the product design group, the overseas sourcing department and our sales and marketing departments to accommodate future growth. In addition, the Company incurred in excess of $900,000 of direct expenses in 2004 related to Sarbanes-Oxley compliance work.

The Company's business and working capital needs are highly seasonal, with a significant majority of sales occurring in the third and fourth quarters. In 2004, 2003 and 2002, net sales for the third and fourth quarters combined accounted for 63%, 66% and 61% of total annual net sales, respectively, and operating profit earned in the third and fourth quarters combined accounted for 92%, 97% and 100% of total annual operating profits, respectively. Inventory levels increase primarily in the June through October time period in anticipation of the pre-holiday shipping season.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to inventories. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The Company's accounting policies are more fully described in Note A of the consolidated financial statements. The Company believes that the following discussion addresses the Company's most critical accounting policies, which are those that are most important to the portrayal of the Company's consolidated financial condition and results of operations and require management's most difficult, subjective and complex judgments.

Merchandise inventories, consisting principally of finished goods, are priced under the lower-of-cost (first-in, first-out basis) or market method. Reserves for excess or obsolete inventory reflected in the Company's consolidated balance sheets at December 31, 2004 and 2003 are determined to be adequate by the Company's management; however, there can be no assurance that these reserves will prove to be adequate over time to provide for ultimate losses in connection with the Company's inventory. The Company's management periodically reviews and analyzes inventory reserves based on a number of factors including, but not limited to, future product demand of items and estimated profitability of merchandise.

The Company is required to estimate the collectibility of its accounts receivable. A considerable amount of judgment is required in assessing the ultimate realization of these receivables including the current credit-worthiness of each customer. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial conditions of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standard ("SFAS") No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are no longer amortized but are reviewed at least annually for impairment. Accordingly, the Company ceased amortizing goodwill effective January 1, 2002. For each of the years ended December 31, 2004 and December 31, 2003, the Company completed its assessment. Based upon such reviews, no impairment to the carrying value of goodwill was identified.

Effective January 1, 2002, the Company adopted SFAS 144, "Accounting for Impairment or Disposal of Long-Lived Assets". SFAS 144 requires that a long-lived asset shall be tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. For each of the years ended December 31, 2004 and December 31, 2003, the Company completed its assessment. Based upon such reviews, no impairment to the carrying value of any long-lived asset was identified.

The following table sets forth income statement data of the Company as a percentage of net sales for the periods indicated below:

	~~Year Ended December 31,~~		
	~~2004~~	~~2003~~	~~2002~~
~~Net sales~~	~~100.0 %~~	~~100.0 %~~	~~100.0 %~~
~~Cost of sales~~	~~58.9~~	~~57.9~~	~~55.7~~
~~Distribution expenses~~	~~12.0~~	~~13.1~~	~~17.0~~
~~Selling, general and administrative expenses~~	~~21.2~~	~~19.8~~	~~22.0~~
~~Income from operations~~	~~7.9~~	~~9.2~~	~~5.3~~
~~Interest expense~~	~~0.4~~	~~0.5~~	~~0.8~~
~~Other income, net~~	~~—~~	~~—~~	~~—~~
~~Income before income taxes~~	~~7.5~~	~~8.7~~	~~4.5~~
~~Income taxes~~	~~3.0~~	~~3.5~~	~~1.8~~
~~Income from continuing operations~~	~~4.5 %~~	~~5.2 %~~	~~2.7 %~~

2004 COMPARED TO 2003

Net Sales

Net sales in 2004 were $189.5 million, an increase of approximately $29.1 million, or 18.1% higher than 2003. The combined net sales in 2004 for the Gemco and :USE businesses acquired in the fourth quarter of 2003 and the Excel business that was acquired in July 2004, totaled approximately $14.3 million compared to $0.6 million in 2003. The Outlet Stores sales were $15.9 million in 2004 compared to $11.0 million in 2003. Excluding the net sales attributable to the Gemco, :USE, and Excel businesses and the Outlet Stores, net sales totaled approximately $159.2 million, a 7.0% increase over 2003's sales of $148.7 million. The increase in sales was primarily attributable to increased sales of KitchenAid branded products in the Company's kitchenware, bakeware and cutlery product lines and, to a lesser extent, higher sales of its pantryware products. These sales increases in 2004 were offset primarily by lower sales of the Company's S'mores Maker. Sales of Farberware and Cuisinart branded cutlery and Roshco branded bakeware also declined in 2004.

The Outlet Stores sales increased to $15.9 million compared to $11.0 million in 2003. The Outlet Stores sales growth was principally attributable to the Company assuming responsibility for 70% of the space in each store, effective October 1, 2003, compared to 50% of the space in prior periods. The Outlet Stores had an operating loss of $1.3 million in 2004, compared to an operating loss of $1.0 million in 2003.

Cost of Sales

Cost of sales for 2004 was $111.5 million, an increase of approximately $18.6 million, or 20.0% more than 2003. Cost of sales as a percentage of net sales increased to 58.9% in 2004 from 57.9% in 2003, primarily as a result of higher sales of KitchenAid branded products which generate lower margins due to the added costs of royalties and an increase in sales of other products that carry lower gross profit margins, including Gemco functional glassware products and Excel products.

Distribution Expenses

Distribution expenses, which primarily consist of warehousing expenses, handling costs of products sold and freight-out expenses, were $22.8 million for 2004 as compared to $21.0 million for 2003. In 2003 these expenses included relocation charges, duplicate rent and other costs associated with the Company's move into its Robbinsville, New Jersey distribution facility amounting to $0.7 million. No such expenses were incurred in 2004. Excluding these moving related costs, distribution expenses were 12.3% higher in 2004 as compared to 2003. However, as a percentage of net sales, distribution expenses, excluding the aforementioned relocation charges, were 12.0% in 2004 as compared to 12.7% in 2003. This improved relationship reflects primarily the benefits of labor savings and efficiencies generated by our main distribution center in Robbinsville, New Jersey.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for 2004 were $40.3 million, an increase of $8.5 million, or 26.8%, from 2003. The increase in selling, general and administrative expenses was primarily attributable to the following: increased Outlet Store operating expenses, resulting from the Company being responsible for 70% of the space and expenses of each store for the last three months of 2003 and all of 2004 compared to 50% of the space and expenses of each store for the first nine months of 2003; additional operating expenses of the :USE, Gemco and Excel businesses recently acquired; the higher personnel costs associated with planned personnel increases in the product design group, the overseas sourcing department and sales and marketing departments and expenses related to Sarbanes-Oxley compliance work.

Interest Expense

Interest expense for 2004 was $0.8 million, an increase of $0.1 million or 15.3%, from 2003.

Income Taxes

Income taxes for each of 2004 and 2003 were $5.6 million. Income taxes as a percentage of income before taxes remained consistent from year-to-year at approximately 40%.

2003 COMPARED TO 2002

Net Sales

Net sales in 2003 were $160.4 million, an increase of approximately $29.1 million, or 22.2% higher than 2002. The increase in sales volume was attributable primarily to increased shipments of KitchenAid branded kitchen tools and gadgets and bakeware, the Company's newly designed S'mores Makers and Kamenstein pantryware products.

The Outlet Stores sales increased to $11.0 million compared to $10.3 million in 2002. The Outlet Stores became responsible for 70% of the space and expenses in each store, effective October 1, 2003, compared to 50% of the space and expenses in prior periods. The Outlet Stores had an operating loss of $1.0 million in 2003, compared to an operating loss of $0.1 million in 2002.

Cost of Sales

Cost of sales for 2003 was $92.9 million, an increase of approximately $19.8 million, or 27.0% more than 2002. Cost of sales as a percentage of net sales increased to 57.9% in 2003 from 55.7% in 2002, due primarily to higher sales of licensed branded products which generate lower margins due to the added costs of royalties and a higher cost of sales-to-net sales relationship for Kamenstein products in 2003. In addition, the amount of direct import sales increased in 2003. These sales relate to products shipped directly from contract manufacturers to the Company's retail customers and therefore carry lower gross profit margins as the pricing of such sales recognizes that the Company does not incur any warehousing or distribution costs.

Distribution Expenses

Distribution expenses, which primarily consist of warehousing expenses, handling costs of products sold and freight-out expenses, were $21.0 million for 2003 as compared to $22.2 million for 2002. These expenses included relocation charges, duplicate rent and other costs associated with the Company's move into its Robbinsville, New Jersey distribution facility amounting to $0.7 million in 2003 and $2.2 million in 2002. Excluding these moving related costs, distribution expenses were 1.2% higher in 2003 as compared to 2002 due to higher depreciation expense related to capital expenditures for the new automated distribution system and related equipment, offset by lower payroll costs. As a percentage of net sales, distribution expenses, excluding the aforementioned relocation charges, were 12.7% in 2003 as compared to 15.3% in 2002. This improved relationship reflects the benefits of labor savings generated by the new systems in our Robbinsville, New Jersey distribution facility.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for 2003 were $31.8 million, an increase of $2.8 million, or 9.8%, from 2002. The increase in selling, general and administrative expenses was primarily attributable to increased personnel costs, including planned personnel additions in the sales and product design departments, increased commission expense related to the higher sales volume and higher consulting fees.

Interest Expense

Interest expense for 2003 was $0.7 million, a decrease of $0.3 million, or 27.9%, from 2002. The decrease is attributable to a decrease in the average level of borrowings outstanding during 2003 under the Company's secured, revolving credit facility.

Income Taxes

Income taxes for 2003 were $5.6 million, an increase of $3.2 million or 131.6%, from 2002. The increase in income taxes is directly related to the increase in income before taxes from 2002 to 2003. Income taxes as a percentage of income before taxes remained consistent from year-to-year at approximately 40%.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal sources of cash to fund liquidity needs are: (i) cash provided by operating activities and (ii) borrowings available under its credit facility. Its primary uses of funds consist of capital expenditures, acquisitions, funding for working capital increases, payments of principal and interest on its debt and payment of cash dividends.

At December 31, 2004, the Company had cash and cash equivalents of $1.7 million, compared to $1.2 million at December 31, 2003; working capital was $49.6 million, compared to $41.3 million at December 31, 2003; the current ratio was 1.94 to 1 compared to 1.88 to 1 at December 31, 2003; and borrowings increased to $24.4 million at December 31, 2004 compared to $16.8 million at December 31, 2003. The increase in working capital primarily resulted from an increase in merchandise inventories offset in part by an increase in accounts payable and trade acceptances and accrued expenses.

Cash provided by operating activities was approximately $4.4 million, primarily resulting from net income before depreciation, amortization, provisions for losses on accounts receivable and other non-cash charges and increased income taxes payable offset by increased merchandise inventories, decreased accounts payable and trade acceptances and accrued expenses. Cash used in investing activities was approximately $9.9 million, which consisted of purchases of property and equipment and the cash paid in connection with the Excel acquisition. Net cash provided by financing activities was approximately $6.0 million, primarily as a result of an increase in short and long-term borrowings and the proceeds from the exercise of stock options, offset by cash dividends paid.

Capital expenditures were $2.9 million in 2004 and $2.2 million in 2003. Total planned capital expenditures for 2005 are estimated at $5.0 million. These expenditures are expected to be funded from current operations, cash and cash equivalents and, if necessary, from borrowings under the Company's secured credit facility.

As of December 31, 2004, the Company's contractual obligations were as follows (in thousands of dollars):

	~~Payments Due by Period~~				
~~Contractual Obligations~~	~~Total~~	~~Less than 1 Year~~	~~1-3 Years~~	~~3-5 Years~~	~~More Than 5 Years~~
~~Operating Leases~~	~~$40,194~~	~~$5,941~~	~~$8,929~~	~~$6,705~~	~~$18,619~~
~~Capitalized Leases~~	~~1,204~~	~~331~~	~~581~~	~~292~~	~~—~~
~~Short term debt~~	~~19,400~~	~~19,400~~	~~—~~	~~—~~	~~—~~
~~Long term debt~~	~~5,000~~	~~—~~	~~—~~	~~5,000~~	~~—~~
~~Royalty License Agreements~~	~~11,103~~	~~3,618~~	~~7,439~~	~~46~~	~~—~~
~~Employment Agreements~~	~~5,312~~	~~3,157~~	~~2,155~~	~~—~~	~~—~~
~~Totals~~	~~$82,213~~	~~$32,447~~	~~$19,104~~	~~$12,043~~	~~$18,619~~

On July 28, 2004, the Company entered into a $50 million five-year, secured credit facility (the "Credit Facility") with a group of banks and, in conjunction therewith, canceled its $35 million secured, reducing revolving credit facility which was due to mature in November 2004. Borrowings under the Credit Facility are secured by all of the assets of the Company. Under the terms of the Credit Facility, the Company is required to satisfy certain financial covenants, including limitations on indebtedness and sale of assets; a minimum fixed charge ratio; a maximum leverage ratio and maintenance of a minimum net worth. Borrowings under the credit facility have different interest rate options that are based on an alternate base rate, the LIBOR rate and the lender's cost of funds rate, plus in each case a margin based on a leverage ratio. As of December 31, 2004, the Company had outstanding $0.4 million of letters of credit and trade acceptances, $19.4 million of short-term borrowings and a $5.0 million term loan under its Credit Facility and, as a result, the availability under the Credit Facility was $25.2 million. The $5.0 million long-term loan is non-amortizing, bears interest at 5.07% and matures in August 2009. Interest rates on short-term borrowings at December 31, 2004 ranged from 3.3125% to 5.25%.

Products are sold to retailers primarily on 30-day credit terms, and to distributors primarily on 60-day credit terms.

The Company believes that its cash and cash equivalents plus internally generated funds and its credit arrangements will be sufficient to finance its operations for the next twelve months.

The results of operations of the Company for the periods discussed have not been significantly affected by inflation or foreign currency fluctuations. The Company negotiates all of its purchase orders with its foreign manufacturers in United States dollars. Thus, notwithstanding any fluctuations in foreign currencies, the Company's cost for a purchase order is generally not subject to change after the time the order is placed. However, the weakening of the United States dollar against local currencies could lead certain manufacturers to increase their United States dollar prices for products. The Company believes it would be able to compensate for any such price increase.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact the consolidated financial position, results of operations or cash flows of the Company. The Company is exposed to market risk associated with changes in interest rates. The Company's revolving credit facility bears interest at variable rates and, therefore, the Company is subject to increases and decreases in interest expense on its variable rate debt resulting from fluctuations in interest rates. There have been no changes in interest rates that would have a material impact on the consolidated financial position, results of operations or cash flows of the Company for the year ended December 31, 2004.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's Consolidated Financial Statements as of and for the years ended December 31, 2004 and 2003 are included herein commencing on page F-1.

The following is a summary of the unaudited quarterly results of operations for the years ended December 31, 2004 and 2003.

~~Three Months Ended 3/31 6/30 9/30 12/31 (in thousands, except per share data) 2004 Net sales $37,129 $33,029 $51,241 $68,059 Cost of sales 21,689 19,154 30,553 40,100 Net income 345 203 2,584 5,340 Basic earnings per common share $0.03 $0.02 $0.23~~

~~$0.48 Diluted earnings per common share $0.03 $0.02 $0.23 $0.47 2003 Net sales $24,284 $29,950 $44,068 $62,053 Cost of sales 13,426 17,003 25,552 36,936 Net (loss) income (602) 724 2,887 5,408 Basic (loss) earnings per common share ($0.06) $0.07 $0.27 $0.50 Diluted (loss) earnings per common share ($0.06) $0.07 $0.27 $0.49~~

The quarterly results of operations for the periods ended September 30, 2004 and December 31, 2004 include the operations of Excel acquired in July 2004.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS and PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

The term disclosure controls and procedures is defined in the Securities Exchange Act of 1934, as amended (the "Exchange Act") or Rules 13a-15(e) and 15d-15(e) of the Exchange Act. This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission. An evaluation was performed under the supervision and with the participation of the Company's management, including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures as of December 31, 2004. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of December 31, 2004. During the quarter ended on December 31, 2004, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

As required by Section 404 of the Sarbanes-Oxley Act of 2002, management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2004 using the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management believes that, as of December 31, 2004, the Company's internal control over financial reporting was effective based on those criteria.

During this process the Company identified control opportunities, none of which constituted a material weakness, and implemented a process to investigate and, as appropriate, remediate such matters. The Company is continuing to review, evaluate, document and test our internal control and procedures and may identify areas where disclosure and additional corrective measures are advisable or required. The Company will also look for methods to improve its overall system of controls.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, has been audited by Ernst & Young LLP, the independent registered public accounting firm who also audited the Company's consolidated financial statements. Ernst & Young LLP's attestation report on management's assessment of the Company's internal control over financial reporting appears on page F-3.

PART III

ITEMS 10, 11, 12, 13 and 14

Information required under these items is contained in the Company's 2005 Proxy Statement , which will be filed with the Securities and Exchange Commission within 120 days after the close of the Company's fiscal year covered by this Form 10-K. Accordingly, this information is therefore incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) and (2) - see list of Financial Statements and Financial Statement Schedule on F-1.

(b) Reports on Form 8-K in the fourth quarter of 2004.

On November 4, 2004, the Company filed a report on Form 8-K announcing results of operations and financial condition for its third quarter ended September 30, 2004.

On November 8, 2004, the Company filed a report on Form 8-K announcing that Mr. Ronald Shiftan had been elected Vice Chairman of the Board.

(c) Exhibits*:

Exhibit No.	Description
3.1	Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3[a] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).
3.2	Amendment dated June 9, 1994 to the Restated Certificate of Incorporation of the Company (incorporated herein by reference to the December 31, 1994 Form 10-K [No. 1-19254] of Lifetime Hoan Corporation).
3.3	By-Laws of the Company (incorporated herein by reference to Exhibit 3[b] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).
10.1	Loan Agreement dated as of May 11, 1988 with Bank of New York, as amended (incorporated by reference to Exhibit 10[d] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).
10.2	Amendment No. 6 dated as of March 5, 1992 between Lifetime Hoan Corporation and The Bank of New York (incorporated by reference to the December 31, 1991 Form 10-K [No. 1-19254] of Lifetime Hoan Corporation).
10.3	Stock Option Plan for key employees of Lifetime Hoan Corporation, as amended June 9, 1994 (incorporated by reference to the December 31, 1994 Form 10-K [No. 1-19254] of Lifetime Hoan Corporation).
10.4	Promissory notes dated December 17, 1985 of Milton L. Cohen, Jeffrey Siegel, Craig Phillips and Robert Phillips, as amended (incorporated by reference to Exhibit 10[f] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).

10.5	Lease to Dayton, New Jersey premises dated August 20, 1987 and amendment between the Company and Isaac Heller (incorporated by reference to Exhibit 10[h] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).
10.6	License Agreement dated December 14, 1989 between the Company and Farberware, Inc. (incorporated by reference to Exhibit 10[j] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).
10.7	License Agreement dated as of April 19, 1991 between the Company and The Pillsbury Company (incorporated by reference to Exhibit 10[m] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).
10.8	Real Estate Sales Agreement dated October 28, 1993 between the Company and The Olsten Corporation (incorporated by reference to the December 31, 1993 Form 10-K [No. 1-19254] of Lifetime Hoan Corporation).
10.9	Amendment to the Real Estate Sales Agreement dated September 26, 1994 between the Company and The Olsten Corporation. (incorporated by reference to the December 31, 1995 Form 10-K [No. 1-19254] of

Lifetime Hoan Corporation).

10.10 Lease to additional Dayton, New Jersey premises dated December 7, 1994. (incorporated by reference to the December 31, 1995 Form 10-K [No. 1-19254] of Lifetime Hoan Corporation).

10.11 License Agreement dated December 21, 1995 between the Company and The Walt Disney Company.

10.12 Memorandum of purchase dated September 18, 1995 between the Company and Alco Capital Group, Inc. (incorporated by reference to the September 30, 1995 Form 10-Q [No. 1-19254] of Lifetime Hoan Corporation).

10.13 Registration Rights Agreement dated September 18, 1995 between the Company and Alco Capital Group, Inc. (incorporated by reference to the September 30, 1995 Form 10-Q [No. 1-19254] of Lifetime Hoan Corporation).

10.14 Amendment No. 1 dated September 26, 1995 to the Lease for the additional Dayton, New Jersey premises. (incorporated by reference to the September 30, 1995 Form 10-Q [No. 1-19254] of Lifetime Hoan Corporation).

10.15 Form of Extension Agreement dated as of December 15, 1995 between Milton L. Cohen and Lifetime Hoan Corporation (incorporated by reference to the January 8, 1996 Form 8-K [No. 1-19254] of Lifetime Hoan Corporation).

10.16 Form of Extension Agreement dated as of December 15, 1995 between Jeffrey Siegel and Lifetime Hoan Corporation (incorporated by reference to the January 8, 1996 Form 8-K [No. 1-19254] of Lifetime Hoan Corporation).

10.17 Form of Extension Agreement dated as of December 15, 1995 between Craig Phillips and Lifetime Hoan Corporation (incorporated by reference to the January 8, 1996 Form 8-K [No. 1-19254] of Lifetime Hoan Corporation).

10.18 Asset Purchase Agreement by and between Farberware, Inc., Far-b Acquisition Corp., Syratech Corporation and Lifetime Hoan Corporation, dated February 2, 1996.

10.19 Joint Venture Agreement by and among Syratech Corporation, Lifetime Hoan Corporation and Far-b Acquisition Corp., dated February 2, 1996.

10.20 Employment Agreement dated April 7, 1996 with Milton L. Cohen (incorporated by reference to the March 31, 1996 10-Q).

10.21 Employment Agreement dated April 7, 1996 with Jeffrey Siegel (incorporated by reference to the March 31, 1996 10-Q).

10.22 Employment Agreement dated April 7, 1996 with Craig Phillips (incorporated by reference to the March 31, 1996 10-Q).

10.23 Lifetime Hoan 1996 Incentive Stock Option Plan (incorporated by reference to the March 31, 1996 10-Q).

10.24 Lifetime Hoan 1996 Incentive Bonus Compensation Plan (incorporated by reference to the March 31, 1996 10-Q).

10.25 Meyer Operating Agreement dated July 1, 1997 between Lifetime Hoan Corporation and Meyer Corporation and Amendment to Agreement dated July 1, 1998.

10.26 Jeffrey Siegel Employment Agreement Amendment No. 1, dated June 6, 1997

10.27 Milton L. Cohen Employment Agreement Amendment No. 1, dated June 6, 1997

10.28 Stock Purchase Agreement between Lifetime Hoan Corporation and Roshco, Inc. dated August 10, 1998.

10.29 Stock Purchase Agreement between Lifetime Hoan Corporation and Meyer International Holdings Limited and Prestige Italiana, SPA dated September 2, 1999.

10.30 Stock Purchase Agreement between Lifetime Hoan Corporation and Meyer International Holdings Limited and Prestige Haushaltswaren GmbH, dated September 2, 1999.

10.31 Asset Purchase Agreement between MK Acquisition Corp., a wholly owned subsidiary of Lifetime Hoan Corporation, and M. Kamenstein, Inc., dated September 28, 2000.

10.32 Employment Agreement dated April 6, 2001 between Jeffrey Siegel and Lifetime Hoan Corporation.

10.33 Consulting Agreement dated April 7, 2001 between Milton L. Cohen and Lifetime Hoan Corporation.

10.34 Credit Facility Agreement between Lifetime Hoan Corporation and The Bank of New York, HSBC Bank USA, Citibank, N.A., Wells Fargo Bank, N.A., and Bank Leumi USA, dated November 9, 2001.

10.35 Stock Sale Agreement of Prestige Italiana, SPA, between Lifetime Hoan Corporation, Meyer International Holdings Limited and Meyer Prestige Holdings Ltd and Meyer Prestige GmbH, dated October 11, 2002.

10.36 Consulting Agreement dated October 1, 2002, between Lifetime Hoan Corporation and Ronald Shiftan.

10.37 Amendment No. 6 to Outlet Store Operating Agreement, dated as of April 30, 2003 (the "Amendment", made by and between Outlet Retail Stores, Inc. and Cookware Concepts, Inc.

10.38 Robert McNally Employment Agreement dated July 1, 2003.

10.39 Craig Phillips Employment Agreement dated July 1, 2003.

10.40 Bruce Cohen Employment Agreement dated July 1, 2003.

10.41 Evan Miller Employment Agreement dated July 1, 2003.

10.42 Robert Reichenbach Employment Agreement dated July 1, 2003.

10.43 Amendment and Restated Credit Facility Agreement between Lifetime Hoan Corporation and the Bank of New York dated July 28, 2004.

21 Subsidiaries of the registrant

23 Consent of Ernst & Young LLP.

31.1 Certification by Jeffrey Siegel, Chief Executive Officer, pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification by Robert McNally, Chief Financial Officer, pursuant to Rule 13a-14(a) or

Rule 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32 Certification by Jeffrey Siegel, Chief Executive Officer, and Robert McNally, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

*The Company will furnish a copy of any of the exhibits listed above upon payment of $5.00 per exhibit to cover the cost of the Company furnishing the exhibits.

(d) Financial Statement Schedules - the response to this portion of Item 15 is submitted as a separate section of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 Hoan Corporation

/s/ Jeffrey Siegel
Jeffrey Siegel
Chairman of the Board of Directors,
Chief Executive Officer,
President and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Jeffrey Siegel Jeffrey Siegel	Chairman of the Board of Directors, Chief Executive Officer, President and Director	March 16, 2005
/s/ Robert McNally Robert McNally	Vice-President - Finance and Treasurer (Principal Financial and Accounting Officer)	March 16, 2005
/s/ Craig Phillips Craig Phillips	Director	March 16, 2005
/s/ Bruce Cohen Bruce Cohen	Director	March 16, 2005
/s/ Ronald Shiftan Ronald Shiftan	Director	March 16, 2005
/s/ Howard Bernstein Howard Bernstein	Director	March 16, 2005
/s/ Leonard Florence Leonard Florence	Director	March 16, 2005
/s/ Cherrie Nanninga Cherrie Nanninga	Director	March 16, 2005
/s/ William Westerfield William Westerfield	Director	March 16, 2005

/s/ Sheldon Misher
Sheldon Misher Director March 16, 2005

Exhibit 31.1

CERTIFICATIONS

I, Jeffrey Siegel, certify that:

1. I have reviewed this annual report on Form 10-K of Lifetime Hoan Corporation ("the registrant");

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report:

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-14 and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal controls over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a. all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2005

__/s/ Jeffrey Siegel______________
Jeffrey Siegel
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Robert McNally, certify that:

1. I have reviewed this annual report on Form 10-K of Lifetime Hoan Corporation ("the registrant");

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report:

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-14 and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal controls over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2005

___/s/ Robert McNally___________
Robert McNally
Vice President and
Chief Financial Officer

FORM 10-K - ITEM 15(a)(1) and (2)
LIFETIME HOAN CORPORATION

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

The following Financial Statements and Schedule of Lifetime Hoan Corporation are included in Item 8.

The following financial statement schedule of Lifetime Hoan Corporation is included in Item 15 (d);

All other schedules in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Lifetime Hoan Corporation

We have audited the accompanying consolidated balance sheets of Lifetime Hoan Corporation and subsidiaries (the "Company") as of December 31, 2004 and 2003 and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2004. Our audits also included the financial statement schedule listed in the Index at Item 15(d). These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lifetime Hoan Corporation at December 31, 2004 and 2003, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, based on the criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 11, 2005, expressed an unqualified opinion thereon.

Ernst & Young LLP

Melville, New York
March 11, 2005

Report of Independent Registered Public Accounting Firm
on Internal Control Over Financial Reporting

To the Board of Directors and Stockholders of
Lifetime Hoan Corporation

We have audited management's assessment, included in the accompanying Report by Management on Internal Control over Financial Reporting, that Lifetime Hoan Corporation maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Lifetime Hoan Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Lifetime Hoan Corporation maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Lifetime Hoan Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Lifetime Hoan Corporation and subsidiaries as of December 31, 2004 and 2003 and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2004 and our report dated March 11, 2005 expressed an unqualified opinion thereon.

Ernst & Young LLP

Melville, New York
March 11, 2005

LIFETIME HOAN CORPORATION

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

~~December 31, ASSETS 2004 2003 CURRENT ASSETS Cash and cash equivalents \$1,741 \$1,175 Accounts receivable, less allowances of \$3,477 in 2004 and \$3,349 in 2003 34,083 31,977 Merchandise inventories 58,934 49,294 Prepaid expenses 1,998 2,129 Other current assets 5,787 3,709 TOTAL~~

~~CURRENT ASSETS 102,543 88,284 PROPERTY AND EQUIPMENT, net 20,003 20,563 GOODWILL 16,200 16,145 OTHER INTANGIBLES, net 15,284 9,530 OTHER ASSETS 2,305 2,214 TOTAL ASSETS $156,335 $136,736 LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES Short term borrowings $19,400 $16,800 Accounts payable and trade acceptances 7,892 8,405 Accrued expenses 20,145 17,156 Income taxes payable 5,476 4,613 TOTAL CURRENT LIABILITIES 52,913 46,974 DEFERRED RENT & OTHER LONG TERM LIABILITIES 2,072 1,593 DEFERRED INCOME TAX LIABILITIES 3,412 2,088 LONG TERM DEBT 5,000 — STOCKHOLDERS' EQUITY Common stock, $.01 par value, shares authorized: 25,000,000; shares issued and outstanding: 11,050,349 in 2004 and 10,842,540 in 2003 111 109 Paid-in capital 65,229 63,409 Retained earnings 28,077 23,042 Notes receivable~~

~~for shares issued to stockholders (479) (479) TOTAL STOCKHOLDERS' EQUITY 92,938 86,081 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY $156,335 $136,736~~

See notes to consolidated financial statements.

LIFETIME HOAN CORPORATION

CONSOLIDATED STATEMENTS OF INCOME
(in thousands - except per share data)

~~Year Ended December 31, 2004 2003 2002 Net Sales $189,458 $160,355 $131,219 Cost of Sales 111,497 92,918 73,145 Distribution Expenses 22,830 21,030 22,255 Selling, General and Administrative Expenses 40,282 31,762 28,923 Income from Operations 14,849 14,645 6,896 Interest Expense 835 724 1,004 Other Income, net (60) (68) (66) Income Before Income Taxes 14,074 13,989 5,958 Income Taxes 5,602 5,574 2,407 Income from Continuing Operations 8,472 8,415 3,551 Discontinued Operations: Loss from Operations, net of tax -- -- (495) Loss on Disposal, net of income tax benefit of $225 -- -- (811) Total~~

~~Loss from Discontinued Operations — — (1,306) NET INCOME $8,472 $8,415 $2,245 BASIC INCOME PER COMMON SHARE FROM CONTINUING OPERATIONS $0.77 $0.79 $0.34 DILUTED INCOME PER COMMON SHARE FROM CONTINUING OPERATIONS $0.75 $0.78 $0.34 LOSS PER COMMON SHARE FROM DISCONTINUED OPERATIONS — — ($0.13) BASIC INCOME PER COMMON SHARE $0.77 $0.79 $0.21 DILUTED INCOME PER COMMON SHARE $0.75 $0.78 $0.21~~

See notes to consolidated financial statements.

LIFETIME HOAN CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

~~Notes Accumulated Receivable Other Common Stock Paid- in Retained from Comprehensive Comprehensive Shares Amount Capital Earnings Stockholders Income(Loss) Total Income Balance at December 31, 2001 10,491 $105 $61,087 $17,660 ($486) ($305) $78,061 Net income for 2002 2,245 2,245 $2,245 Exercise of stock options 70 1 318 319 Repayment of~~

~~notes receivable 7 7 Foreign currency translation adjustment 305 305 305 Comprehensive income $2,550 Cash dividends (2,628) (2,628) Balance at December 31, 2002 10,561 106 61,405 17,277 (479) — 78,309 Net income for 2003 8,415 8,415 Tax Benefit on Exercise of Stock Options 302 302 Exercise of stock options 282 3 1,702 1,705 Cash dividends (2,650) (2,650) Balance at December 31, 2003 10,843 109 63,409 23,042 (479) — 86,081 Net income for 2004 8,472 8,472 Tax Benefit on Exercise of Stock Options 449 449 Exercise of stock options 207 2 1,371 1,373 Dividends declared (691) (691) Cash dividends (2,746) (2,746) Balance at December 31, 2004 11,050 $111 $65,229 $28,077 ($479) — $92,938~~

See notes to consolidated financial statements.

LIFETIME HOAN CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

~~Year Ended December 31, 2004 2003 2002 OPERATING ACTIVITIES~~

~~Net income $8,472 $8,415 $2,245~~
~~Adjustments to reconcile net income to net cash provided by operating activities:~~
~~Loss on sale of discontinued operations — — 811~~
~~Depreciation and amortization 4,074 3,673 3,457~~
~~Deferred income taxes (100) 105 133~~
~~Deferred rent and other long-term liabilities 479 539 468~~
~~Provision for losses on accounts receivable (68) 8 386~~
~~Reserve for sales returns and allowances 9,942 9,297 7,453~~
~~Minority interest — — (476)~~
~~Changes in operating assets and liabilities, excluding the effects of the sale of the Prestige companies and the acquisitions of Excel, :USE and Gemco:~~
~~Accounts receivable (10,658) (21,008) (6,880)~~
~~Merchandise inventories (4,944) (6,960) 1,022~~
~~Prepaid expenses, other current assets and other assets (595) 177 1,853~~
~~Accounts~~

~~payable,~~
~~trade~~
~~acceptances~~
~~and accrued~~
~~expenses~~
~~(3,485)~~
~~8,987~~
~~(6,122)~~
~~Income~~
~~taxes 1,312~~
~~2,452 2,463~~
~~NET CASH~~
~~PROVIDED BY~~
~~OPERATING~~
~~ACTIVITIES~~
~~4,429 5,685~~
~~6,813~~
~~INVESTING~~
~~ACTIVITIES~~
~~Purchases~~
~~of property~~
~~and~~
~~equipment,~~
~~net (2,911)~~
~~(2,213)~~
~~(1,807)~~
~~Proceeds~~
~~from~~
~~disposition~~
~~of Prestige~~
~~Companies —~~
~~— 985~~
~~Acquisition~~
~~of Excel~~
~~(7,000) — —~~
~~Acquisitions~~
~~of :USE and~~
~~Gemco —~~
~~(3,964) —~~
~~NET CASH~~
~~USED IN~~
~~INVESTING~~
~~ACTIVITIES~~
~~(9,911)~~
~~(6,177)~~
~~(822)~~
~~FINANCING~~
~~ACTIVITIES~~
~~Proceeds~~
~~from~~
~~(payments~~
~~of) short-~~
~~term~~
~~borrowings,~~
~~net 2,600~~
~~2,600~~
~~(8,647)~~
~~Proceeds~~
~~from long-~~
~~term debt~~
~~5,000 — —~~
~~Proceeds~~
~~from the~~
~~exercise of~~
~~stock~~
~~options~~
~~1,373 1,705~~
~~318~~
~~Repayment~~
~~of Note~~
~~Receivable~~
~~— — 7~~
~~Payment of~~
~~capital~~
~~lease~~
~~obligations~~
~~(179) (50)~~
~~— Cash~~
~~dividends~~
~~paid~~
~~(2,746)~~

~~(2,650) (2,628) NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES 6,048 1,605 (10,950) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 566 1,113 (4,959) Cash and cash equivalents at beginning of year 1,175 62 5,021 CASH AND CASH EQUIVALENTS AT END OF YEAR $1,741 $1,175 $62~~

See notes to consolidated financial statements.

LIFETIME HOAN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Organization and Business: The accompanying consolidated financial statements include the accounts of Lifetime Hoan Corporation ("Lifetime") and its wholly-owned subsidiaries (collectively the "Company"), Outlet Retail Stores, Inc. ("Outlets"), Roshco, Inc. ("Roshco") and M. Kamenstein Corp. ("Kamenstein"), collectively, the "Company". Effective September 27, 2002, the Company sold its 51% owned and controlled subsidiaries, Prestige Italiana, Spa. ("Prestige Italy") and Prestige Haushaltswaren GmbH ("Prestige Germany" and, together with Prestige Italy, the "Prestige Companies"). Accordingly, the Company has classified the Prestige Companies business as discontinued operations. Significant intercompany accounts and transactions have been eliminated in consolidation.

The Company is engaged in the design, marketing and distribution of a broad range of consumer products used in the home, including kitchenware, cutlery and cutting boards, bakeware and cookware, pantryware and spices, tabletop and decorative bath accessories and markets its products under a number of trade names, some of which are licensed. The Company sells its products primarily to retailers throughout the United States.

The Company also operates approximately 60 retail outlet stores in 31 states under the Farberware(R) name. Under an agreement with the Meyer Corporation, Meyer Corporation assumed responsibility for merchandising and for stocking Farberware cookware products in the stores, receives all revenue from sales of Farberware cookware and since October 31, 2003, occupies 30% of the space in each store and reimburses the Company for 30% of the operating expenses of the stores. For the periods prior to October 1, 2003, Meyer was responsible for 50% of the space in each store and 50% of the operating expenses of the stores.

The significant accounting policies used in the preparation of the consolidated financial statements of the Company are as follows:

Revenue Recognition: Revenue is recognized when goods are shipped and title of ownership transfers to the customer. Related freight-out costs are included in distribution expenses and amounted to $3.3 million, $2.7 million and $2.7 million for 2004, 2003 and 2002, respectively.

Distribution Expenses: Distribution expenses primarily consist of warehousing expenses, handling costs of products sold and freight-out. These expenses include relocation charges, duplicate rent and other costs associated with the Company's move into it's Robbinsville, New Jersey distribution facility, amounting to $0.7 million and $2.2 million in 2003 and 2002, respectively. No such expenses were incurred in 2004.

Inventories: Merchandise inventories, consisting principally of finished goods, are priced at the lower-of-cost (first-in, first-out basis) or market method. Reserves for excess or obsolete inventory reflected in the Company's consolidated balance sheets at December 31, 2004 and 2003 are considered adequate by the Company's management; however, there can be no assurance that these reserves will prove to be adequate over time to provide for ultimate losses in connection with the Company's inventory.

Accounts Receivable: The Company is required to estimate the collectibility of its accounts receivable. A considerable amount of judgment is required in assessing the ultimate realization of these receivables including the current credit-worthiness of each customer. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial conditions of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Property and Equipment: Property and equipment is stated at cost. Property and equipment other than leasehold improvements is being depreciated under the straight-line method over the estimated useful lives of the assets. Buildings and improvements are being depreciated over 30 years and machinery, furniture, and equipment over 3 to 10 years. Leasehold improvements are depreciated over the term of the lease or their estimated useful lives, whichever is shorter.

Cash Equivalents: The Company considers highly liquid instruments with a maturity of three months or less when purchased to be cash equivalents.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments: The carrying amounts of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and trade acceptances approximate their fair values because of the short-term nature of these items. The carrying value of short-term borrowings outstanding under the Company's revolving credit facility approximate fair value as such borrowings bear interest at variable market rates. The carrying value of long-term debt outstanding under the Company's revolving credit facility approximates fair value of such debt and bears interest at the current market rate of 5.07%.

Goodwill and Other Intangible Assets: Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standard ("SFAS") No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are no longer amortized but are reviewed at least annually for impairment. The Company ceased amortizing goodwill effective January 1, 2002. The Company completed its annual assessment of goodwill impairment in the fourth quarters of 2004 and 2003. Based upon such reviews, no impairment to the carrying value of goodwill was identified in either period.

Other intangibles consist of licenses, trademarks / trade names, customer relationships and product designs acquired pursuant to four acquisitions and are being amortized by the straight-line method over periods ranging from 4 to 40 years. The remaining weighted-average amortization period for such intangibles is approximately 28 years. Accumulated amortization at December 31, 2004 and 2003 was $3.7 million and $3.1 million, respectively. Amortization expense with respect to these intangible assets for each of five succeeding fiscal years is estimated to be as follows: 2005 - $677,000; 2006 - $677,000; 2007 - $677,000; 2008 -

$665,000; 2009 - $615,000.

Amortization expense for the years ended December 31, 2004, December 31, 2003 and December 31, 2002 was $602,000, $410,000 and $390,000, respectively.

Long-Lived Assets: The Company periodically reviews the carrying value of intangibles and other long-lived assets for recoverability or whenever events or changes in circumstances indicate that such amounts have been impaired. Impairment indicators include, among other conditions, cash flow deficits, a historic or anticipated decline in revenue or operating profit and a material decrease in the fair value of some or all of the Company's long-lived assets. When indicators are present, the Company compares the carrying value of the asset to the estimated undiscounted future cash flows expected to be generated from the use of the asset. If these estimated future cash flows are less than the carrying value of the asset, the Company recognizes impairment to the extent the carrying value of the asset exceeds its fair value. Such a review has been performed by management and does not indicate an impairment of such assets.

Income Taxes: Income taxes have been provided using the liability method. Deferred income taxes have been provided for to reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Earnings Per Share: Basic earnings per share have been computed by dividing net income by the weighted average number of common shares outstanding of 10,982,000 in 2004, 10,628,000 in 2003 and 10,516,000 in 2002. Diluted earnings per share have been computed by dividing net income by the weighted average number of common shares outstanding, including the dilutive effects of stock options, of 11,226,000 in 2004, 10,754,000 in 2003 and 10,541,000 in 2002.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for Stock Option Plan: At December 31, 2004, the Company had a stock option plan, which is more fully described in Note D. The Company accounts for the plan under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees", and related Interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted under those plans had an exercise price equal to the market values of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" to stock-based employee compensation.

~~Year ended December 31, (in thousands, except per share data) 2004 2003 2002 Net income, as reported $8,472 $8,415 $2,245 Deduct: Total stock option employee compensation expense~~

~~determined under fair value based method for all awards, net of related tax effects (179) (196) (156) Pro forma net income $8,293 $8,219 $2,089 Earnings per share: Basic - as reported $0.77 $0.79 $0.21 Basic - pro forma $0.76 $0.77 $0.20 Diluted - as reported $0.75 $0.78 $0.21 Diluted - pro forma $0.74 $0.76 $0.20~~

The weighted average fair values of options granted during the years ended December 31, 2004, 2003 and 2002 were $5.90, $2.57 and $0.16, respectively. The fair values for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions: risk-free interest rates of 3.73%, 3.37% and 3.47% for 2004, 2003 and 2002, respectively; 1.55% dividend yield in 2004, 2.53% dividend yield in 2003 and 4.33% dividend yield in 2002; volatility factor of the expected market price of the Company's common stock of 0.37 in 2004, 0.41 in 2003 and 0.06 in 2002; and a weighted-average expected life of the options of 6.0, 6.0 and 6.0 years in 2004, 2003 and 2002, respectively.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimates, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair values of its employee stock options.

New Accounting Pronouncements: In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123R, Share-Based Payment, an amendment of FASB Statements No. 123 ("SFAS No. 123R"). SFAS No. 123R addresses the accounting for transactions in which an enterprise exchanges its valuable equity instruments for employee services. It also addresses transactions in which an enterprise incurs liabilities that are based on the fair values of the enterprise's equity instruments or that may be settled by the issuance of those equity instruments in exchange for employee services. For public entities, the cost of employee services received in exchange for equity instruments, including employee stock options, would be measured based on the grant-date fair value of those instruments. That cost would be recognized as compensation expense over the requisite service period (often the vesting period). Generally, no compensation cost would be recognized for equity instruments that do not vest.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (continued)

SFAS No. 123R is effective for periods beginning after June 15, 2005. SFAS No. 123R will apply to awards granted, modified, or settled in cash on or after that date. Companies may choose from one of three methods when transitioning to the new standard, which may include restatement of prior annual and interim periods. The impact on EPS of expensing stock options will be dependent upon the method to be used for valuation of stock options and the transition method determined by the Company. The total impact on an annualized basis could range from approximately $0.01 to $0.02 per share-diluted, assuming option grants continue at the same level as in 2004.

Reclassifications: Certain selling, general and administrative expenses have been reclassified to distribution expenses in 2003 and 2002 to conform with the current presentation.

NOTE B - ACQUISITIONS, DISPOSALS AND LICENSES

Prestige Acquisition and Disposition: In September 1999, the Company acquired 51% of the capital stock and controlling interest in each of Prestige Italiana, Spa ("Prestige Italy") and Prestige Haushaltswaren GmbH ("Prestige Germany" and, together with Prestige Italy, the "Prestige Companies"). The Company paid approximately $1.3 million for its majority interests in the Prestige Companies. This acquisition was accounted for using the purchase method and the Company recorded goodwill of $586,000. Effective September 27, 2002, the Company sold its 51% controlling interest in Prestige Italy and, together with its minority interest shareholder, caused Prestige Germany to sell all of its receivables and inventory to a European housewares distributor. As a result the Company received approximately $1.0 million in cash on October 21, 2002. The sale resulted in a net loss of approximately $811,000 that includes the write-off of goodwill of approximately $540,000. Accordingly, the Company has classified the Prestige Companies business as discontinued operations.

Gemco Acquisition: In November 2003, the Company acquired the assets of Gemco Ware, Inc. ("Gemco"), a distributor of functional glassware products for storing and dispensing food and condiments. The results of operations of Gemco are included in the Company's consolidated statements of income from the date of acquisition. This acquisition enabled the Company to broaden its kitchenware product lines to include functional glassware.

:USE Acquisition: In October 2003, the Company acquired the business and certain assets of the :USE - Tools for Civilization Division of DX Design Express, Inc., which was a company focused on creating contemporary lifestyle products for the home, including decorative hardware, mirrors and lighting for the bath, as well as decorative window accessories. This acquisition enabled the Company to expand its product offering to include bath accessories. The results of operations of :USE are included in the Company's consolidated statements of income from the date of acquisition.

In connection with the Gemco and :USE acquisitions, the total of the purchase prices paid in cash, including associated expenses, amounted to approximately $4.0 million. In connection with the :USE acquisition the Company is also required to pay minimum contingent consideration of $300,000 ($100,000 in each of the years 2004 - 2006) based upon a percentage of net sales of the :USE product line up to a maximum of $1,500,000 ($500,000 in each of the years 2004 - 2006). The acquisitions were accounted for under the purchase method and, accordingly, acquired assets and liabilities are recorded at their fair values. The allocations of the purchase prices of the acquired businesses resulted in the following condensed balance of assets being acquired (in thousands):

~~Purchase Price Allocation~~
~~Accounts receivable $ 1,131~~
~~Merchandise Inventories 944~~
~~Other intangibles 940~~

~~Goodwill~~
~~1,248~~
~~Total~~
~~assets~~
~~acquired $~~
~~4,263~~

NOTE B - ACQUISITIONS, DISPOSALS AND LICENSES (continued)

In July 2004, the Company acquired the business and certain assets of Excel Importing Corp., ("Excel"), a wholly-owned subsidiary of Mickelberry Communications Incorporated. Excel marketed and distributed a diversified line of high quality cutlery, tabletop, cookware and barware products under well-recognized premium brand names, including Sabatier(R), Farberware(R), Retroneu Design Studio(R), Joseph Abboud Environments(R), DBK-Daniel Boulud Kitchen(TM) and Legnoart(R). The Excel acquisition provided quality brand names that the Company can use to market many of its existing product lines and added tabletop product categories to the Company's current product lines. The purchase price, subject to post closing adjustments, was approximately $8.5 million, of which $7.0 million was paid in cash at the closing. The Company has not paid the balance of $1.5 million since it believes the total estimated post closing inventory adjustments and certain indemnificiation claims are in excess of that amount.

The Company has not yet determined either the amount or the allocation of the purchase price for the Excel acquisition since the calculation of post closing adjustments has not yet been finalized. The acquisition was accounted for under the purchase method and, accordingly, acquired assets and liabilities are recorded at their fair values. Preliminary the $7.0 million of the purchase price paid at closing has been allocated based on management's estimates as follows (in thousands):

~~Preliminary~~
~~Purchase~~
~~Price~~
~~Allocation~~
~~Accounts~~
~~receivable~~
~~$ 1,300~~
~~Merchandise~~
~~Inventories~~
~~4,800~~
~~Current~~
~~liabilities~~
~~(5,400)~~
~~License~~
~~intangibles~~
~~6,300~~
~~Total~~
~~assets~~
~~acquired $~~
~~7,000~~

KitchenAid License Agreement: On September 24, 2000, the Company entered into a license agreement with Whirlpool Corporation. This agreement allows the Company to design, manufacture and market an extensive range of kitchen utensils, barbecue items and pantryware products under the KitchenAid(R) brand name. On January 1, 2002, the license agreement was amended, expanding the covered products to include bakeware and baking related products as covered products. A second amendment to the license agreement was entered into effective August 1, 2003, which extended the term of the license through December 31, 2007 and further expanded the covered products to include kitchen cutlery. Shipments of products by the Company under the KitchenAid name began in the second quarter of 2001.

Cuisinart License Agreement: On March 19, 2002, the Company entered into a license agreement with Conair Corporation. This agreement allows the Company to design, manufacture and market a wide variety of cutlery products under the Cuisinart(R) brand name. Shipments of products under the Cuisinart(R) name began in the fourth quarter of 2002. On April 8, 2004, the license agreement was amended, expanding the covered products to include cutting boards.

NOTE C -CREDIT FACILITIES

On July 28, 2004, the Company entered into a $50 million five-year, secured credit facility (the "Credit Facility") with a group of banks and, in conjunction therewith, canceled its $35 million secured, reducing revolving credit facility which was due to mature in November 2004. Borrowings under the Credit Facility are secured by all of the assets of the Company. Under the terms of the Credit Facility, the Company is required to satisfy certain financial covenants, including limitations on indebtedness and sale of assets; a minimum fixed charge ratio; a maximum leverage ratio; and maintenance of a minimum net worth. Borrowings under the credit facility have different interest rate options that are based on an alternate base rate, the LIBOR rate and the lender's cost of funds rate, plus in each case a margin based on a leverage ratio. As of December 31, 2004, the Company had outstanding $0.4 million of letters of credit and trade acceptances, $19.4 million of short-term borrowings and a $5.0 million term loan under its Credit Facility and, as a result, the availability under the Credit Facility was $25.2 million. The $5.0 million long-term loan is non-amortizing, bears interest at 5.07% and matures in August 2009. Interest rates on short-term borrowings at December 31, 2004 ranged from 3.3125% to 5.25%. The weighted-average interest rate on short-term borrowings was 3.857% and 3.502% at December 31, 2004 and December 31, 2003, respectively.

The Company paid interest of approximately $0.8 million, $0.7 million and $1.0 million during the years ended December 31, 2004, 2003 and 2002, respectively.

NOTE D - CAPITAL STOCK

Cash Dividends: The Company paid regular quarterly cash dividends of $0.0625 per share on its Common Stock, or a total annual cash dividend of $0.25 per share, in each of 2004, 2003 and 2002. The Board of Directors currently intends to maintain a quarterly cash dividend of $0.0625 per share of Common Stock for the foreseeable future, although the Board may in its discretion determine to modify or eliminate such dividend at any time.

Common Stock Repurchase and Retirement: During the years ended December 31, 1999 and 2000, the Board of Directors of the Company authorized the repurchase of up to 3,000,000 shares of the outstanding Common Stock in the open market. Through December 31, 2004, 2,128,000 shares had been repurchased for approximately $15.2 million (none were repurchased in 2004, 2003 and 2002).

Preferred Stock: The Company is authorized to issue 2,000,000 shares of Series B Preferred Stock, par value of One Dollar ($1.00) each, none of which is outstanding. The Company is also authorized to issue 100 shares of Series A Preferred Stock, par value of One Dollar ($1.00) each, none of which is outstanding.

Stock Option Plans: In June 2000, the stockholders of the Company approved the 2000 Long-Term Incentive Plan (the "Plan"), which replaced all other Company stock option plans, whereby up to 1,750,000 shares of Common Stock may be granted in the form of stock options or other equity-based awards to directors, officers, employees, consultants and service providers to the Company and its affiliates. The Plan authorizes the Board of Directors of the Company to issue incentive stock options as defined in Section 422 of the Internal Revenue Code, stock options that do not conform to the requirements of that Section of the Code and other stock based awards. Options that have been granted under the plan expire over a range of ten years from the date of the grant and vest over a range of up to five years, from the date of grant.

As of December 31, 2004, approximately 949,500 shares were available for grant under the Plan and all options granted through December 31, 2004 under the Plan have exercise prices equal to the market value of the Company's stock on the date of grant.

LIFETIME HOAN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

NOTE D - CAPITAL STOCK (continued)

The following table summarizes the Company's stock option activity and related information for the years ended December 312004, 2003 and 2002:

	2004		2003		2002	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Balance Jan 1,	966,610	$6.98	919,291	$6.98	1,031,830	$6.94
Grants	49,000	$16.68	370,000	$7.37	175,000	$6.30
Exercised	(217,041)	$6.76	(298,232)	$6.50	(94,153)	$5.00
Canceled	(103,762)	$10.60	(24,449)	$7.44	(193,386)	$7.09
Balance Dec 31,	694,807	$7.59	966,610	$7.27	919,291	$6.98

The following table summarizes information about employees' stock options outstanding at December 31, 2004:

Weighted-
Weighted-
Weighted-
Average
Average
Average
Exercise
Exercise

~~Remaining~~
~~Price —~~
~~Price —~~
~~Exercise~~
~~Options~~
~~Options~~
~~Contractual~~
~~Options~~
~~Options~~
~~Price~~
~~Outstanding~~
~~Exercisable~~
~~Life~~
~~Outstanding~~
~~Exercisable~~
~~$4.14 —~~
~~$5.51~~
~~198,400~~
~~198,400~~
~~7.2 years~~
~~$5.28~~
~~$5.28~~
~~$6.00 —~~
~~$8.55~~
~~413,457~~
~~234,332~~
~~6.8 years~~
~~$7.25~~
~~$6.97~~
~~$8.64 —~~
~~$13.84~~
~~58,950~~
~~15,200 8.5~~
~~years~~
~~$12.90~~
~~$11.45~~
~~$15.60 —~~
~~$22.46~~
~~24,000~~
~~14,000 9.3~~
~~years~~
~~$19.65~~
~~$20.09~~
~~694,807~~
~~461,932~~
~~7.1 years~~
~~$7.59~~
~~$6.79~~

At December 31, 2003 and 2002, there were outstanding exercisable options to purchase 699,610 and 789,917 shares of Common Stock, respectively, at weighted-average exercise prices per share of $6.94 and $7.14, respectively.

In connection with the exercise of options issued under a stock option plan that has since been terminated, the Company received cash of $255,968 and notes in the amount of $908,000 in 1985. The notes bear interest at 9% and are due no later than December 31, 2005. During 2001, a note issued by Milton L. Cohen, a director of the Company, in the amount of $422,000 was canceled and replaced by a new note issued by Milton L. Cohen in the amount of $855,000, which consolidated such $422,000 and all other amounts due by Milton L. Cohen to the Company. As at December 31, 2004, the amount of such note had been reduced to approximately $278,000.

NOTE E - INCOME TAXES

Pre-tax income from continuing operations for the years ended December 31, 2004, 2003 and 2002 was $14.1 million, $14.0 million and $6.0 million, respectively.

The provision for income taxes consists of the following (in thousands):

~~Year~~
~~Ended~~
~~December~~
~~31, 2004~~
~~2003~~
~~2002~~
~~Current:~~
~~Federal~~
~~$4,861~~
~~$4,451~~
~~$2,035~~
~~State~~
~~and~~
~~local~~
~~841~~
~~1,018~~
~~239~~
~~Deferred~~
~~(100)~~
~~105 133~~
~~Income~~
~~tax~~
~~provision~~
~~$5,602~~
~~$5,574~~
~~$2,407~~

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred tax assets (liabilities) are as follows (in thousands):

~~December 31,~~
~~2004 2003~~
~~Merchandise~~
~~inventories~~
~~$1,174~~
~~$1,122~~
~~Accounts~~
~~receivable~~
~~allowances~~
~~964 876~~
~~Depreciation~~
~~and~~
~~amortization~~
~~(3,412)~~
~~(2,088)~~
~~Inventory~~
~~reserve 889~~
~~— Accrued~~
~~bonuses 395~~
~~— Net~~
~~deferred tax~~
~~(liabilities)~~
~~assets $10~~
~~($90)~~

The provisions for income taxes differs from the amounts computed by applying the applicable federal statutory rates as follows (in thousands):

~~Year Ended~~
~~December~~
~~31, 2004~~
~~2003 2002~~
~~Provision~~
~~for Federal~~
~~income~~
~~taxes at~~
~~the~~
~~statutory~~
~~rate $4,926~~
~~$4,896~~
~~$2,026~~
~~Increases~~
~~(decreases):~~
~~State and~~

~~local income taxes, net of Federal income tax benefit 547 662 158~~
~~Other 129 16 223~~
~~Provision for income taxes $5,602 $5,574 $2,407~~

The Company paid income taxes of approximately $4.2 million and $3.1 million during the years ended 2004 and 2003, respectively. The Company received income tax refunds (net of payments) of approximately $328,000 during the year ended December 2002.

The Company and its subsidiaries' income tax returns are routinely examined by various tax authorities. In management's opinion, adequate provision for income taxes have been made for all open years in accordance with SFAS No. 5, "Accounting for Contingencies".

NOTE F - COMMITMENTS

Operating Leases: The Company has lease agreements for its distribution facility, showroom facilities, sales offices and outlet stores which expire through 2016. These leases provide for, among other matters, annual base rent escalations and additional rent for real estate taxes and other costs. Leases for certain retail outlet stores provide for rent based upon a percentage of monthly gross sales.

Future minimum payments under non-cancelable operating leases are as follows (in thousands):

~~Year ended December 31: 2005 $5,941~~
~~2006 4,821~~
~~2007 4,108~~
~~2008 3,607~~
~~2009 3,098~~
~~Thereafter 18,619~~
~~$40,194~~

Under an agreement with the Meyer Corporation ("Meyer"), Meyer assumed responsibility for merchandising and for stocking Farberware cookware products in the outlet stores and receives all revenue from store sales of Farberware(R) cookware. Since October 31, 2003, Meyer has occupied 30% of the space in each store and reimbursed the Company for 30% of the operating expenses of the stores. For the periods prior to October 1, 2003, Meyer occupied 50% of the space in each store and 50% of the operating expenses of the stores. In 2004, 2003 and 2002, Meyer Corporation reimbursed the Company approximately $1.2 million, $1.5 million and $1.7 million, respectively, for operating expenses.

Rental and related expenses under operating leases were approximately $7.0 million, $6.9 million and $7.1 million for the years ended December 31, 2004, 2003 and 2002, respectively. Such amounts are prior to the Meyer reimbursements described above.

Capital Leases: In November 2003 the Company entered into various capital lease arrangements for the leasing of equipment to be utilized in its Robbinsville, New Jersey distribution facility. These leases expire in 2008 and the future minimum lease payments due under the leases as of December 31, 2004 are as follows (in thousands):

~~Year ended December 31:~~	
~~2005~~	~~$ 331~~
~~2006~~	~~304~~
~~2007~~	~~277~~
~~2008~~	~~226~~
~~2009~~	~~66~~
~~Total Minimum Lease Payments~~	~~1,204~~
~~Less: amounts representing interest~~	~~123~~
~~Present value of minimum lease payments~~	~~$1,081~~

The current and non-current portions of the Company's capital lease obligations at December 31, 2004 of approximately $262,000 and $819,000, respectively, and at December 31, 2003 of approximately $128,000 and $586,000, respectively, are included in the accompanying consolidated balance sheets within accrued expenses and deferred rent and other long-term liabilities, respectively.

NOTE F - COMMITMENTS (continued)

Royalties: The Company has license agreements that require payments of royalties on sales of licensed products which expire through December 31, 2008. Future minimum royalties payable under these agreements are as follows (in thousands):

~~Year ended December 31:~~	
~~2005~~	~~$3,618~~
~~2006~~	~~3,748~~
~~2007~~	~~3,691~~
~~2008~~	~~46~~
	~~$11,103~~

Legal Proceedings: The Company has, from time to time, been involved in various legal proceedings. The Company believes that all current litigation is routine in nature and incidental to the conduct of our business, and that none of this litigation, if determined adversely to us, would have a material adverse effect on the Company's consolidated financial position or results of operations.

Employment Agreements: Effective as of April 6, 2001, Jeffrey Siegel entered into a new employment agreement with the Company that provides that the Company will employ him as its President and Chief Executive Officer for a term commencing on April 6, 2001, and as its Chairman of the Board for a term that commenced immediately following the 2001 Annual Meeting of stockholders, and continuing until April 6, 2006, and thereafter for additional consecutive one year periods unless terminated by either the Company or Mr. Siegel as provided in the agreement. The agreement provides for an annual salary of $700,000 with annual increases based on changes in the Consumer Price Index and for the payment each year of a bonus in an amount equal to 3.5% of the Company's pre-tax income for such fiscal year, adjusted to include amounts payable during such year to Mr. Siegel under the employment agreement and to Milton L. Cohen in his capacity as a consultant to the Company and all significant non-recurring charges deducted in determining such pre-tax income. During the years ended December 31, 2004, 2003 and 2002, the Company recorded annual compensation expense of approximately $555,000, $576,000 and $323,000, respectively, to the bonus plan. In addition, under the terms of the employment agreement, Mr. Siegel is entitled to $350,000 payable at the earlier of April 5, 2006 and the occurrence of certain termination events. The agreement also provides for, among other things, certain standard fringe benefits, such as disability benefits, medical insurance, life insurance and an accountable expense allowance. The agreement further provides that if the Company is merged or otherwise consolidated with any other organization or substantially all of the assets of the Company are sold or control of the Company has changed (the transfer of 50% or more of the outstanding stock of the Company) and such event is followed by: (i) the termination of his employment, other than for cause; (ii) the diminution of his duties or change in his executive position; (iii) the diminution of his compensation (other than as part of a general reduction in the compensation of all employees); or (iv) the relocation of his principal place of employment to other than the New York Metropolitan Area, the Company would be obligated to pay to Mr. Siegel or his estate the base salary required pursuant to the employment agreement for the balance of the term. The employment agreement also contains restrictive covenants preventing Mr. Siegel from competing with the Company for a period of five years from the earlier of the termination of Mr. Siegel's employment (other than a termination by the Company without cause) or the expiration of his employment agreement.

During 2003 and 2004, several members of senior management entered into employment agreements with the Company. The employment agreements termination dates range from June 30, 2006 through June 30, 2007. The agreements provide for annual salaries and bonuses, and certain standard fringe benefits, such as disability benefits, medical insurance, life insurance and auto allowances.

NOTE F - COMMITMENTS (continued)

In March 2002, the Company awarded Mr. Jeffrey Siegel a special bonus of $129,600.

NOTE G - RELATED PARTY TRANSACTIONS

Effective April 6, 2001, Milton L. Cohen, then a director of the Company, and the Company entered into a 5-year consulting agreement pursuant to which the Company is paying Milton L. Cohen an annual consulting fee of $440,800.

As of December 31, 2004 and December 31, 2003, Milton L. Cohen owed the Company approximately $278,000 and $453,000, respectively. Milton L. Cohen remits $48,404 quarterly in payment of interest and principal. The loan, which matures on March 31, 2006, is included within other current and non-current assets in the accompanying consolidated balance sheets.

As of December 31, 2004 and December 31, 2003, Jeffrey Siegel, Chairman of the Board, President and Chief Executive Officer of the Company, owed the Company approximately $344,000 with respect to an outstanding loan related to the exercise of stock options under a stock option plan which has since been terminated.

As of December 31, 2004 and December 31, 2003, Craig Phillips, a vice president of the Company, owed the Company approximately $135,000 with respect to an outstanding loan related to the exercise of stock options under a stock option plan which has since been terminated.

The above referenced notes receivables due from Jeffery Siegel and Craig Phillips totaling $479,000 are included within total stockholders' equity in the accompanying balance sheets at December 31, 2004 and 2003, respectively.

On October 1, 2002 the Company entered into a consulting agreement with Ronald Shiftan, a director of the Company. The agreement was terminated effective November 1, 2004 when Mr. Shiftan became Vice Chairman of the Company. Mr. Shiftan was paid compensation under the consulting agreement at a rate of $30,000 per month.

NOTE H - RETIREMENT PLAN

The Company maintains a defined contribution retirement plan for eligible employees under Section 401(k) of the Internal Revenue Code. Participants can make voluntary contributions up to a maximum of 15% of their respective salaries. The Company made matching contributions to the plan of approximately $257,000, $206,000 and $220,000 in 2004, 2003 and 2002, respectively.

NOTE I - CONCENTRATION OF CREDIT RISK

The Company maintains cash and cash equivalents with various financial institutions.

Concentrations of credit risk with respect to trade accounts receivable are limited due to the large number of entities comprising the Company's customer base and their dispersion across the United States. The Company periodically reviews the status of its accounts receivable and, where considered necessary, establishes an allowance for doubtful accounts.

During the years ended December 31, 2004, 2003 and 2002, Wal-Mart Stores, Inc. (including Sam's Clubs) accounted for approximately 24%, 29% and 20% of net sales, respectively. No other customer accounted for 10% or more of the Company's net sales during 2004, 2003 or 2002. For the years ended December 31, 2004, 2003 and 2002, our ten largest customers accounted for approximately 59%, 62% and 56% of net sales, respectively.

NOTE J - OTHER

Property and Equipment:

Property and equipment consist of (in thousands):

	~~December 31, 2004~~	~~2003~~
~~Land~~	~~$932~~	~~$932~~
~~Building and improvements~~	~~7,179~~	~~7,135~~
~~Machinery, furniture and equipment~~	~~28,881~~	~~26,451~~
~~Leasehold improvements~~	~~1,810~~	~~1,637~~
	~~38,802~~	~~36,155~~
~~Less: accumulated depreciation and amortization~~	~~18,799~~	~~15,592~~
	~~$20,003~~	~~$20,563~~

Depreciation and amortization expense on property and equipment for the years ended December 31, 2004, 2003 and 2002 was $3.5 million, $3.3 million and $3.1 million, respectively. Included in machinery, furniture and equipment and related accumulated depreciation above as of December 31, 2004 are $1,332,000 and $281,000, respectively, and as of December 31, 2003 are $763,000 and $76,000, respectively, related to assets recorded under capital leases.

Accrued Expenses:

Accrued expenses consist of (in thousands):

	~~December 31, 2004~~	~~2003~~
~~Commissions~~	~~$887~~	~~$732~~
~~Accrued customer allowances and rebates~~	~~5,407~~	~~5,410~~
~~Amounts due to Meyer Corporation~~	~~1,621~~	~~2,534~~
~~Officer and employee bonuses~~	~~1,203~~	~~1,504~~
~~Accrued health insurance~~	~~—~~	~~642~~
~~Accrued royalties~~	~~2,249~~	~~966~~
~~Accrued salaries, vacation and temporary labor billings~~	~~2,075~~	~~1,855~~
~~Other~~	~~6,703~~	~~3,513~~
	~~$20,145~~	~~$17,156~~

Sources of Supply: The Company sources its products from approximately 98 suppliers located primarily in the People's Republic of China, and to a lesser extent in the United States, Taiwan, Thailand, Malaysia, Indonesia, Germany, France, Korea, Czechoslovakia, Italy, India and Hong Kong. For the fiscal year ended December 31, 2004 our three largest suppliers provided us with approximately 54% of the products we distributed, as compared to 62% for the fiscal year ended December 31, 2003. This concentration of sourcing in certain key vendors is an additional risk to our business. Furthermore, because our product lines cover thousands of products, many products are produced for us by only by one or two manufacturers. An interruption of supply from any of these manufacturers could have an adverse impact on our ability to fill orders on a timely basis. However, we believe other manufacturers with whom we do business would be able to increase production to fulfill our requirements.

LIFETIME HOAN CORPORATION

Schedule II - Valuation and Qualifying Accounts

Lifetime Hoan Corporation

(in thousands)

~~COL. A~~	~~COL. B~~	~~COL. C~~	~~COL. D~~	~~COL. E~~

~~Additions~~
~~Balance~~
~~Charged at~~
~~to Costs~~
~~Balance at~~
~~Beginning~~
~~and End of~~
~~Description~~
~~of Period~~
~~Expenses~~
~~Deductions~~
~~Period~~
~~Year ended~~
~~December~~
~~31, 2004~~
~~Deducted~~
~~from asset~~
~~accounts:~~
~~Allowance~~
~~for~~
~~doubtful~~
~~Accounts~~
~~$195 ($68)~~
~~($68) (a)~~
~~$195~~
~~Reserve~~
~~for sales~~
~~returns~~
~~and~~
~~allowances~~
~~3,154~~
~~9,942 (c)~~
~~9,814 (b)~~
~~3,282~~
~~$3,349~~
~~$9,874~~
~~$9,746~~
~~$3,477~~
~~Year ended~~
~~December~~
~~31, 2003~~
~~Deducted~~
~~from asset~~
~~accounts:~~
~~Allowance~~
~~for~~
~~doubtful~~
~~Accounts~~
~~$612 $8~~
~~$425 (a)~~
~~$195~~
~~Reserve~~
~~for sales~~
~~returns~~
~~and~~
~~allowances~~
~~3,276~~
~~9,297 (c)~~
~~9,419 (b)~~
~~3,154~~
~~$3,888~~
~~$9,305~~
~~$9,844~~
~~$3,349~~
~~Year ended~~
~~December~~
~~31, 2002~~
~~Deducted~~
~~from asset~~
~~accounts:~~
~~Allowance~~
~~for~~
~~doubtful~~
~~Accounts~~
~~$315 $386~~
~~$89 (a)~~
~~$612~~
~~Reserve~~
~~for sales~~
~~returns~~
~~and~~

~~allowances~~
~~3,334~~
~~7,453 (c)~~
~~7,511 (b)~~
~~3,276~~
~~$3,649~~
~~$7,839~~
~~$7,600~~
~~$3,888~~

(a) Uncollectible accounts written off, net of recoveries.
(b) Allowances granted.
(c) Charged to net sales.

Exhibit 21. Subsidiaries of the Registrant

Outlet Retail Stores, Inc.
Incorporated in the state of Delaware

Roshco, Inc.
Incorporated in the state of Illinois

M. Kamenstein Corp.
Incorporated in the state of Delaware

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-51774) pertaining to the Lifetime Hoan Corporation 1991 Stock Option Plan, of our report dated March 11, 2005, with respect to the consolidated financial statements and schedule of Lifetime Hoan Corporation and its consolidated subsidiaries included in the Annual Report (Form 10-K) for the year ended December 31, 2004.

Ernst & Young LLP

Melville, New York
March 16, 2005

EXHIBIT 32

Certification by Jeffrey Siegel, Chief Executive Officer, and Robert McNally, Chief Financial Officer,
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

I, Jeffrey Siegel, Chief Executive Officer, and I, Robert McNally, Chief Financial Officer, of Lifetime Hoan Corporation, a Delaware corporation (the "Company"), each hereby certifies that:

(1) the Company's Annual Report on Form 10-K for the annual period ended December 31, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey Siegel	/s/ Robert McNally
Jeffrey Siegel	Robert McNally
Chief Executive Officer	Chief Financial Officer

Date: March 16, 2005

Date: March 16, 2005