

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

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2005

Commission file number 0-19254

Lifetime Brands, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

11-2682486
(I.R.S. Employer
Identification No.)

One Merrick Avenue, Westbury, NY
(Address of Principal Executive Offices)

11590
(Zip Code)

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

Lifetime Hoan Corporation
(Former name, former address and former fiscal year, if changed since last
report)

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 No

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

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$.01 Par Value 11,074,549 shares outstanding as of July 31, 2005

LIFETIME BRANDS, INC.
FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2005

INDEX

Part I.	Financial Information	Page No.
Item 1.	Financial Statements	
	Unaudited Condensed Consolidated Balance Sheets - June 30, 2005 and December 31, 2004	3
	Unaudited Condensed Consolidated Statements of Income - Three and Six Months Ended June 30, 2005 and 2004	4
	Unaudited Condensed Consolidated Statements of Cash Flows - Six Months Ended June 30, 2005 and 2004	5

Notes to Unaudited Condensed Consolidated Financial Statements	6
Report of Independent Registered Public Accounting Firm	9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Item 3. Quantitative and Qualitative Disclosure of Market Risk	17
Item 4. Controls and Procedures	17
Part II. Other Information	
Item 4. Submission of Matters to a Vote of Security Holders	18
Item 6. Exhibits	19
Signatures	

PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LIFETIME BRANDS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

June 30,	
2005	
December 31,	
(unaudited)	
2004 ASSETS	
CURRENT	
ASSETS—Cash	
and cash	
equivalents	
\$105	\$1,741
Accounts	
receivable,	
less	
allowances	
of \$3,639 in	
2005 and	
\$3,477 in	
2004	24,437
34,083	
Merchandise	
inventories	
67,517	
58,934	
Prepaid	
expenses	
1,809	1,998
Deferred	
income taxes	
4,705	4,303
Other	
current	
assets	3,389
2,366	TOTAL
CURRENT	
ASSETS	
101,962	
103,425	
PROPERTY AND	
EQUIPMENT,	
net	21,149
20,003	
GOODWILL	
16,200	
16,200	OTHER
INTANGIBLES,	
net	15,043

~~15,284 OTHER~~
~~ASSETS 2,476~~
~~2,305 TOTAL~~
~~ASSETS~~
~~\$156,830~~
~~\$157,217~~
~~LIABILITIES~~
~~AND~~
~~STOCKHOLDERS'~~
~~EQUITY~~
~~CURRENT~~
~~LIABILITIES~~
~~Short-term~~
~~borrowings~~
~~\$21,300~~
~~\$19,400~~
~~Accounts~~
~~payable~~
~~10,481 7,892~~
~~Accrued~~
~~expenses~~
~~15,646~~
~~20,145~~
~~Income taxes~~
~~payable~~
~~3,678 5,476~~
~~TOTAL~~
~~CURRENT~~
~~LIABILITIES~~
~~51,105~~
~~52,913~~
~~DEFERRED~~
~~RENT & OTHER~~
~~LONG-TERM~~
~~LIABILITIES~~
~~1,996 2,072~~
~~DEFERRED~~
~~INCOME TAX~~
~~LIABILITIES~~
~~4,602 4,294~~
~~LONG-TERM~~
~~DEBT 5,000~~
~~5,000~~
~~STOCKHOLDERS'~~
~~EQUITY~~
~~Common~~
~~Stock, \$.01~~
~~par value,~~
~~shares~~
~~authorized:~~
~~25,000,000;~~
~~shares~~
~~issued and~~
~~outstanding:~~
~~11,074,549~~
~~in 2005 and~~
~~11,050,349~~
~~in 2004 111~~
~~111 Paid in~~
~~capital~~
~~65,449~~
~~65,229~~
~~Retained~~
~~earnings~~
~~29,046~~
~~28,077 Notes~~
~~receivable~~
~~for shares~~
~~issued to~~
~~stockholders~~
~~(479) (479)~~
~~TOTAL~~
~~STOCKHOLDERS'~~
~~EQUITY~~
~~94,127~~
~~92,938 TOTAL~~
~~LIABILITIES~~
~~AND~~
~~STOCKHOLDERS'~~
~~EQUITY~~

~~\$156,830~~
~~\$157,217~~

See accompanying independent registered public accounting firm review report and notes to condensed consolidated financial statements.

LIFETIME BRANDS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(unaudited)

Three Months	
Six Months	
Ended Ended	
June 30, June	
30, 2005 2004	
2005 2004 Net	
Sales \$46,154	
\$33,029	
\$89,272	
\$70,158 Cost	
of Sales	
26,959 19,154	
51,859 40,843	
Distribution	
Expenses	
5,807 4,730	
11,923 10,377	
Selling,	
General and	
Administrative	
Expenses	
10,940 8,683	
21,239 17,791	
Income from	
Operations	
2,448 462	
4,251 1,147	
Interest	
Expense 291	
141 490 268	
Other Income	
(13) (16)	
(26) (31)	
Income Before	
Income Taxes	
2,170 337	
3,787 910 Tax	
Provision 825	
134 1,439 362	
NET INCOME	
\$1,345 \$203	
\$2,348 \$548	
BASIC AND	
DILUTED	
INCOME PER	
COMMON SHARE	
\$0.12 \$0.02	
\$0.21 \$0.05	
WEIGHTED	
AVERAGE	
SHARES—	
BASIC 11,062	
10,967 11,057	
10,916	
WEIGHTED	
AVERAGE	
SHARES AND	
COMMON SHARE	
EQUIVALENTS—	
DILUTED	
11,288 11,230	
11,277 11,186	

See accompanying independent registered public accounting firm review

LIFETIME BRANDS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

Six Months	
Ended June	
30, 2005	
2004	
OPERATING	
ACTIVITIES	
Net income	
\$2,348	\$548
Adjustments	
to	
reconcile	
net income	
to net cash	
provided by	
operating	
activities:	
Depreciation	
and	
amortization	
2,150	1,920
Deferred	
income	
taxes (92)	
(516)	
Deferred	
rent (76)	
125	
Provision	
for losses	
on accounts	
receivable	
111	18
Reserve for	
sales	
returns and	
allowances	
3,767	3,922
Changes in	
operating	
assets and	
liabilities:	
Accounts	
receivable	
5,768	
11,813	
Merchandise	
inventories	
(8,583)	
(6,533)	
Prepaid	
expenses,	
other	
current	
assets and	
other	
assets	
(1,005)	95
Accounts	
payable and	
accrued	
expenses	
(1,856)	
(6,563)	
Accrued	
income	
taxes	
payable	
(1,773)	
(2,643)	NET
CASH	
PROVIDED BY	
OPERATING	

~~ACTIVITIES~~
~~768 2,186~~
~~INVESTING~~
~~ACTIVITIES~~
~~Purchase of~~
~~property~~
~~and~~
~~equipment,~~
~~net (2,966)~~
~~(727) NET~~
~~CASH USED~~
~~IN~~
~~INVESTING~~
~~ACTIVITIES~~
~~(2,966)~~
~~(727)~~
~~FINANCING~~
~~ACTIVITIES~~
~~Proceeds~~
~~from~~
~~(repayment~~
~~of) short-~~
~~term~~
~~borrowings,~~
~~net 1,900~~
~~(2,000)~~
~~Proceeds~~
~~from~~
~~exercise of~~
~~stock~~
~~options 195~~
~~1,236~~
~~Payment of~~
~~capital~~
~~lease~~
~~obligations~~
~~(154) (63)~~
~~Cash~~
~~dividends~~
~~paid~~
~~(1,379)~~
~~(1,361) NET~~
~~CASH~~
~~PROVIDED BY~~
~~(USED IN)~~
~~FINANCING~~
~~ACTIVITIES~~
~~562 (2,188)~~
~~DECREASE IN~~
~~CASH AND~~
~~CASH~~
~~EQUIVALENTS~~
~~(1,636)~~
~~(729) Cash~~
~~and cash~~
~~equivalents~~
~~at~~
~~beginning~~
~~of period~~
~~1,741 1,175~~
~~CASH AND~~
~~CASH~~
~~EQUIVALENTS~~
~~AT END OF~~
~~PERIOD \$105~~
~~\$ 446~~

See accompanying independent registered public accounting firm review report and notes to condensed consolidated financial statements.

LIFETIME BRANDS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 June 30, 2005
 (unaudited)

Note A - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for

interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month and six-month periods ended June 30, 2005 are not necessarily indicative of the results that may be expected for the year ending December 31, 2005. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

Reclassifications: Certain 2004 balances have been reclassified to conform with the current presentation. These items include the reclassification of deferred tax assets and non-current deferred tax liabilities from income taxes payable that represent the impact of the state tax rate on timing differences to conform with the classification guidelines of SFAS No. 109, "Accounting for Income Taxes".

Note B - Distribution Expenses

Distribution expenses consist primarily of warehousing expenses, handling costs of products sold and freight-out.

Note C - Credit Facility

In July 2005, the Company amended its \$50 million secured credit facility (the "Credit Facility"), to increase the size of the facility to \$100 million and to extend its maturity to July 2010. 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. At June 30, 2005, the Company was in compliance with these covenants. 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 June 30, 2005, the Company had \$0.4 million of letters of credit and trade acceptances outstanding and \$21.3 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, prior to the July 2005 amendment, was \$23.3 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 June 30, 2005 ranged from 4.0% to 4.50%.

Note D - Capital Stock and Stock Options

Cash Dividends: In December 2004, the Board of Directors of the Company declared a regular quarterly cash dividend of \$0.0625 per share to stockholders of record on February 4, 2005, paid on February 18, 2005. In March 2005, the Board of Directors declared a regular quarterly cash dividend of \$0.0625 per share to stockholders of record on May 6, 2005, paid on May 20, 2005. On August 2, 2005, the Board of Directors of the Company declared a regular quarterly cash dividend of \$0.0625 per share to stockholders of record on August 5, 2005, to be paid on August 19, 2005.

Earnings Per Share: Basic earnings per share has been computed by dividing net income by the weighted average number of common shares outstanding of 11,062,000 for the three months ended June 30, 2005 and 10,967,000 for the three months ended June 30, 2004. For the six months ended June 30, 2005 and June 30, 2004, the weighted average number of common shares outstanding used to compute basic earnings per share were 11,057,000 and 10,916,000, respectively. Diluted earnings per share has been computed by dividing net income by the weighted average number of common shares outstanding, including the dilutive effects of stock options, of 11,288,000 for the three months ended June 30, 2005 and 11,230,000 for the three months ended June 30, 2004. For the six months ended June 30, 2005 and June 30,

2004, the diluted number of common shares outstanding was 11,277,000 and 11,186,000, respectively.

LIFETIME BRANDS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2005

(unaudited)

Note D - Capital Stock and Stock Options (continued)

Accounting for Stock Option Plan: The Company has a stock option plan, which is more fully described in the footnotes to the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004. The Company accounts for options granted under 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 the plan had exercise prices equal to the market values of the underlying common stock on the dates of grant. The following table illustrates the effect on net income and net income 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.

	Three Months Ended June 30, 2005	Six Months Ended June 30, 2004
Net income as reported	\$1,345	\$203
	\$2,348	\$548
Deduct:		
Total stock option employee compensation expense determined under fair value based method for all awards, net of related tax effects	(34)	(91)
	(68)	(123)
Pro forma net income	1,311	\$112
	2,280	\$425
Income per common share:		
Basic and diluted— as reported	\$0.12	\$0.02
	\$0.21	\$0.05
Basic and diluted— pro forma		

~~\$0.12 \$0.01~~
~~\$0.20 \$0.04~~

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123 (R), "Share Based Payment: and Amendment to FASB Statements 123 and 95." This statement requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. In April 2005, the Securities and Exchange Commission deferred the implementation of SFAS No. 123 (R). As a result, the Company plans to adopt SFAS No. 123 (R) effective January 1, 2006. The Company is currently evaluating the impact of this statement on its financial statements.

Note E - Excel Acquisition

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(TM)-Daniel Boulud Kitchen 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 of certain estimated post closing inventory adjustments and certain indemnification claims are in excess of that amount.

LIFETIME BRANDS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS June 30, 2005 (unaudited)

Note E - Excel Acquisition (continued)

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. On a preliminary basis 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

Note F - Pfaltzgraff Acquisition

On July 11, 2005, the Company acquired the business and certain assets of The Pfaltzgraff Co ("Pfaltzgraff"). Pfaltzgraff designs, markets, distributes and sells ceramic dinnerware and tabletop accessories for the home. Its products are broadly distributed through company-owned factory stores and retail chains as well as through Internet and catalog operations.

The purchase price, subject to post closing adjustments, was approximately \$34.0 million, which was funded by borrowings under the amended Credit Facility (see Note C).

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Lifetime Brands, Inc.:

We have reviewed the unaudited condensed consolidated balance sheet of Lifetime Brands, Inc. and subsidiaries (the "Company") as of June 30, 2005 and the related unaudited condensed consolidated statements of income for the three-month and six-month periods ended June 30, 2005 and 2004, and the unaudited condensed consolidated statements of cash flows for the six-month periods ended June 30, 2005 and 2004. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards of the Public Company Accounting Oversight Board. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the auditing standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying unaudited condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board, the consolidated balance sheet of the Company as of December 31, 2004, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended [not presented herein] and in our report dated March 11, 2005, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2004 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it was derived.

/s/ Ernst & Young LLP

Melville, New York
July 29, 2005

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

In June 2005 the name of the Company was changed to Lifetime Brands, Inc. from Lifetime Hoan Corporation. The new name better reflects the present business of the Company, 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(TM)-Daniel Boulud Kitchen, Joseph Abboud Environments(R), Roshco(R), Baker's Advantage(R), Kamenstein(R), Casa Moda(TM), 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),

Sabatier(R), DBK(TM)-Daniel Boulud Kitchen 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.

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 three-months ended June 30, 2005, net sales were \$46.2 million, which represented a 39.7% growth over the previous year's corresponding period. The increase in sales was primarily attributable to higher sales of cutlery products, including shipments of the Company's new lines of KitchenAid(R) branded cutlery, increased sales of KitchenAid(R) branded kitchen tools and gadgets, and sales derived from the Excel business that was acquired in July 2004.

The Company's gross profit margin is subject to fluctuation due primarily to product mix and, in some instances, customer mix. In the second quarter of 2005, our gross profit margin decreased slightly compared to 2004.

Our operating profit increased significantly in the second quarter of 2005 compared to the second quarter of 2004 due primarily to two factors: (i) significant sales growth in the 2005 quarter and (ii) the leverage gained from distribution expenses and selling, general and administrative expenses growing at slower rates than sales.

The Company's business and working capital needs are highly seasonal, with a 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 profits 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 unaudited condensed consolidated financial statements which have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. 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 based 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. The Company believes that the following discussion addresses its most critical accounting policies. These condensed consolidated financial statements should be read in conjunction with the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

Merchandise inventories, consisting principally of finished goods, are priced under the lower-of-cost (first-in, first-out basis) or market method. The Company's management periodically reviews and analyzes the carrying value of inventory based on a number of factors including, but not

limited to, future product demand for items and estimated profitability of merchandise.

The Company is required to estimate the collectibility of its accounts receivable. 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.

The Company follows the provision of 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 the year ended December 31, 2004, the Company completed its annual assessment and based upon such assessment, no impairment to the carrying value of goodwill was identified.

The Company follows the provision of SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets". SFAS No. 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. Based upon such review, no impairment to the carrying value of any long-lived asset has been identified.

RESULTS OF OPERATIONS

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

	Three Months	Six Months	Ended Ended
	June 30,	June	June 30, June
	30,	2005	2004
	2005	2004	Net
	sales	100.0 %	100.0 %
	100.0 %	100.0 %	100.0 %
	%	100.0 %	%
	100.0 %	100.0 %	100.0 %
Cost of sales	58.4	58.0	
	58.1	58.2	
Distribution			
expenses	12.6		
	14.3	13.4	
14.8 Selling,			
general and			
administrative			
expenses	23.7		
	26.3	23.8	
25.4 Income			
from			
operations	5.3	1.4	4.7
1.6 Interest			
expense	0.6		
	0.4	0.5	0.4
Other income			
	(0.1)		
Income before			
income taxes	4.7	1.0	4.2
	1.3		
Tax			
provision	1.8		
	0.4	1.6	0.5
Net income			
	2.9 %	0.6 %	
	2.6 %	0.8 %	

Three Months Ended June 30, 2005
Compared to Three Months Ended June 30, 2004

Net Sales

Net sales for the three months ended June 30, 2005 were \$46.2 million, an increase of approximately \$13.1 million, or 39.7%, higher than the comparable 2004 period. Net sales in the second quarter of 2005 for the Excel business, which was purchased in July 2004, were approximately \$2.3 million. Excluding the net sales attributable to the Excel business, net sales totaled approximately \$43.9 million, a 32.8% increase over the second quarter of 2004's sales of \$33.0 million. The increase was primarily attributable to higher sales of cutlery products, including sales of the Company's newly introduced lines of KitchenAid(R) branded cutlery, and higher sales of KitchenAid(R) branded kitchen tools and gadgets.

Net sales for the Company's Outlet Stores increased to \$3.7 million for the three months ended June 30, 2005 compared to net sales of \$3.0 million for the comparable 2004 period. The Outlet Stores incurred operating losses of approximately \$0.5 million for the 2005 quarter compared to \$0.7 million for the 2004 quarter.

Cost of Sales

Cost of sales for the three months ended June 30, 2005 was \$27.0 million, an increase of \$7.8 million, or 40.7%, from the comparable 2004 period. The Company's gross profit margin is subject to fluctuation due primarily to product mix and, in some instances, customer mix. Cost of sales as a percentage of net sales increased slightly, to 58.4% in 2005 from 58.0% in 2004.

Distribution Expenses

Distribution expenses for the three months ended June 30, 2005 were \$5.8 million, an increase of \$1.1 million, or 22.8%, over the comparable 2004 period. Distribution expenses as a percentage of net sales were 12.6% in the second quarter of 2005 as compared to 14.3% in the second quarter of 2004. This improvement reflects primarily the benefits of labor savings and efficiencies generated by the Company's main distribution center in Robbinsville, New Jersey.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three months ended June 30, 2005 were \$10.9 million, an increase of 26.0%, or \$2.3 million, over the comparable 2004 period. As a percentage of net sales, selling, general and administrative expenses for the three months ended June 30, 2005 were 23.7%, as compared to 26.3% for the three months ended June 30, 2004. The increase in selling, general and administrative expenses resulted primarily from higher personnel costs in the Company's sales and marketing departments, higher selling expenses related to increased sales volume and the additional operating expenses of the Excel business acquired in July 2004.

Tax Provision

Income tax expense in the second quarter of 2005 was \$0.8 million, compared to \$0.1 million in the comparable 2004 quarter. The increase in income tax expense is primarily related to the growth in income before taxes from 2004 to 2005. The Company's marginal income tax rate decreased to approximately 38.0% in 2005 compared to 39.8% in 2004 due to lower state apportionment factors.

Six Months Ended June 30, 2005
Compared to Six Months Ended June 30, 2004

Net Sales

Net sales for the six months ended June 30, 2005 were \$89.3 million, an increase of \$19.1 million, or 27.2%, as compared to the six months ended June 30, 2004. Net sales for the six months ended June 30, 2005 for the Excel business, which was purchased in July 2004, were approximately \$4.1 million. Excluding the net sales attributable to the Excel business, net sales for the 2005 period totaled approximately \$85.2 million, a 21.4% increase over the \$70.2 million of net

sales recorded for the comparable 2004 period. The increase in sales volume was attributable primarily to higher sales of cutlery products, including sales of the Company's newly introduced lines of KitchenAid(R) branded cutlery, and to a lesser extent, higher sales of KitchenAid(R) branded kitchen tools and gadgets, and Kamenstein pantryware products .

Net sales for the Company's Outlet Stores increased to \$7.2 million for the six months ended June 30, 2005 compared to net sales of \$5.7 million for the comparable 2004 period. The Outlet Stores incurred operating losses of approximately \$1.1 million in the 2005 period compared to losses of approximately \$1.8 million in the 2004 comparable period.

Cost of Sales

Cost of sales for the six months ended June 30, 2005 was \$51.9 million, an increase of 27.0% over the comparable 2004 period. The Company's gross profit margin is subject to fluctuation due primarily to product mix and, in some instances, customer mix. Cost of sales as a percentage of net sales was 58.1% for the six months ended June 30, 2005 compared to 58.2% for the six months ended June 30, 2004.

Distribution Expenses

Distribution expenses for the six months ended June 30, 2005 were \$11.9 million, an increase of \$1.5 million or 14.9% from the comparable 2004 period. Distribution expenses as a percentage of net sales were 13.4% in the 2005 period compared to 14.8% in 2004. This improvement reflects primarily the benefits of labor savings and efficiencies generated by the Company's main distribution center in Robbinsville, New Jersey.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the six months ended June 30, 2005 were \$21.2 million, an increase of \$3.4 million or 19.4% over the comparable 2004 period. The increase in selling, general and administrative expenses resulted primarily from higher personnel costs in the Company's sales and marketing departments, higher selling expenses related to increased sales volume and the additional operating expenses of the Excel business acquired in July 2004.

Tax Provision

Income tax expense for the six months ended June 30, 2005 was \$1.4 million as compared to \$0.4 million in the comparable 2004 period. The increase in income tax expense is primarily related to the growth in income before taxes from 2004 to 2005. The Company's marginal income tax rate decreased to approximately 38.0% in 2005 compared to 39.8% in 2004 due to lower state apportionment factors.

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.

In July 2005, the Company amended its \$50 million secured credit facility (the "Credit Facility"), to increase the size of the facility to \$100 million and to extend its maturity to July 2010. 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. At June 30, 2005, the Company was in compliance with these covenants. 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 June 30, 2005, the Company had \$0.4 million of letters of credit and trade acceptances outstanding and \$21.3 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, prior to the July 2005 amendment, was \$23.3 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 June 30, 2005 ranged from 4.0% to 4.50%.

On July 11, 2005, the Company acquired the business and certain assets of the Pfaltzgraff Co. The purchase price, subject to post closing adjustments, was approximately \$34.0 million, which was funded by borrowings under the amended Credit Facility.

At June 30, 2005 the Company had cash and cash equivalents of \$0.1 million compared to \$1.7 million at December 31, 2004.

In July 2005, the Board of Directors declared a regular quarterly cash dividend of \$0.0625 per share to stockholders of record on August 5, 2005, to be paid on August 19, 2005. The dividend to be paid will be approximately \$0.7 million.

The Company believes that its cash and cash equivalents, internally generated funds and its existing credit arrangements will be sufficient to finance its operations for at least 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 fluctuation. The Company negotiates all of its purchase orders with its foreign manufacturers in United States dollars. Thus, notwithstanding any fluctuation in foreign currencies, the cost of the Company's purchase orders 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.

RECENT ACCOUNTING PRONOUNCEMENTS

In November 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 151, Inventory Costs - an amendment of ARB No. 43. This Standard requires abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage) to be recognized as current period charges. Additionally, it requires that fixed production overhead costs be allocated to inventory based on the normal capacity of the production facility. The provisions of this Standard apply prospectively and are effective for us for inventory costs incurred after January 1, 2006. While we believe this Standard will not have a material effect on our financial statements, the impact of adopting these new rules is dependent on events that could occur in future periods, and as such, an estimate of the impact cannot be determined until the event occurs in future periods.

In March 2005, the FASB issued Interpretation No. (FIN) 47, Accounting for Conditional Asset Retirement Obligations - an interpretation of FASB Statement No. 143. This Interpretation clarifies the term conditional asset retirement obligation as used in SFAS No. 143 and requires a liability to be recorded if the fair value of the obligation can be reasonably estimated. The types of asset retirement obligations that are covered by this Interpretation are those for which an entity has a legal obligation to perform an asset retirement activity, however the timing and (or) method of settling the obligation are conditional on a future event that may or may not be within the control of the entity. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. This Interpretation is effective no later than December 31, 2005. We do not believe the adoption of FIN 47 will have a material impact on the

Company's financial statements.

In May 2005 the FASB issued Statement No. 154, Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20, Accounting Changes, and FASB Statement No. 3, Reporting Accounting Changes in Interim Financial Statements. The Statement applies to all voluntary changes in accounting principle, and changes the requirements for accounting for and reporting of a change in accounting principle. Statement 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable. Opinion 20 previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. Statement 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. Earlier application is permitted for accounting changes and corrections of errors made occurring in fiscal years beginning after June 1, 2005. We do not believe that the adoption of SFAS No. 154 will have a material impact on the Company's consolidated financial position or results of operations.

Item 3. 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 were 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 three month and six month periods ended June 30, 2005.

Item 4. Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer of the Company (its principal executive officer and principal financial officer, respectively) have concluded, based on their evaluation as of June 30, 2005, that the Company's controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports filed by it under the Securities and Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer of the Company, as appropriate to allow timely decisions regarding required disclosure.

There were no significant changes in the Company's internal controls or in other factors during the most recently completed fiscal quarter that materially affected, or are likely to materially affect internal controls over financial reporting.

PART II - OTHER INFORMATION

Forward Looking Statements: This Quarterly Report on Form 10-Q 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 Brands, Inc. 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 conditions 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.

Item 4. Submission of Matters to a Vote of Security-Holders

The Company's annual meeting of stockholders was held on June 7, 2005. At the meeting, all nine director nominees were elected, the appointment of Ernst & Young LLP as the Company's Independent Registered Public Accounting Firm was ratified and the Restated Certificate of Incorporation of the Company was amended.

(a)The following directors were elected to hold office until the next annual meeting of stockholders by the following vote:

FOR
WITHHOLD
Howard
Bernstein
9,309,877
17,565
Bruce
Cohen
8,832,666
494,776
Michael
Jeary
9,312,877
14,565
Sheldon
Misher
8,989,634
337,808
Cherric
Nanninga
9,311,675
15,767
Craig
Phillips
8,895,052
432,390
Ronald
Shifftan
8,572,007
755,435
Jeffrey
Siegel
8,894,052
433,390
William
Westerfield
9,311,877
15,565

In July 2005, Mr. Bruce Cohen resigned as an employee, officer and director of the Company.

(b)The appointment of Ernst & Young as the Company's Independent Registered Public Accounting Firm to audit the Company's financial statements for the fiscal year ending December 31, 2005 was ratified by the following vote:

~~FOR WITHHOLD~~
~~EXCEPTIONS/ABSTAIN~~
~~9,320,098 3,244~~
~~2,100~~

(c) The amendment of the Restated Certificate of Incorporation of the Company (i) to change the name of the Company to "Lifetime Brands, Inc.", (ii) to delete no longer needed provisions regarding the reclassification of former shares of common stock, which reclassification took place on April 23, 1991 and (iii) to permit the Board of Directors to amend the By-Laws of the Company was approved by the following vote:

~~FOR WITHHOLD~~
~~EXCEPTIONS/ABSTAIN~~
~~BROKER NON VOTE~~
~~5,677,113~~
~~2,137,810 2,840~~
~~1,509,679~~

Item 6. Exhibit(s) and Reports on Form 8-K.

(a)Exhibit(s) in the second quarter of 2005:

Exhibit 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.

Exhibit 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.

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.

Exhibit 10.44 Amendment No.1 to the Restated Credit Facility Agreement between Lifetime Hoan Corporation and the Bank of New York, dated July 11, 2005.

(b)Reports on Form 8-K in the second quarter of 2005:

On April 22, 2005, the Company filed a report on Form 8-K announcing the departure of a director.

On May 5, 2005, the Company filed a report on Form 8-K announcing results of operations for and financial condition as of the end of its first quarter ended March 31, 2005.

On June 10, 2005, the Company filed a report on Form 8-K announcing the election of a director, the appointment of a principal officer and the amendment of its restated certificate of incorporation to change the Company name to Lifetime Brands, Inc, to delete no longer needed provisions regarding the reclassification of former shares of common stock and to permit the Board of Directors to amend the By-Laws of the Company.

On June 24, 2005, the Company filed a report on Form 8-K announcing its agreement to acquire the business and certain assets of The Pfaltzgraff Co.

SIGNATURES

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

Lifetime Brands, Inc.

August 8, 2005

/s/ Jeffrey Siegel

Jeffrey Siegel
Chief Executive Officer and President
(Principal Executive Officer)

August 8, 2005

/s/ Robert McNally

Robert McNally
Vice President - Finance and Treasurer
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Jeffrey Siegel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lifetime Brands, Inc. ("the registrant");
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 quarterly 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 control 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: August 8, 2005

____/s/ Jeffrey Siegel_____
Jeffrey Siegel
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Robert McNally, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lifetime Brands, Inc. ("the registrant");
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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 to be designed under our supervision, to ensure that material designed such disclosure controls and procedures, or caused such disclosure controls 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 quarterly 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 control 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: August 8, 2005

____/s/ Robert McNally_____
Robert McNally
Vice President and Chief Financial Officer

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 Brands, Inc., a Delaware corporation (the "Company"), each hereby certifies that:

- (1) The Company's periodic report on Form 10-Q for the period ended June 30, 2005 (the "Form 10-Q") 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 Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey Siegel
Jeffrey Siegel
Chief Executive Officer

/s/ Robert McNally
Robert McNally
Chief Financial Officer

Date: August 8, 2005

Date: August 8, 2005

EXHIBIT 10.43 Amendment No.1 to the Restated Credit Facility Agreement between Lifetime Hoan Corporation and the Bank of New York, dated July 11, 2005.

AMENDMENT NO. 1
TO
CREDIT AGREEMENT

AMENDMENT NO. 1 (this "Amendment"), dated as of July 11, 2005, by and among LIFETIME BRANDS, INC., formerly known as Lifetime Hoan Corporation (the "Borrower"), the several financial institutions party hereto (the "Lenders") and THE BANK OF NEW YORK, as Administrative Agent for the Lenders.

RECITALS

The Borrower, the Lenders and the Administrative Agent are parties to an Amended and Restated Credit Agreement, dated as of July 28, 2004 (as it may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Unless otherwise defined herein, all capitalized terms used herein or in the Acknowledgement and Consent annexed hereto shall have the meanings ascribed to them in the Credit Agreement.

The Borrower and The Pfaltzgraff Co. ("Pfaltzgraff") are parties to the Asset Purchase Agreement, dated June 17, 2005 (the "Asset Purchase Agreement"), between Pfaltzgraff, Pfaltzgraff Investment Co., The Pfaltzgraff Outlet Co. (collectively, the "Pfaltzgraff Sellers") and the Borrower, PFZ Acquisition Corp. ("PFZ Acquisition") and Pfaltzgraff Factory Stores, Inc. ("PFZ Outlet"; and together with PFZ Acquisition, the "Acquisition Subsidiaries"), pursuant to which the Borrower and the Acquisition Subsidiaries have agreed to purchase substantially all of the assets of Pfaltzgraff Sellers, and to assume certain liabilities of the Pfaltzgraff Sellers, on the terms and conditions set forth in the Asset Purchase Agreement, for an aggregate purchase price \$34,000,000 as such purchase price may be adjusted pursuant to the terms of the Asset Purchase Agreement (the "Purchase Price"). Such acquisition is referred to herein as the "Pfaltzgraff Acquisition".

The Borrower has advised the Administrative Agent and the Lenders that (1) the Borrower changed its name from "Lifetime Hoan Corporation" to "Lifetime Brands, Inc.", (2) it has organized the Acquisition Subsidiaries and (3) title to the assets of its wholly-owned Subsidiary Roshco Inc. were transferred to the Borrower and Roshco Inc. was statutorily dissolved by the Secretary of State of the State of Illinois.

The Borrower has (1) requested that the Administrative Agent and the Required Lenders (a) consent to the Pfaltzgraff Acquisition, the change of its name and the organization of two additional Subsidiaries and (b) waive compliance by the Borrower with Section 6.03 with respect to the legal existence of Roshco Inc. and (2) advised the Administrative Agent and the Lenders that it desires to amend the Credit Agreement in certain respects.

The Administrative Agent has advised the Borrower that the Lenders are willing to agree to its requests on the terms and subject to the conditions set forth in this Amendment.

Accordingly, in consideration of the foregoing, the parties hereto hereby agree as follows:

Consent and Waiver.

Pfaltzgraff Acquisition. The Administrative Agent and the Lenders hereby consent to the Pfaltzgraff Acquisition; provided that (i) the Pfaltzgraff Acquisition is consummated on or before August 31, 2005 on substantially the terms and conditions set forth in the Asset Purchase Agreement, (ii) the aggregate purchase price (including, without limitation,

the principal amount of all indebtedness assumed by the Borrower or any Subsidiary) shall not exceed the Purchase Price, (iii) both before and after giving effect to the Pfaltzgraff Acquisition, no Default shall have occurred and be continuing and (iv) such consent (A) is limited to the matters expressly stated in this Section 1(a) and (B) shall not be deemed to be a waiver of any future violations of Section 7.04 of the Credit Agreement or a waiver of any violations of any other provisions of the Credit Agreement. Name Change. The Administrative Agent and the Lenders hereby consent to the change in the name of the Borrower from "Lifetime Hoan Corporation" to "Lifetime Brands, Inc." ; provided that such consent is limited to the matters expressly stated in this Section 1(b).

Additional Subsidiaries. The Administrative Agent and the Lenders hereby consent to the organization by the Borrower of PFZ Acquisition Corp. and Pfaltzgraff Factory Stores, Inc., each Delaware corporations and wholly-owned Subsidiaries; provided that such consent is limited to the matters expressly stated in this Section 1(c).

Roshco Inc. The Administrative Agent and the Lenders hereby waive non-compliance by the Borrower with Section 6.03 of the Credit Agreement solely with respect to the statutory dissolution of Roshco Inc.; provided, that, (i) such waiver is limited to the matters expressly stated in this Section 1(d); and (ii) such waiver shall not be deemed to be a waiver of any future violations of Section 6.03 or a waiver of any violations of any other provisions of the Credit Agreement.

Amendments to Credit Agreement.

Additional Definitions. Section 1.01 of the Credit Agreement is hereby amended by adding the following new definitions in the appropriate alphabetical order:

"Acquisition Documents" means the Asset Purchase Agreement and the instruments, agreements and documents executed and delivered in connection therewith.

"Amendment No. 1" means Amendment No. 1 to Credit Agreement, dated as of July 11, 2005, among the Borrower, the Lenders party thereto and the Administrative Agent.

"Amendment No. 1 Effective Date" means July 11, 2005.

"Asset Purchase Agreement" means the Asset Purchase Agreement, dated June 17, 2005, between The Pfaltzgraff Co., Pfaltzgraff Investment Co., The Pfaltzgraff Outlet Co. and the Borrower, PFZ Acquisition Corp. and Pfaltzgraff Factory Stores, Inc. (formerly known as PFZ Outlet Retail, Inc.)

"PFZ Acquisition" means PFZ Acquisition Corp., a Delaware corporation and a wholly-owned Subsidiary of the Borrower.

"PFZ Outlet" means Pfaltzgraff Factory Stores, Inc., a Delaware corporation and a wholly-owned Subsidiary of the Borrower.

"Pfaltzgraff Acquisition" has the meaning ascribed thereto in Amendment No. 1.

"Pfaltzgraff Sellers" means, collectively, The Pfaltzgraff Co., Pfaltzgraff Investment Co., and The Pfaltzgraff Outlet Co.

Amendments to Definitions.

Adjusted LIBO Rate. Section 1.01 of the Credit Agreement is hereby amended by deleting the definition of "Adjusted LIBO Rate" in its entirety and substituting the following therefor:

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

Aggregate Revolving Commitment. Section 1.01 of the Credit Agreement is hereby amended by deleting the definition of "Aggregate Revolving Commitment" in its entirety and substituting the following therefor:

"Aggregate Revolving Commitment" means, at any time, the sum at such time of the aggregate Revolving Commitments of all Lenders, which, as of the Effective Date equals \$100,000,000.

Applicable Margin. Section 1.01 of the Credit Agreement is hereby amended by deleting the first paragraph of the definition of "Applicable Margin" in its entirety and substituting the following therefor:

"Applicable Margin" means, at all times during the applicable periods set forth below: (a) with respect to ABR Borrowings, the percentage set forth below under the heading "ABR Margin" and adjacent to such period, (b) with respect to Eurodollar Borrowings, the percentage set forth below under the heading "Eurodollar Margin" and adjacent to such period and (c) with respect to the commitment fees payable under Section 3.03(b), the percentage set forth below under the heading "Fee Margin" and adjacent to such period:

Period Applicable Margin When the And Leverage less Ratio is than greater or ABR Eurodollar Fee than equal to Margin Margin Margin
3.00:1.00
0.750%
2.000%
0.500%
2.75:1.00
3.00:1.00
0.500%
1.750%
0.500%
2.50:1.00
2.75:1.00
0.250%
1.500%
0.375%
2.25:1.00
2.50:1.00
0.000%
1.250%
0.250%
2.25:1.00
0.000%
1.000%
0.250%

Revolving Commitment. Section 1.01 of the Credit Agreement is hereby amended by deleting the last sentence of the definition of "Revolving Commitment" in its entirety and substituting the following therefor:

The Aggregate Revolving Commitment on the Amendment No. 1 Effective Date is \$100,000,000.

Revolving Maturity Date. Section 1.01 of the Credit Agreement is hereby amended by deleting the definition of "Revolving Maturity Date" in its entirety and substituting the following therefor:

"Revolving Maturity Date" means July 9, 2010.

Revolving Note. Section 1.01 of the Credit Agreement is hereby amended by deleting the definition of "Revolving Note" in its entirety and substituting the following therefor:

"Revolving Note" means, with respect to each Lender, a replacement promissory note evidencing such Lender's Revolving Loans payable to the order of such Lender (or, if required by such Lender, to such Lender

and its registered assigns) substantially in the form of Exhibit A to Amendment No. 1.

Optional Increase in Commitments. Section 2.10(a) of the Credit Agreement is hereby amended by deleting clause (ii) thereof its entirety and substituting the following therefor:

(ii) that immediately after such increase is made, the Aggregate Revolving Commitment shall not exceed \$130,000,000.

Pfaltzgraff Acquisition. Article 4 of the Credit Agreement is hereby amended by adding a new Section 4.18 to read in its entirety as follows:

Section 4.18 The Pfaltzgraff Acquisition

The Borrower has heretofore delivered to the Administrative Agent true, correct and complete copies of the Acquisition Documents. The Borrower has, concurrently with the execution and delivery of Amendment No. 1, consummated the Pfaltzgraff Acquisition in all material respects pursuant to the Acquisition Documents, and the Acquisition Documents set forth the entire agreement among the parties thereto with respect to the subject matter thereof. No party to any of the Acquisition Documents has waived the fulfillment of any material condition precedent set forth therein to the consummation of the Pfaltzgraff Acquisition, no party has failed to perform any of its material obligations thereunder or under any instrument or document executed and delivered in connection therewith, and nothing has come to the attention of the Borrower that would cause it to believe that any of the representations or warranties of any Pfaltzgraff Seller contained in the Acquisition Documents was false or misleading in any material respect when made or when reaffirmed on the Amendment No. 1 Effective Date. No consent or approval, authorization or declaration of any governmental authority, bureau or agency, is or will be required in connection with the Pfaltzgraff Acquisition, except for consents that have been obtained prior to the Amendment No. 1 Effective Date. Neither the execution and delivery of the Acquisition Documents, nor the performance of the Borrower's obligations thereunder, will violate any provision of law or will conflict with or result in a breach of, or create (with or without the giving of notice or lapse of time, or both) a default under, any material agreement to which the Borrower is a party or by which it is bound or any of its assets is affected. The Borrower and the Subsidiaries have acquired by virtue of the consummation of the Pfaltzgraff Acquisition and now have good and marketable title to all the assets transferred pursuant thereto and heretofore owned by the Pfaltzgraff Sellers, free and clear of any Lien, except (i) for Permitted Encumbrances and (ii) for the Liens created and granted by the Security Documents.

Use of Proceeds. Section 6.08 of the Credit Agreement is hereby deleted in its entirety and the following substituted therefor:

The proceeds of the Loans will be used only to finance Capital Expenditures and Acquisitions (including, without limitation, the Pfaltzgraff Acquisition) and for working capital and general corporate purposes not inconsistent with the terms hereof. No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase, acquire or carry any Margin Stock or for any purpose that entails a violation of any of the regulations of the Board, including Regulations T, U and X.

Acquisitions. Section 7.04 of the Credit Agreement is hereby amended by (i) deleting the period at the end of clause (l) thereof and substituting "; and" therefor and (ii) adding a new clause (m) thereto to read in its entirety as follows:

(m) the Pfaltzgraff Acquisition.

Leverage Ratio. Section 7.12 of the Credit Agreement is

hereby deleted in its entirety and the following substituted therefor:

Section 7.12Leverage Ratio

The Borrower will not permit the Leverage Ratio at any time during each period set forth below to be greater than the ratio set forth below for such period:

Period	Ratio
Amendment No. 1	
Effective Date	
through December 30, 2005	3.50:1.00
December 31, 2005	
through June 29, 2006	3.00:1.00
June 30, 2006	
through December 30, 2006	3.50:1.00
December 31, 2006	
through March 30, 2007	3.00:1.00
March 31, 2007	
through June 29, 2007	2.75:1.00
2007 June 30, 2007	
through December 30, 2007	3.00:1.00
December 31, 2007	
through June 29, 2008	2.75:1.00
June 30, 2008	
through December 30, 2008	3.00:1.00
December 31, 2008	
through June 29, 2009	2.75:1.00
June 30, 2009	
through December 30, 2009	3.00:1.00
December 31, 2009	
through June 29, 2010	2.75:1.00
June 30, 2010 and	

thereafter
~~3.00:1.00~~

Commitments. Schedule 2.01 to the Credit Agreement is hereby deleted in its entirety and Exhibit B to this Amendment substituted therefor.

Subsidiaries. Schedule 4.12 to the Credit Agreement is hereby deleted in its entirety and Exhibit C to this Amendment substituted therefor.

Indebtedness. Schedule 7.01 to the Credit Agreement is hereby deleted in its entirety and Exhibit D to this Amendment substituted therefor.

Liens. Schedule 7.02 to the Credit Agreement is hereby deleted in its entirety and Exhibit E

to this Amendment substituted therefor.
General.

Credit Agreement. All references to "this Agreement" in the Credit Agreement and to "the Credit Agreement" in the other Loan Documents shall be deemed to refer to the Credit Agreement as amended hereby.

Revolving Notes. All references to a "Revolving Note" or the "Revolving Notes" in the Credit Agreement or the other Loan Documents shall be deemed to refer to the replacement Revolving Notes issued pursuant hereto. Conditions to Effectiveness. This Amendment shall be effective upon the satisfaction of each of the following conditions:

The Administrative Agent shall have received an executed counterpart of this Amendment signed by the Borrower, the Lenders and the Administrative Agent.

The Administrative Agent shall have received for the account of each Lender a replacement Revolving Note conforming to the requirements of the Credit Agreement signed on behalf of the Borrower.

The Administrative Agent shall have received an executed counterpart of the acknowledgement and consent annexed hereto duly executed by each of the Guarantors.

The Administrative Agent shall have received:

a Supplement to the Guarantee Agreement executed by each of PFZ Acquisition and PFZ Outlet;

a Supplement to the Security Agreement executed by each of PFZ Acquisition and PFZ Outlet;

a completed Perfection Certificate in the form of Annex 1 to the Security Agreement, dated the Amendment No. 1 Effective Date and signed by an Authorized Signatory of each of PFZ Acquisition and PFZ Outlet, together with all attachments contemplated thereby; and

such other instruments, documents and agreements as the Administrative Agent may reasonably request in connection with PFZ Acquisition and PFZ Outlet becoming parties to the Guarantee Agreement and the Security Agreement, including, without limitation, Grants of Security Interest (Trademarks), Grants of Security Interest (Patents) and Grants of Security Interest (Copyrights).

The Administrative Agent shall have received the following:

any stock certificates or other instruments representing the Pledged Equity owned by or on behalf of any Loan Party as of the Amendment No. 1 Effective Date (not previously delivered to the Administrative Agent);

any promissory notes and other instruments evidencing the Pledged Debt owed or owing to any Loan Party as of the Amendment No. 1 Effective Date (not previously delivered to the Administrative Agent);

stock powers and instruments of transfer, endorsed in blank, with respect to such stock certificates, promissory notes and other instruments;

all instruments and other documents, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create or perfect (or continue the perfection of) the Liens intended to be created under the Security Agreement; and

a completed Perfection Certificate in the form of Annex 1 to the Security Agreement, dated the Amendment No. 1 Effective Date and signed by an Authorized Signatory of the Borrower, together with all attachments contemplated thereby.

The Administrative Agent shall have received a certificate, dated the Effective Date and signed by a Financial Officer

of the Borrower,

confirming that (1) the Pfaltzgraff Acquisition has been consummated in accordance with the terms and conditions of the applicable Acquisition Documents, all of which shall be in form and substance reasonably satisfactory to the Administrative Agent, and (2) the total consideration paid in connection with the Pfaltzgraff Acquisition was not more than \$34,000,000, subject to adjustment pursuant to the terms of the Acquisition Documents; and

attaching a true, complete and correct copy of each of the following (each of which shall be in form and substance reasonably satisfactory to the Administrative Agent): (1) each Acquisition Document and (2) any information the Administrative Agent may reasonably require regarding the assets and liabilities of the Borrower and Guarantors after giving effect to the consummation of the Pfaltzgraff Acquisition.

The Administrative Agent shall be reasonably satisfied that there is no litigation or administrative proceeding, or regulatory development, that could reasonably be expected to have a material adverse effect on (1) the business, assets, operations, condition (financial or otherwise) or material agreements of the Borrower and the Subsidiaries, (2) the business, assets, operations, condition (financial or otherwise) or material agreements of the Pfaltzgraff Sellers, (3) the ability of any Loan Party to perform any of its obligations under any Loan Document, (4) the rights of or benefits available to any Credit Party under any Loan Document or (5) the ability of any party to the Acquisition Documents to perform any of its obligations under the Acquisition Documents.

The Lenders shall be reasonably satisfied that no material adverse change in the business, assets, operations, properties, condition (financial or otherwise), liabilities (including contingent liabilities) or material agreements of (i) the Borrower and the Subsidiaries or (ii) the Pfaltzgraff Sellers has occurred since December 31, 2004. There shall be no injunction, writ, preliminary restraining order or other order of any nature issued by any Governmental Authority in any respect affecting the transactions provided for in the Loan Documents or the Acquisition Documents and no action or proceeding by or before any Governmental Authority shall have been commenced and be pending or, to the knowledge of the Borrower, threatened, seeking to prevent or delay the transactions contemplated by the Loan Documents or the Acquisition Documents or challenging any other terms and provisions hereof or thereof or seeking any damages in connection herewith or therewith, and the Administrative Agent shall have received a certificate, in all respects reasonably satisfactory to the Administrative Agent, of a Financial Officer of the Borrower to the foregoing effect.

All material approvals and consents of all Persons required to be obtained in connection with the consummation of the Pfaltzgraff Acquisition shall have been obtained and shall be in full force and effect, and all required notices have been given and all required waiting periods shall have expired, and the Administrative Agent shall have received a certificate, in all respects reasonably satisfactory to the Administrative Agent, of a Financial Officer of the Borrower to the foregoing effect.

The Administrative Agent shall be reasonably satisfied with the results of their due diligence including, without limitation, (i) the capital structure and equity ownership of the Borrower after giving effect to the Pfaltzgraff Acquisition, (ii) the consolidated financial statements of The Pfaltzgraff Co. as at and for the fiscal years ending on December 31, 2002, December 31, 2003 and December 31, 2004, (iii) the consolidated financial statements of The Pfaltzgraff Co. as at and for the fiscal quarter ending on March 31, 2005, (iv) the leases, license agreements and contracts of the Pfaltzgraff Sellers assumed by the Borrower or any Subsidiary, (v) financial projections for five years for the Borrower on a consolidated basis after giving effect to the Pfaltzgraff Acquisition, (vi) the tax and accounting treatment of the Pfaltzgraff Acquisition, (vii) any consultant or other external due diligence reports that were prepared for the Borrower in connection with the Pfaltzgraff Acquisition and (viii) environmental, insurance and legal matters.

The Administrative Agent shall have received and be satisfied with consolidated and consolidating pro forma balance sheets of the Borrower and the Subsidiaries as of the Amendment No. 1 Effective Date, after giving effect to the Pfaltzgraff Acquisition (including all debt and equity issuances in connection therewith).

The Administrative Agent shall have received evidence satisfactory to it that the insurance required by Section 6.10 of the Credit Agreement is in effect.

As of the Amendment No. 1 Effective Date and after giving effect to the Pfaltzgraff Acquisition, the Leverage Ratio shall be not greater than 3.00:1.00 and the Administrative Agent shall have received a certificate of Financial Officer of the Borrower, in all respects reasonably satisfactory to the Administrative Agent, to such effect.

The Administrative Agent shall have received a certificate, dated the Amendment No. 1 Effective Date and signed by a Financial Officer of the Borrower, setting forth reasonably detailed calculations demonstrating compliance with Sections 7.12, 7.13 and 7.14 on a pro forma basis as of the Amendment No. 1 Effective Date, immediately after giving effect to the Pfaltzgraff Acquisition.

The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of each Loan Party (including, without limitation, the Borrower, PFZ Acquisition and PFZ Outlet), the authorization of the execution and delivery of this Amendment, the replacement Revolving Notes, the Acknowledgment and Consent, the Supplement to the Security Agreement, the Supplement to the Guarantee Agreement and the Acquisition Documents and any other legal matters relating to the Loan Parties, the Loan Documents or the Pfaltzgraff Acquisition, all in form and substance satisfactory to the Administrative Agent and its counsel.

The Administrative Agent shall have received favorable written opinions (each addressed to the Credit Parties and dated the Amendment No. 1 Effective Date) from Rivkin Radler LLP and Samuel B. Fortenbaugh, Esq., on behalf of the Loan Parties, in form and substance satisfactory to the Administrative Agent covering such matters relating to the Loan Parties, the Loan Documents or the Pfaltzgraff Acquisition as the Administrative Agent shall reasonably request. The Borrower hereby requests such counsel to deliver such opinions.

The representations and warranties contained in the Credit Agreement shall be true and correct in all material respects (except to the extent such representations and warranties specifically relate to an earlier date) and, after giving effect to the consents set forth on Section 1 hereof and the amendments set forth in Section 2 hereof, no Default or Event of Default shall exist.

The Borrower shall have (i) paid to each Lender executing this Amendment an amendment fee equal to 0.05% of such Lender's Revolving Commitment as in effect immediately prior to the Amendment No. 1 Effective Date and (ii) paid to each Lender a closing fee equal to 0.20% of the amount of the increase of such Lender's Revolving Commitment effected hereby.

The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Amendment No. 1 Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder. The Borrower shall have paid the reasonable fees and disbursements of counsel to the Administrative Agent and the Lenders in connection with this Amendment.

The Administrative Agent shall notify the Borrower and the Credit Parties of the Amendment No. 1 Effective Date, and such notice shall be conclusive and binding.

Representations and Warranties. The Borrower hereby represents and warrants to the Administrative Agent and the Lenders that:

The representations and warranties set forth in the Loan Documents (other than the representations and warranties made as of a specific date) are true and correct in all material respects as of the date hereof and with the same effect as though made on and as of the date hereof.

No Default or Event of Default and no event or condition which, with the giving of notice or lapse of time or both, would constitute such a Default or Event of Default, now

exists or would exist.

(i) The execution, delivery and performance by the Borrower of this Amendment is within its organizational powers and have been duly authorized by all necessary action (corporate or otherwise) on the part of the Borrower, (ii) this Amendment is the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, and (iii) neither this Amendment nor the execution, delivery and performance by the Borrower hereof:

(A) contravenes the terms of the Borrower's organization documents, (B) conflicts with or results in any breach or contravention of, or the creation of any Lien under, any document evidencing any contractual obligation to which the Borrower is a party or any order, injunction, writ or decree to which the Borrower or its property is subject, or (C) violates any requirement of law

Effect; No Waiver.

The Borrower hereby (i) reaffirms and admits the validity and enforceability of the Loan Documents and all of its obligations thereunder and (ii) agrees and admits that it has no defenses to or offsets against any such obligation. Except as specifically set forth herein, the Credit Agreement and the other Loan Documents shall remain in full force and effect in accordance with their terms and are hereby ratified and confirmed. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any existing or future Default or Event of Default, whether known or unknown or any right, power or remedy of the Administrative Agent or the Lenders under the Credit Agreement, nor constitute a waiver of any provision of the Credit Agreement, except as specifically set forth herein.

The Borrower hereby (i) reaffirms all of its agreements and obligations under the Security Documents, (ii) reaffirms that all Obligations of the Borrower under or in connection with the Credit Agreement as amended hereby are "Obligations" as that term is defined in the Security Documents, (iii) reaffirms that all such Obligations continue to be secured by the Security Documents, which remains in full force and effect and is hereby ratified and confirmed, (iv) confirms that all assets acquired by it in connection with the Pfaltzgraff Acquisition are and shall be deemed included in the Collateral and (v) agrees that all references in the Security Agreement to (A) "the Credit Agreement" shall be deemed to refer to the Credit Agreement and (B) "Loans", "Letter of Credit Exposure" and "Bankers Acceptance Exposure" shall be deemed to refer to Loans, Letter of Credit Exposure and Banker Acceptance Exposure, respectively, under the Credit Agreement as amended hereby. Miscellaneous.

The Borrower and each other Loan Party will cause all assets acquired in connection with the Pfaltzgraff Acquisition to be subjected to a Lien securing the Obligations and will take, and cause such other Loan Parties to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect such Liens, including, with out limitation, executing any and all further documents, financing statements, agreements and instruments, and taking all such further actions (including the filing and recording of financing statements, fixture filings, and any other instrument or agreement of assignment that the Administrative Agent may reasonably request in the United States Patent and Trademark Office and the United States Copyright Office), that may be required under any applicable law, or which the Administrative Agent or the Required Lenders may reasonably request, to effectuate the transactions contemplated hereby or to grant, preserve, protect or perfect the Liens created or intended to be created by the Security Documents or the validity or priority of any such Lien, all at the expense of the Borrower.

The Borrower shall pay the Administrative Agent upon demand for all reasonable expenses, including reasonable attorneys' fees and expenses of the Administrative Agent, incurred by the Administrative Agent in connection with the preparation, negotiation and execution of this Amendment.

THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO THE CONFLICTS OF LAW PROVISIONS, BUT INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) AND DECISIONS OF THE STATE OF NEW YORK.

This Amendment shall be binding upon the Borrower, the Administrative Agent and the Lenders and their respective successors and assigns, and shall inure to the benefit of the Borrower, the Administrative Agent and the Lenders and the respective successors and assigns of the Administrative Agent and the Lenders.

This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

[Signature pages follow.]

AS EVIDENCE of the agreement by the parties hereto to the terms and conditions herein contained, each such party has caused this Amendment to be executed on its behalf.

LIFETIME BRANDS, INC.
(formerly known as Lifetime
Hoan Corporation)

By:
Name:
Title:

THE BANK OF NEW YORK, as
Administrative Agent and as a
Lender

By:
Name:
Title:

HSBC BANK USA, NATIONAL
ASSOCIATION

By:
Name:
Title:

CITIBANK, N.A.

By:
Name:
Title:

WACHOVIA BANK, NATIONAL
ASSOCIATION

By:
Name:
Title:

ACKNOWLEDGEMENT AND CONSENT

Each of the undersigned Guarantors hereby (1) consents to the execution and delivery by the Borrower of the foregoing Amendment No. 1; (2) agrees that the definition of "Obligations" (and any other term referring to the indebtedness, liabilities and obligations of the Borrower to the Administrative Agent or any of the Lenders) in the Guarantee Agreement and the other Loan Documents shall include the Indebtedness of the Borrower under the forgoing Amendment No. 1; (3) agrees that the definition of "Credit Agreement" in the Guarantee Agreement and the other Loan Documents to which it is a party is hereby amended to mean the Credit Agreement as amended by the foregoing Amendment No. 1; (4) reaffirms its continuing liability under its Guarantee Agreement (as modified hereby); (5) reaffirms all of its agreements and obligations under the Security

Documents; (6) reaffirms that all Obligations of the Borrower under or in connection with the Credit Agreement as amended by the foregoing Amendment No. 1 are "Obligations" as that term is defined in the Security Documents; (7) reaffirms that all such Obligations continue to be secured by the Security Documents, which remain in full force and effect and are hereby ratified and confirmed; (8) confirms that all assets acquired by it in connection with the Pfaltzgraff Acquisition are and shall be deemed included in the Collateral; and (9) confirms and agrees that it is a Guarantor party to the Guarantee Agreement and a Grantor party to the Security Agreement and that the Guarantee Agreement, the Security Agreement and the other Loan Documents to which it is a party are, and shall continue to be, in full force and effect in accordance with their respective terms.

OUTLET RETAIL STORES, INC.

By:
Name:
Title:

M. KAMENSTEIN CORP.

By:
Name:
Title:

EXHIBIT A
TO
AMENDMENT NO. 1 TO CREDIT AGREEMENT

FORM OF REPLACEMENT REVOLVING NOTE

\$ _____ July __, 2005
New York, New

York

FOR VALUE RECEIVED, the undersigned, LIFETIME BRANDS, INC. (formerly known as Lifetime Hoan Corporation), a Delaware corporation (the "Borrower"), hereby promises to pay to the order of _____ (the "Lender") _____ DOLLARS (\$ _____) or if less, the unpaid principal amount of the Revolving Loans made by the Lender to the Borrower, in the amounts and at the times set forth in the Amended and Restated Credit Agreement, dated as of July 28, 2004 (as the same may be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders party thereto, and The Bank of New York, as Administrative Agent, and to pay interest from the date hereof on the principal balance of such Revolving Loans from time to time outstanding at the rate or rates and at the times set forth in the Credit Agreement, in each case at the office of the Administrative Agent located at One Wall Street, New York, New York, or at such other place as the Administrative Agent may specify from time to time, in lawful money of the United States of America in immediately available funds. Terms defined in the Credit Agreement are used herein with the same meanings.

The Revolving Loans evidenced by this Revolving Note are prepayable in the amounts, and under the circumstances, and their respective maturities are subject to acceleration upon the terms, set forth in the Credit Agreement. This Revolving Note is subject to, and should be construed in accordance with, the provisions of the Credit Agreement and is entitled to the benefits and security set forth in the Loan Documents.

This Revolving Note shall be deemed to be in complete substitution for and replacement of, and not a repayment of the Revolving Note dated July 28, 2004 made by the Borrower payable to the Lender (the "Prior Revolving Note") and all interest accrued and unpaid under such Prior Revolving Note shall be deemed evidenced by this Revolving Note and payable hereunder from and after the date of accrual thereof. The execution and delivery of this Revolving Note shall not be construed (i) to have constituted repayment of any amount of principal or interest on the Prior Revolving Note, or (ii) to release, cancel, terminate or otherwise impair all or any part of any lien or security interest granted to the Lenders

party to the Original Credit Agreement or their agents as collateral security for the Prior Revolving Note.

The Lender is hereby authorized to record on the schedule annexed hereto, and any continuation sheets which the Lender may attach hereto, (a) the date of each Revolving Loan made by the Lender, (b) the class, Type and amount thereof, (c) the interest rate (without regard to the Applicable Margin) and Interest Period applicable to each Eurodollar Loan and (d) the date and amount of each conversion of, and each payment or prepayment of the principal of, any such Revolving Loan. The entries made in such schedule shall be prima facie evidence of the existence and amounts of the obligations recorded therein, provided that the failure to so record or any error therein shall not in any manner affect the obligation of the Borrower to repay the Revolving Loans in accordance with the terms of the Credit Agreement.

Except as specifically otherwise provided in the Credit Agreement, the Borrower hereby waives presentment, demand, notice of dishonor, protest, notice of protest and all other demands, protests and notices in connection with the execution, delivery, performance, collection and enforcement of this Revolving Note.

THIS REVOLVING NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

LIFETIME BRANDS, INC.
(formerly known as Lifetime Hoan Corporation)

By:
Name:
Title:

SCHEDULE TO REPLACEMENT REVOLVING NOTE

Date	Type of Loan	Amount of Loan	Amount of principal converted, paid or prepaid	Interest rate on Eurodollar Loans	Interest Period for Eurodollar Loans	Notation made by
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EXHIBIT B
TO
AMENDMENT NO. 1 TO CREDIT AGREEMENT

SCHEDULE 2.01
Amendment No. 1 Effective Date Commitments

Lender
Commitment
The Bank of
New York
\$30,000,000
HSBC Bank
USA,
National
Association
\$26,000,000
Citibank,
N.A.
\$22,000,000
Wachovia
Bank,
National
Association
\$22,000,000
TOTAL
\$100,000,000

EXHIBIT C
TO
AMENDMENT NO. 1 TO CREDIT AGREEMENT

Subsidiaries		
Subsidiary		% Owned
Outlet Retail Stores, Inc. Incorporated in the state of Delaware		100%
M. Kamenstein Corp. Incorporated in the state of Delaware		100%
Lifetime Hoan LTD (Hong Kong) - (non-operating)		100%
PFZ Acquisition Corp. Incorporated in the state of Delaware		100%
Pfaltzgraff Factory Stores, Inc. Incorporated in the state of Delaware		100%

EXHIBIT D
TO
AMENDMENT NO. 1 TO CREDIT AGREEMENT

SCHEDULE 7.01

Existing Indebtedness		
Outstanding Borrowings under credit lines: Description	Amount	Date
Lifetime Brands, Inc. - borrowings under BONY credit facility	\$26,300,000	June 30, 2005

Outstanding Loans to Subsidiary:
None.

Guarantee(s) of Indebtedness:
None.

Capitalized Leases:

Lender	Description	Total Amount outstanding at June 30, 2005
Navistar	Kamenstein Warehouse Equipment	\$768
Strata Systems	Westbury Design Equipment	\$33,581
Crown	Robbinsville Warehouse Vehicles	\$504,676
Raymond	Robbinsville Warehouse Vehicles	\$352,253
Light Source Energy Services, Inc.	Lighting System Upgrade	\$52,132

Notes Payable Related to Acquisitions:
None.

EXHIBIT E
TO
AMENDMENT NO. 1 TO CREDIT AGREEMENT

SCHEDULE 7.02

Exiting Liens

[Note that this schedule does not include liens in favor of
lender.]

~~Debtor~~
~~Secured~~
~~Location~~
~~of Date of~~
~~Filing~~
~~Collateral~~
~~Party~~
~~Filing~~
~~Filing~~
~~Number~~
~~Lifetime~~
~~Crown~~
~~Credit~~
~~Delaware~~

October
20,
32729484
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equipment,
including
Hoan
Company
Secretary
of 2003
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trucks,
batteries
and
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State
Outlet
Cookware
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delivered
to Retail
Concepts
Secretary
of 2001
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consignment
pursuant
Stores,
State to a
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agreement
between
the Inc.
parties M.
Safece
Delaware
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27,
40210437
Specific
equipment,
including
Kamenstein
Credit Co.
Secretary
of 2004
pallet
trucks
Corp. Inc.
State