SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
[Fee Required]

For the fiscal year ended December 31, 1996

[ ] Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
[No Fee Required]

For the transition period from   to

Commission file number 1-19254

Lifetime Hoan Corporation
(Exact name of registrant as specified in its charter)

Delaware   11-2682486
(State or other jurisdiction of incorporation or organization)   (I.R.S. Employer Identification No.)

One Merrick Avenue Westbury, NY   11590
(Address of principal executive offices)   (Zip Code)

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X   No___

The aggregate market value of 5,666,000 shares of the voting stock held by non-affiliates of the registrant as of February 28, 1997 was approximately $62,326,000. Directors, executive officers, and trusts controlled by said individuals are considered affiliates for the purpose of this calculation, and should not necessarily be considered affiliates for any other purpose.

The number of shares of Common Stock, par value $.01 per share, outstanding as of February 28, 1997 was 12,422,057.

LIFETIME HOAN CORPORATION

FORM 10-K

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PART I

ITEM 1. BUSINESS

General

Forward Looking Statements: This Annual Report on Form 10-K contains certain forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including statements concerning the Company's future products, results of operations and prospects. These forward-looking statements involve risks and uncertainties, including risks relating to general economic and business conditions, including changes which could affect customer payment practices or consumer spending; industry trends; the loss of major customers; changes in demand for the Company's products; the timing of orders received from customers; cost and availability of raw materials; increases in costs relating to manufacturing and transportation of products; dependence on foreign sources of supply and foreign manufacturing; and the seasonal nature of the business as detailed elsewhere in this Annual Report on Form 10-K and from time to time in the Company's filings with the Securities and Exchange Commission. 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.

Lifetime Hoan Corporation designs, markets and distributes household cutlery, kitchenware, cutting boards and other houseware products. Items are sold under both owned and licensed tradenames. Owned tradenames include Hoffritzr, Tristarr, Old Homesteadr and Hoanr. Licensed tradenames include Farberwarer and various names under licenses from The Pillsbury Company and The Walt

Disney Company, Inc. The Farberwarer tradename is used pursuant to a 200 year royalty-free license. The Company, incorporated in Delaware in 1983, is the successor to Lifetime Cutlery Corporation, which was founded in 1945. As used herein, unless the context requires otherwise, the terms "Company" and "Lifetime" means Lifetime Hoan Corporation and its subsidiaries.

Sales growth is stimulated by expanding product offerings and penetrating various channels of distribution. Lifetime has developed a strong consumer franchise by promoting and marketing innovative products under Company trade names and through licensing agreements. In addition, the following acquisitions have been made which have had a material impact on the Company's business:

Hoffritzr

In September 1995, the Company acquired the Hoffritzr trademarks and brand name. The Company uses the name on various products including cutlery, scissors, personal care and kitchen implements. The Company believes that Hoffritzr is a respected name with a history of quality. The acquisition has enabled the Company to sell products at higher price points than the rest of the Company's products. The Company shipped over 150 new items under the Hoffritz brandname during 1996, with the total line expected to exceed 300 items. In addition, the new products are marketed through a newly developed "shop within a store" concept in department and specialty stores. Shipments of Hoffritzr products began in the first quarter of 1996.

Farberwarer

In April 1996, the Company entered into an agreement to acquire certain assets of Farberware, Inc. ("Farberware"). Under the terms of the acquisition agreement, and a joint venture agreed to by the Company and Syratech Corporation in connection therewith, the Company acquired a 200 year, royalty-free, exclusive right to use the Farberwarer name in connection with the product lines covered by its then existing license agreement, which included kitchen cutlery products (excluding flatware) and kitchen tools such as spatulas, barbecue forks and "gadgets" (but excluding appliances), plus certain limited additional products. This agreement enables the Company to market products under the Farberwarer name without paying additional royalties. The Company also acquired 50 Farberware outlet stores. In addition, rights to license the Farberwarer name for use by third parties in certain categories are held by a joint venture, owned equally by the Company and a wholly owned subsidiary of Syratech Corporation. The purchase price consisted of cash of $12.7 million.

Cutlery

The Company designs, markets and distributes a broad range of household cutlery under a variety of Company tradenames and the Farberwarer royalty-free license. Company tradenames in 1996 included Hoffritzr and Tristarr. Cutlery is sold individually in blister packages, boxed sets and in sets fitted into wooden counter blocks, resin carousels and, new in 1997, stainless carousels in assortments of 4 to 20 knives with certain sets including steak knives, household shears and other kitchen tools.

Cutlery is generally shipped as individual pieces from overseas manufacturers to the Company's warehouse facilities in central New Jersey. This permits the Company to configure the quantity, style and contents of cutlery sets to meet customer requirements as to product mix and pricing. The sets are then assembled and packaged for shipment to customers.

Kitchenware

The Company sells over 2,750 kitchenware items for use around the home under various Company tradenames including Hoffritzr, Hoanr, Smart Choice and HealthWorks and under licensed Farberwarer, Pillsbury and cDisney tradenames. The kitchenware items are manufactured to the Company's specifications outside the U.S. and are generally shipped fully assembled. These items are typically packaged on a card which can be mounted for sale on racks at the retailers' premises for maximum display visibility. Products include the following:

Kitchen Tools and Gadgets

Food preparation and serving tools such as metal, plastic and wooden spoons, spatulas, serving forks, graters, strainers, ladles, shears, vegetable and fruit knives, juicers, pizza cutters, pie servers, and slicers;

Baking, measuring, and rangetop products such as cookie sheets, muffin, cake and pie pans, drip pans, bake, roast and loaf pans, scraper sets, whisks, cutters, spatulas, rolling pins, baking shells, baking cups, measuring devices, thermometers, timers and burner covers;

Barbecue accessories, in sets and individual pieces, featuring such items as spatulas, tongs, forks, skewers, hamburger and fish grills, brushes, corn holders, food umbrellas, nut and lobster crackers and clam knives;

Mickey Unlimited and Mickey Stuff for Kids, child-oriented products featuring Mickey and Minnie Mouse on such items as bag clips, magnetic note holders, party goods, magnetic picture frames, can covers, bottle stoppers and flatware;

Pillsbury, one of America's best known brands of baking accessories featuring the Poppin-Fresh logo on such items as pastry brushes, spatulas, whisks, spoon and cup sets, cookie cutters, mixing spoons and magnets;

Green Giantr, vegetable-related kitchen accessories capitalizing on the recognition factor of the Green Giantr character, including items such as peelers, can openers, kitchen hooks, magnets, spoons, steamers and strainers.

Smart Choice

J-Hook and Clip Strip merchandising systems which enable the Company to expand its product offering and create additional selling space in the stores. The line consists of a variety of quality, novelty items designed to trigger impulse buying. This line is targeted towards supermarkets and mass merchants.

HealthWorks

Unique household products which emphasize healthy cooking and eating. Products include nonstick roasters, roast racks, broiling pans, steamers, and clay roasters and steamers.

Cutting Boards

The Company designs, markets and distributes a full range of cutting boards made of polyethylene, wood, glass and acrylic. All cutting boards except for glass are imported. Glass cutting board blanks are purchased domestically and are finished and packaged in the Company's warehouse facilities in central New Jersey. Boards are also cross-merchandised with cutlery and gadgets.

New Products

The Company has a design department consisting of 12 designers who create new products, packaging and merchandising concepts. In excess of 300 items were developed or remodeled in 1996. New product lines for sale in 1997 include:

Hoffritz: The Company plans to introduce approximately 100 Hoffritzr branded items in 1997 including barbecue accessories, colanders and bowls, various caddies and expansion of the pepper mills, cutting boards and personal care lines.

Cutlery: Introduction of stainless steel knife caddies with Ultrapro knives.

Gadgets: Introduction of various softgrip kitchen tools.

Cutting Boards: Continued expansion of the value added approach, packaging boards with Farberwarer cutlery and kitchen gadgets.

Source of Supply

The Company sources its products from approximately 40 manufacturers located primarily in the Far East, including Japan, Indonesia, Taiwan, People's Republic of China, Hong Kong, Thailand, Malaysia and to a small extent in the United States and Italy. In 1996, cutlery was purchased from four suppliers, whom individually accounted for 40%, 34%, 15% and 11% of the total purchased. An interruption of supply from any of these manufacturers could have an adverse impact on the Company's ability to fill orders on a timely basis. However, the Company believes other manufacturers with whom the Company does business would be able to increase production to fulfill the Company's requirements.

The Company's policy is to maintain a large inventory base and, accordingly, it orders products substantially in advance of anticipated time of sale to its customers. While the Company does not have any long-term formal arrangements with any of its suppliers, in certain instances, particularly in the manufacture of cutlery, the Company places firm commitments for products up to twelve months in advance of receipt of firm orders from customers. Lifetime's arrangements with most manufacturers allow for flexibility in modifying the quantity, composition and delivery dates of each order. All purchase orders are in U.S. dollars.

Marketing

The Company markets its product lines directly through its own sales force and through a network of independent sales representatives. The Company's products are primarily sold in the United States to approximately 1,900 customers including national retailers, department store chains, mass merchant retail and discount stores, supermarket chains, warehouse clubs, direct marketing companies, specialty chains and through other channels of distribution. No customer accounted for 10% or more of the Company's net sales during fiscal 1996.

Competition

The markets for household cutlery, kitchenware and cutting boards are highly competitive and include numerous domestic and foreign competitors, some of which are larger than the Company. The primary competitive factors in selling such products to retailers are consumer brand name recognition, quality, packaging, breadth of product line, distribution capability, prompt delivery and price to the consumer.

Patents and Trademarks

The Company uses a number of owned trademarks, primarily Hoffritzr, Tristarr and Hoanr as well as Farberwarer which is licensed under a 200 year royalty-free agreement, which it considers significant to its competitive position. Some of these trademarks are registered in the United States and others have become distinctive marks as to which the Company has acquired common law rights. The Company also has licensed several other trademarks from The Walt Disney Company and The Pillsbury Company which it uses in its business. The Company also owns several design and utility patents expiring from 2000 to 2013 on the overall design of some of its knives (the handle and blade). The Company also acquired patents, trademarks and copyrights as part of the Hoffritzr purchase, expiring from 1999 to 2022. The Company believes that the expiration of any of its patents would not have a material adverse effect on its business.

Seasonality

Although the Company sells its products throughout the year, the Company has traditionally had higher net sales during its third and fourth quarters. The following table sets forth the quarterly net sales for the three years ended December 31, 1996, 1995 and 1994:

	Net Sales (in thousands)			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1996	$19,300	$21,000	$25,100	$33,000
1995	$18,700	$15,600	$22,100	$24,200
1994	$14,600	$15,500	$20,300	$27,000

Backlog

Lifetime receives projections on a seasonal basis from its principal customers; however, firm purchase orders are most frequently placed on an as needed basis. The Company's experience has been that while there may be some modifications of customers' projections, the Company is able, with some degree of certainty, to predict its product needs.

Lifetime's backlog at December 31, 1996 and 1995 was approximately $3,714,000. The Company expects to fill the 1996 backlog during 1997. The Company does not believe that backlog is indicative of its future results of operations or prospects. Although the Company seeks commitments from customers well in advance of shipment dates, actual confirmed orders are typically not received until close to the required shipment dates.

Employees

As of December 31, 1996, the Company had 612 full-time employees, of whom 4 were employed in an executive capacity, 40 in sales, marketing and product development, 58 in financial, administrative or clerical capacities, 327 in warehouse or distribution capacities and 183 are outlet store personnel. None of the Company's employees are represented by a labor union. The Company considers its employee relations to be good.

ITEM 2. PROPERTIES

The Company conducts its operations from four facilities, exclusive of the Outlet Store subsidiary. The Company's corporate headquarters located in Westbury, New York, occupy approximately 42,000 square feet and was acquired in October 1994 at an approximate cost of $6,850,000, inclusive of building, furniture, fixtures and equipment.

The Company's primary warehouse and distribution facility located in central New Jersey occupies approximately 305,000 square feet. The facility is leased pursuant to a net lease subject to annual automatic renewals through January 31, 1998. The annual rent is approximately $1,084,000. The Company leased approximately 136,000 square feet of additional warehouse and distribution space in 1995. The facility is leased through January 31, 1998 with an option to renew for an additional three years. The annual rent is approximately $429,000.

The Company also leases an approximately 2,000 square foot showroom in New York City. The annual rental is approximately $43,000 and the lease expires on June 30, 1999.

The Company is designing a new state of the art distribution center, which it expects to begin leasing in the beginning of 1998.

The Company's Outlet Store subsidiary leases approximately 50 stores in retail outlet centers located in 25 states throughout the country. The square footage of the stores range from approximately 2,000 square feet to 4,500 square feet. The terms of these leases range from three to five years with expiration dates beginning in January 1997 and extending through April 2002.

ITEM 3. LEGAL PROCEEDINGS

The Company is not involved in any pending legal proceedings other than non-material ordinary routine litigation incidental to its business.

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

Not applicable.

PART II

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

The Company's Common Stock is traded under the symbol "LCUT" on the over-the-counter market and has been quoted on The Nasdaq National Market ("Nasdaq") since its initial public offering, in June 1991. The Company declared and paid stock dividends in 1992 and 1993 and declared and paid a 3 for 2 stock split in 1993. On December 14, 1994, the Board of Directors of the Company declared a 10% stock dividend payable to shareholders of record on December 27, 1994. On December 1, 1995, the Board of Directors of the Company declared a 10% stock dividend payable to shareholders of record on December 15, 1995. On February 5, 1997, the Board of Directors of the Company declared a 10% stock dividend payable to shareholders of record on February 18, 1997. All share and per share data included in this report have been retroactively adjusted to reflect the declaration and payment of stock dividends. See Note A to the financial statements.

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

	1996		1995	
	High	Low	High	Low
First Quarter	$9.32	$7.27	$11.15	$9.30
Second Quarter	$10.23	$7.27	$10.95	$8.68
Third Quarter	$10.00	$8.30	$10.33	$7.70
Fourth Quarter	$10.68	$7.84	$10.12	$7.84

On December 31, 1996, there were approximately 790 beneficial holders of the Common Stock of the Company.

The Company has not paid cash dividends on its Common Stock. The Board of Directors currently intends to follow a policy of retaining all earnings to finance the continued growth and development of the Company's business and does not anticipate paying cash dividends in the foreseeable future. The payments of stock dividends in December 1994, December 1995 and February 1997 are not indicative of the payment of future stock dividends.

ITEM 6. SELECTED FINANCIAL DATA

The selected financial data set forth below for the five years in the period ended December 31, 1996 have been derived from the audited financial statements of the Company. The data for 1994 through 1996 should be read in conjunction with "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited financial statements and related notes thereto included elsewhere herein.

(in thousands except per share data)

	Year Ended December 31,				
	1996	1995	1994	1993	1992
INCOME STATEMENT DATA:					
Net sales	$98,426	$80,495	$77,449	$64,740	$60,832
Cost of sales	50,528	43,531	41,726	34,991	33,278
Gross profit	47,898	36,964	35,723	29,749	27,554
Selling, general and administrative expenses	31,915	25,397	21,636	18,600	17,278
Income from operations	15,983	11,567	14,087	11,149	10,276
Interest expense	671	401	124	124	186
Other income (net)	(100)	(148)	(165)	(357)	(222)
Income before income taxes	15,412	11,314	14,128	11,382	10,312
Provision for federal, state and local income taxes	6,060	4,387	5,498	4,377	4,130
Net income	$9,352	$6,927	$8,630	$7,005	$6,182
Weighted average shares outstanding	12,675	12,753	12,618	12,452	12,273
Net income per share	$0.74	$0.54	$0.68	$0.56	$0.50

	December 31,				
	1996	1995	1994	1993	1992
BALANCE SHEET DATA:					
Current assets	$61,884	$62,569	$53,885	$49,412	$42,073
Current liabilities	13,213	13,836	8,916	8,435	7,351
Working capital	48,671	48,733	44,969	40,977	34,722
Total assets	84,772	75,756	64,696	53,610	45,503
Current debt	1,000	4,600	_	_	_
Stockholders' equity	$71,559	$61,920	$55,780	$45,175	$38,152

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

RESULTS OF OPERATIONS

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

	Year Ended December 31,		
	1996	1995	1994
Net Sales	100.0 %	100.0 %	100.0 %
Cost of Sales	51.3	54.1	53.9

Gross Profit	48.7	45.9	46.1
Selling, General and Adm. Expense	32.4	31.5	27.9
Income From Operations	16.3	14.4	18.2
Interest Expense	0.8	0.5	0.2
Other Income (net)	(0.1)	(0.2)	(0.2)
Income Before Income Taxes	15.6	14.1	18.2
Income Taxes	6.2	5.5	7.1
Net Income	9.4 %	8.6 %	11.1 %

1996 COMPARED TO 1995

Net Sales

Net sales for all products in 1996 were $98.4 million, an increase of $17.9 million or 22.3% over 1995. The sales growth was due principally to net sales from the Farberware Outlet Stores which were acquired in April 1996 and the Hoffritz line, plus increased net sales of cutting boards, the Smart Choice line, and Farberware gadgets, partially offset by reduced sales of other Company products.

Gross Profit

Gross profit for 1996 was $47.9 million, an increase of $10.9 million or 29.6% over 1995. Gross profit as a percentage of net sales was 48.7% in 1996 and 45.9% in 1995. The increase in gross profit as a percentage of sales is attributable to reduced royalty expense in connection with the Farberware acquisition as well as change in product mix.

Selling, General and Administrative Expenses

As a percentage of net sales, selling, general and administrative expenses were 32.4% for 1996, as compared to 31.5% for 1995. Selling, general and administrative expenses for 1996 were $31.9 million, an increase of $6.5 million or 25.7% from 1995. This increase is primarily attributable to the operations of the Farberware Outlet Stores, investments in additional personnel and new facilities and increased freight out expenses directly related to the increased sales.

Interest Expense

Interest expense for 1996 was $671,000, an increase of $270,000 over 1995. This increase is due to increased average borrowings under the Company's line of credit used to finance the Farberware acquisition.

Preliminary Results of First Quarter 1997

Although final numbers are not yet available, the Company expects net income for the three months ending March 31, 1997 will be approximately $1.3 million as compared to $1.7 million for the comparable prior year quarter. This projected decrease in net income would be due primarily to operating losses from the Company's Outlet Store subsidiary acquired in April 1996, and not included in the comparable prior year's quarter.

1995 COMPARED TO 1994

Net Sales

Net sales for all products in 1995 were $80.5 million, an increase of $3.0 million or 3.9% over 1994. The sales growth was due principally to increased net sales of cutting boards and the Smart Choice line, as well as products sold under licenses, partially offset by reduced sales of other Company products.

Gross Profit

Gross profit for 1995 was $37.0 million, an increase of $1.2 million or 3.5% over 1994. Gross profit as a percentage of net sales was 45.9% in 1995 and 46.1% in 1994.

Selling, General and Administrative Expenses

As a percentage of net sales, selling, general, and administrative expenses were 31.5% for 1995, as compared to 27.9% for 1994. Selling, general and administrative expenses for 1995 were $25.4 million, an increase of $3.8 million or 17.4% from 1994. This increase is primarily attributable to investments in additional personnel and new facilities, as well as an increase in bad debt expense.

Interest Expense

Interest expense for 1995 was $401,000, an increase of $277,000 over 1994. This increase is due to increased borrowings under the Company's line of credit to support higher inventory levels and common stock repurchase.

LIQUIDITY AND CAPITAL RESOURCES

The Company has available an unsecured $25,000,000 line of credit with a bank (the "Line") which may be used for revolving credit loans or letters of credit.

Borrowings made under the Line bear interest payable daily at a negotiated short term borrowing rate (average daily rate for 1996 was 6.23%). As of December 31, 1996, the Company had $1,000,000 of borrowings and $10,262,000 of letters of credit and trade acceptances outstanding under the Line and, as a result, the availability under the Line was $13,738,000. The Line is cancelable by either party at any time.

In April 1996, the Company entered into an agreement to acquire certain assets of Farberware, Inc. ("Farberware"). Under the terms of the acquisition agreement and a joint venture agreed to by the Company and Syratech Corporation in connection therewith, the Company acquired a 200 year, royalty-free, exclusive right to use the Farberwarer name in connection with the product lines covered by its existing license agreement. The Company also acquired 50 Farberware outlet stores and the related inventory. In addition, rights to license the Farberwarer name for use by third parties in certain categories are held by the joint venture, owned equally by the Company and a wholly owned subsidiary of Syratech Corporation. This agreement will enable the Company to market products under the Farberwarer name without paying royalties. The purchase price consisted of cash of $12.7 million.

At December 31, 1996, the Company had cash and cash equivalents of $1.1 million versus $90,000 at December 31, 1995, an increase of $1.0 million. Cash provided by operating activities was approximately $19.0 million, consisting primarily of net income, decreased inventory levels, increased accounts payable, trade acceptances, and accrued expenses and increased income taxes payable partially offset by increased receivables resulting from increased sales. Cash used in investing activities was approximately $14.7 million, consisting of the Farberware acquisition and fixed asset purchases. Cash used in financing activities was approximately $3.3 million, consisting primarily of repayments of short term borrowings.

Capital expenditures were approximately $2.0 million in 1996 and $0.7 million in 1995. Capital expenditures for 1996 consisted primarily of assets purchased in connection with the Farberware acquisition and warehouse machinery and equipment. Total planned capital expenditures for 1997 are estimated at $9.0 million. These expenditures are primarily for the new state of the art distribution facility and the implementation of a new financial reporting system. These expenditures will be financed from current operations and, if needed, short term borrowings.

Products are sold to retailers primarily on 30-day credit terms, and to distributors primarily on 60-day credit terms. As of December 31, 1996, the Company had an aggregate of $333,000 of accounts receivable outstanding in excess of 60 days. This represents approximately 2.2% of gross receivables. The Company had inventory of $39.9 million as of that date.

The Company believes that its cash and cash equivalents plus internally generated funds and its credit arrangements will be sufficient to finance its operations for the next 12 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 its purchase orders with its foreign manufacturers in United States dollars. Thus, notwithstanding any fluctuation in foreign currencies, the Company's cost for any purchase order is not subject to change after the time the order is placed. However, the weakening of the United States dollar against local currencies could lead certain manufacturers to increase their United States dollar prices for products. The Company believes it would be able to compensate for any such price increase.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Financial Statements are included herein commencing on page F-1.
The following is a summary of the quarterly results of operations for the years ended December 31, 1996 and 1995.

	Three Months Ended			
	March 31	June 30	September30	December 31
	(Thousands of dollars, except per share data)			
1996				
Net sales	$19,273	$20,990	$25,116	$33,046
Cost of sales sales	10,179	10,895	11,708	17,746
Net income	1,673	$1,270	$2,873	3,536
Net income per common share	$0.13	$0.10	$0.23	$0.28
1995				
Net sales	$18,678	$15,556	$22,094	$24,167
Cost of sales	9,663	8,252	11,759	13,857
Net income	1,766	1,023	2,364	1,774
Net income per common share	$0.14	$0.08	$0.19	$0.14

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information concerning the Executive Officers and Directors of the Company and its predecessor:

Name	Age	Position	Director or Executive Officer of Company or its Predecessor Since
Milton L. Cohen	68	Chairman of the Board of Directors and President	1958

Jeffrey Siegel	54	Executive Vice President and Director	1967
Craig Phillips	47	Vice-President - Distribution, Secretary and Director	1973
Fred Spivak	44	Vice-President - Finance, Finance, Treasurer and Treasurer	1984
Ronald Shiftan	52	Director	1991
Howard Bernstein	76	Director	1992

Mr. Cohen has been continuously employed by the Company in his present capacity since 1958.

Mr. Siegel has been continuously employed by the Company in his present capacity since 1967.

Mr. Phillips has been continuously employed by the Company in his present capacity since 1981.

Mr. Spivak has been continuously employed by the Company in his present capacity since 1984.

Mr. Shiftan has Managing Director of Patriot Group, LLC, a financial advisory firm since 1996. From 1992 to 1996 Mr. Shiftan was Vice Chairman of HealthCare Investment Corporation, a manager of private venture capital partnerships. Prior thereto he was Managing Director of Sphere Capital Partners, a financial advisory firm which acted as financial advisor to the Company in connection with its initial public offering in 1991.

Mr. Bernstein has been a member of the Certified Public Accounting firm, Cole, Samsel & Bernstein LLC (and its predecessors) for approximately forty-seven years.

Jeffrey Siegel and Craig Phillips are cousins.

The Board of Directors has established an audit committee, all of whose members are independent directors.

The directors and officers of the Company are elected annually by the stockholders and Board of Directors of the Company, respectively. They serve until the next annual meeting of the stockholders or until their successors have been elected and qualified or until their earlier resignation or removal.

Directors who are not employees of the Company will receive $5,000 per year, in addition to $1,000 for each meeting of the Board attended, plus reimbursement of reasonable out-of-pocket expenses. Directors who are employees of the Company do not receive compensation for serving as directors or attending meetings. The Company has entered into indemnification agreements with the directors and officers of the Company.

ITEM 11. EXECUTIVE COMPENSATION

There is hereby incorporated by reference the information to appear under the caption "Executive Compensation" in the Company's definitive Proxy Statement for its 1997 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

There is hereby incorporated by reference the information to appear under the caption "Principal Stockholders" in the Company's definitive Proxy Statement for its 1997 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There is hereby incorporated by reference the information to appear under the caption "Certain Transactions" in the Company's definitive Proxy Statement for its 1997 Annual Meeting of Stockholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

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

(b) Reports on Form 8-K in the fourth quarter of 1996.

None.

(c) Exhibits*:

Exhibit No.	Description
3.1	Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3[a] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).
3.2	Amendment dated June 9, 1994 to the Restated Certificate of Incorporation of the Company (incorporated by reference to the December 31, 1994 Form 10-K [No. 1-19254] of Lifetime Hoan Corporation).

Exhibit No.	Description
3.3	By-Laws of the Company (incorporated herein by reference to Exhibit 3[b] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).
10.1	Loan Agreement dated as of May 11, 1988 with Bank of New York, as amended (incorporated by Reference to Exhibit 10[d] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).
10.2	Amendment No. 6 dated as of March 5, 1992 between Lifetime Hoan Corporation and The Bank of New York (incorporated by reference to the December 31, 1991 Form 10-K [No. 1-19254] of Lifetime Hoan Corporation).
10.3	Stock Option Plan for key employees of Lifetime Hoan Corporation, as amended June 9, 1994 (incorporated by reference to the December 31, 1994 Form 10-K [No. 1-19254] of Lifetime Hoan Corporation).
10.4	Promissory notes dated December 17, 1985 of Milton L. Cohen, Jeffrey Siegel, Craig Phillips and Robert Phillips, as amended (incorporated by reference to Exhibit 10[f] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).
10.5	Lease to Dayton, New Jersey premises dated August 20, 1987 and amendment between the Company and Isaac Heller (incorporated by reference to Exhibit 10[h] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).
10.6	License Agreement dated December 14, 1989 between the Company and Farberware, Inc. (incorporated by reference to Exhibit 10[j] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).
10.7	License Agreement dated as of April 19, 1991 between the Company and The Pillsbury Company (incorporated by reference to Exhibit 10[m] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).
10.8	Real Estate Sales Agreement dated October 28, 1993 between the Company and The Olsten Corporation

(incorporated by reference to the December 31, 1993 Form 10-K [No. 1-19254] of Lifetime Hoan Corporation).

10.9 Amendment to the Real Estate Sales Agreement dated September 26, 1994 between the Company and The Olsten Corporation. (incorporated by reference to the December 31, 1995 Form 10-K [No. 1-19254] of Lifetime Hoan Corporation).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 Subsidiaries of the registrant

23 Consent of Ernst & Young LLP.

27 Financial Data Schedule

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

(d) Financial Statement Schedules _ the response to this portion of Item 14 is submitted as a separate section of this report.

FORM 10-K -- ITEM 14(a)(1) and (2)
LIFETIME HOAN CORPORATION

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

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

Report of Independent Auditors	F-2
Consolidated Balance Sheets as of December 31, 1996 and 1995	F-3
Consolidated Statements of Income for the Years ended December 31, 1996, 1995 and 1994	F-4
Consolidated Statements of Changes in Stockholders' Equity for the Years ended December 31, 1996, 1995 and 1994	F-5
Consolidated Statements of Cash Flows for the Years ended December 31, 1996, 1995 and 1994	F-6
Notes to Consolidated Financial Statements	F-7

The following financial statement schedule of Lifetime Hoan Corporation is included in Item 14 (d);

Schedule II - Valuation and qualifying accounts F-15

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

REPORT OF INDEPENDENT AUDITORS

Stockholders and Board of Directors
Lifetime Hoan Corporation

We have audited the accompanying consolidated balance sheets of Lifetime Hoan Corporation as of December 31, 1996 and 1995 and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1996. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lifetime Hoan Corporation at December 31, 1996 and 1995 and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

Ernst & Young LLP

Melville, New York
February 12, 1997

CONSOLIDATED BALANCE SHEETS

LIFETIME HOAN CORPORATION

December 31

	December 31, 1996	1995
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$1,093,432	$89,797
Accounts receivable, less allowances of $791,000 (1996) and $663,000 (1995)	14,000,366	12,682,401
Merchandise inventories	39,916,990	43,337,000
Prepaid expenses	4,930,194	4,578,813
Deferred income taxes	1,018,000	1,186,000
Other current assets	925,181	695,241
TOTAL CURRENT ASSETS	61,884,163	62,569,252
PROPERTY AND EQUIPMENT, at cost, net of accumulated depreciation and amortizaion of $4,016,403 (1996)) and and $2,841,202 (1995)	8,696,802	7.882.166
EXCESS OF COST OVER NET ASSETS ACQUIRED, net of accumulated amortization of $773,300 (1996) and $708,100 (1995)	1,905,902	1,971,102
OTHER INTANGIBLES, net of accumulated amortization of $335,250 (1996) and $24,000 (1995)	11,340,884	2,452,748
OTHER ASSETS	944,164	880,766
	$84,771,915	$75,756,034
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and trade acceptances	$4,012,132	$3,072,401
Accrued expenses	6,882,422	5,931,414
Income taxes	1,318,728	232,447
Short term borrowings	1,000,000	4,600,000
TOTAL CURRENT LIABILITIES	13,213,282	13,836,262
STOCKHOLDERS' EQUITY		
Series B Preferred stock, $1 par value, authorized 2,000,000 shares; none issued		
Common stock, $.01 par value, authorized 25,000,000 shares; issued and outstanding 12,406,509, shares in 1996 and 11,257,276 shares in 1995	124,065	112,573
Paid-in-capital	74,756,842	61,103,589
Retained earnings (See page F-5)	(2,336,661)	1,845,007
	72,544,246	63,061,169
Less:		
Notes receivable for shares issued to stockholders	908,064	1,048,064
Deferred compensation	77,549	93,333
	71,558,633	61,919,772

	$84,771,915	$75,756,034

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME
LIFETIME HOAN CORPORATION

	Year Ended December 31,		
	1996	1995	1994
Net sales	$98,426,445	$80,494,661	$77,449,279
Cost of sales	50,528,212	43,530,828	41,725,973
	47,898,233	36,963,833	35,723,306
Selling, general and administrative expenses	31,914,952	25,396,863	21,636,304
INCOME FROM OPERATIONS	15,983,281	11,566,970	14,087,002
Other (income) deductions:			
Interest expense	670,838	400,577	123,966
Other (income), net	(99,717)	(147,870)	(165,137)
INCOME BEFORE INCOME TAXES	15,412,160	11,314,263	14,128,173
Provision for federal, state and local income taxes	6,060,000	4,387,000	5,498,000
NET INCOME	$9,352,160	$6,927,263	$8,630,173
NET INCOME PER SHARE	$0.74	$0.54	$0.68

See notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
LIFETIME HOAN CORPORATION

	Common Stock Shares	Common Stock Amount	Paid-in Capital	Retained Earnings	Notes Receivable from Stockholders	Deferred Compensation	Total
Balance at December 31, 1993	9,122,743	$91,227	$39,136,881	$7,278,383	($1,183,712)	($147,350)	45,175,429
Grant of stock options			28,350			(28,350)	_
Exercise of stock options	12,884	129	103,235				103,364
Exercise of warrants	264,424	2,644	1,834,952				1,837,596
Net income for the year ended							

December 31, 1994				8,630,173			8,630,173
Amortization of deferred compensation						33,512	33,512
Stock dividend	939,962	9,400	11,035,154	(11,044,554)			_
Balance at December 31, 1994	10,340,013	103,400	52,138,572	4,864,002	($1,183,712)	(142,188)	55,780,074
Exercise of stock options	40,046	401	252,336				252,737
Exercise of warrants	6,810	68	43,379				43,447
Stock issued in exchange for intangibles	46,512	465	476,283				476,748
Repurchase and retirement of common stock	(199,442)	(1,994)	(1,006,781)	(736,225)	135,648		(1,609,352)
Net income for the year ended December 31, 1995				6,927,263			6,927,263
Amortization of deferred compensation						48,855	48,855
Stock dividend	1,023,337	10,233	9,199,800	(9,210,033)			_
Balance at December 31, 1995	11,257,276	112,573	61,103,589	1,845,007	(1,048,064)	(93,333)	61,919,772
Exercise of stock options	20,356	203	124,567				124,770
Exercise of warrants	1,058	11	6,136				6,147
Repayment of note receivable					140,000		140,000
Net income for the year ended December 31, 1996				9,352,160			9,352,160
Amortization of deferred compensation						15,784	15,784
Stock dividend	1,127,819	11,278	13,522,550	(13,533,828)			_
Balance at December 31, 1996	12,406,509	$124,065	$74,756,842	($2,336,661)	($908,064)	($77,549)	$71,558,633

See notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
LIFETIME HOAN CORPORATION

	1996	1995	1994
OPERATING ACTIVITIES			
Net income	$9,352,160	$6,927,263	$8,630,173
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,571,853	905,464	644,179
Deferred taxes	168,000	(357,000)	(233,000)
Amortization of deferred compensation	15,784	48,855	33,512
Provision for losses on accounts receivable	4,088,783	4,220,300	3,373,183
Loss on sale of marketable securities, net	_	_	93,122
Changes in operating assets and liabilities excluding effect of acquisitions:			
Accounts receivable	(5,406,748)	(2,836,102)	(7,331,052)
Merchandise inventories	6,920,010	(12,330,000)	(2,215,000)
Prepaid expenses, other current assets and other assets	(644,719)	(103,558)	(2,246,497)
Accounts payable and trade acceptances and accrued expenses	1,890,739	988,798	623,813
Income taxes payable	1,086,281	(668,203)	(142,933)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	19,042,143	(3,204,183)	1,229,500
INVESTING ACTIVITIES			
Purchase of property and equipment, net	(2,010,039)	(717,281)	(7,159,993)
Purchase of intangibles and store inventory	(12,699,386)	(2,000,000)	_
Purchases of marketable securities	_	_	(9,679,866)
Proceeds from sales of marketable securities	_	_	9,586,744
NET CASH (USED IN) INVESTING ACTIVITIES	(14,709,425)	(2,717,281)	(7,253,115)
FINANCING ACTIVITIES			

Proceeds from (repayments of) short term borrowings, net	(3,600,000)	4,600,000	_
Proceeds from the exercise of warrants	6,147	43,447	1,837,596
Proceeds from the exercise of stock options	124,770	252,737	103,364
Repayment of note receivable from stockholder	140,000	_	_
Repurchase of common stock, net	_	(1,609,352)	_
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(3,329,083)	3,286,832	1,940,960
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,003,635	(2,634,632)	(4,082,655)
Cash and cash equivalents at beginning of year	89,797	2,724,429	6,807,084
CASH AND CASH EQUIVALENTS AT END OF YEAR	$1,093,432	$89,797	$2,724,429

See notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

LIFETIME HOAN CORPORATION

NOTE A _ SIGNIFICANT ACCOUNTING POLICIES

Business: The accompanying financial statements include the accounts of Lifetime Hoan Corporation ("Lifetime") and Outlet Retail Stores, Inc. ("Outlets"), Lifetime's wholly-owned subsidiary, collectively the "Company".

The Company is engaged in the design, marketing and distribution of household cutlery, kitchenware and cutting boards, sold under a number of widely recognized tradenames and through licensing agreements. The Company sells its products primarily to retailers throughout the United States and to consumers through its Outlets subsidiary.

Revenue Recognition: Revenue is recognized upon the shipment of merchandise.

Inventories: Merchandise inventories, principally finished goods, are recorded at the lower of cost (first-in, first-out basis) or market.

Property and Equipment: Fixed assets other than leasehold improvements are being depreciated on the straight-line method over the estimated useful lives of the assets. Building and improvements are being depreciated over 30 years. Leasehold improvements are being amortized over the term of the lease or the estimated useful lives of the improvements, whichever is shorter.

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

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

Excess of Cost Over Net Assets Acquired and Other Intangibles: Excess of cost over net assets acquired is being amortized on a straight-line basis over 40 years. Other intangibles consist of a royalty-free license, trademark and brandname acquired pursuant to two acquisitions (see Note J) and are being amortized on a straight-line basis over 30 years.

NOTE A _ SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncement: In March 1995, the Financial Accounting Standards Board issued Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Statement No. 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The Company adopted Statement No. 121 in the first quarter of 1996 and such adoption did not have any effect on the consolidated financial statements.

Net Income Per Share: Net income per common share is based upon net income divided by the weighted average number of common shares and equivalents outstanding during the respective periods, retroactively adjusted to reflect stock dividends (see Note E). The weighted average number of common shares used in the computation of net income per share were 12,674,643, 12,753,066, and 12,617,697 for the years ended December 31, 1996, 1995 and 1994, respectively.

NOTE B _ PROPERTY AND EQUIPMENT

Property and equipment consist of:	December 31	
	1996	1995
Land	$832,000	$832,000
Building and improvements	4,615,793	4,586,903
Machinery, furniture and equipment	7,237,520	5,276,573
Leasehold improvements	27,892	27,892
	12,713,205	10,723,368
Less accumulated depreciation and amortization	4,016,403	2,841,202
	$8,696,802	$7,882,166

NOTE C _ ACCRUED EXPENSES

Accrued expenses consist of:

	December 31	
	1996	1995
Royalties	$466,000	$641,000
Commissions	557,000	635,000
Contract costs	3,267,000	3,248,000
Other	2,592,422	1,407,414
	$6,882,422	$5,931,414

NOTE D _ LINE OF CREDIT

The Company has available an unsecured $25,000,000 line of credit with a bank (the "Line") which may be used for short term borrowings, letters of credit or trade acceptances. As of December 31, 1996, the Company had borrowings of $1,000,000 and letters of credit and trade acceptances of $10,262,000 outstanding. The Line is cancelable by either party at any time.

NOTE D _ LINE OF CREDIT (continued)

Borrowings made under the Line bear interest payable daily at a negotiated short term borrowing rate, (average daily rate for 1996 was 6.23%). The Company is charged a nominal fee on the entire Line.

The Company paid interest of approximately $671,000, $401,000 and $124,000 during the years ended December 31, 1996, 1995 and 1994, respectively.

NOTE E _ CAPITAL STOCK

Stock Dividends: Effective on June 9, 1994, the shareholders of the Company approved an increase in the number of authorized shares of Common Stock from 10,000,000 to 25,000,000. In each of 1995 and 1994, the Board of Directors of the Company declared a 10% stock dividend. On February 5, 1997, the Board of Directors of the Company declared a 10% stock dividend to shareholders of record on February 18, 1997, payable February 26, 1997. The stock dividend is recorded at its market value, $12.00 per share. All common stock data in the consolidated financial statements give retroactive effect to the February 1997 stock dividend.

Warrants: In 1996, 1995 and 1994, 1,058, 6,810 and 264,424, respectively, of warrants were exercised. The net proceeds from the exercises in 1996, 1995 and 1994 were $6,147, $43,447 and $1,837,596, respectively. There are no outstanding warrants as of December 31, 1996.

Stock Option Plans: The Company has a Stock Option Plan (the "Plan") pursuant to which options may be granted to key employees of the Company, including directors and officers. On June 9, 1994, the shareholders of the Company approved an amendment to the Plan to increase the shares available for issuance from 500,000 to 1,500,000 shares of Common Stock. The Plan authorizes the Board of Directors of the Company to issue incentive stock options as defined in Section 422A (b) of the Internal Revenue Code and stock options that do not conform to the requirements of that Section of the Code. All options expire on the tenth anniversary of the date of grant and vest over a four year period commencing on the date of grant.

In June 1996, the stockholders of the Company approved the adoption of the Lifetime Hoan Corporation 1996 Incentive Stock Option Plan (the "ISO Plan"). The ISO Plan authorizes the granting of 250,000 options to purchase Common Stock to officers of the Company and its subsidiary. No individual officer may be granted more than 175,000 options to purchase Common Stock. The ISO Plan authorizes the issuance of incentive stock options as defined in Section 422 of the Internal Revenue Code. All options expire on the fifth anniversary of the date of grant and vest in one year from the date of grant.

NOTE E _ CAPITAL STOCK (continued)

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related Interpretations in accounting for its employee stock options because, as discussed below, the alternative fair value accounting provided for under Statement of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation" ("Statement 123"), requires use of option valuation models that were not developed for use in valuing employee stock options. Under APB 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

Pro forma information regarding net income and net income per share is required by Statement 123, and has been determined as if the Company has accounted for its employee stock options under the fair value method of that Statement. The fair value for these options was estimated at the date of grant using a Black-Scholes option valuation model with the following weighted average assumptions: risk free interest rates of 6.34% and 6.43%; no dividend yields; volatility factor of the expected market price of the Company's common stock of .35; and a weighted-average expected life of the options of 4.8 and 6.0 years at December 31, 1996 and 1995, respectively.

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

The Company's required pro forma net income and net income per share calculated under Statement 123's fair value method is not materially different from amounts reported under APB 25.

The following summarizes stock option transactions:

	1996		1995		1994	
	Shares Under Option	Weighted Average Exercise Price	Shares Under Option	Weighted Average Exercise Price	Shares Under Option	Weighted Average Exercise Price
Balance-Jan 1,	625,633	$5.43	614,209	$5.40	559,916	$5.32
Grants	202,750	$8.45	14,600	$9.37	29,500	$7.66
Exercised	(20,356)	$5.57	(40,046)	$5.19	(12,884)	$6.03
Canceled	(18,061)	$6.30	(20,005)	$5.93	(18,160)	$4.78
Stock Dividends	78,997		56,875		55,837	
Balance - Dec 31,	868,963	$6.19	625,633	$5.43	614,209	$5.40

NOTE E _ CAPITAL STOCK (continued)

The weighted average fair value of options granted during the years ended December 31, 1996 and 1995 were $3.85 and $5.19, respectively.

The following table summarizes information about employees stock options outstanding at December 31, 1996:

Exercise Price	Options Outstanding	Options Exercisable	Weighted-Average Remaining Contractual Life
$4.31 - $5.51	385,357	385,357	5.3 years
$6.39 - $8.41	384,216	115,694	7.7 years
$8.83 - $10.33	99,390	89,789	5.2 years
	868,963	590,840	6.4 years

In connection with the grant of certain options, the Company recorded, and is amortizing, deferred compensation.

In connection with the exercise of options under a stock option plan which has since expired, the Company received cash of $255,968 and notes in the amount of $903,712. The notes bear interest at 9% and are due no later than December 31, 2000.

NOTE F _ INCOME TAXES

The Company uses the liability method as required by Statement of Financial Accounting Standard No. 109 "Accounting for Income Taxes". Under this method, deferred tax assets and liabilities are determined based on the differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Income taxes consist of:

	Year Ended December 31,		
	1996	1995	1994
Current:			
Federal	$4,813,000	$3,875,000	$4,584,000
State and local	1,079,000	869,000	1,147,000
Deferred	168,000	(357,000)	(233,000)
PROVISION FOR INCOME TAXES	$6,060,000	$4,387,000	$5,498,000

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

NOTE F _ INCOME TAXES (continued)

	December 31, 1996	1995
Merchandise inventories	$1,054,000	$1,120,000
Accounts receivable allowances	313,000	200,000
Other	(349,000)	(134,000)
	$1,018,000	$1,186,000

The provision for income taxes on historical income differs from the amounts computed by applying the applicable federal statutory rates as follows:

	Year Ended December 31 1996	1995	1994
Provision for Federal income taxes at the statutory rate	$5,240,000	$3,847,000	$4,945,000
Increases (decreases):			
State and local income taxes net of Federal income tax benefit	712,000	574,000	746,000
Other	108,000	(34,000)	(193,000)
PROVISION FOR INCOME TAXES	$6,060,000	$4,387,000	$5,498,000

The Company paid income taxes (net of refunds) of approximately $4,830,000, $5,428,000, and $5,912,000 during the years ended December 1996, 1995 and 1994, respectively.

NOTE G _ COMMITMENTS

Operating Leases: The Company has lease agreements for its warehouse, showroom facilities and outlet stores which expire through April 30, 2002. These leases provide for, among other matters, annual base rent escalations and additional rent for real estate taxes and other costs.

Aggregate minimum rentals on operating leases are as follows:

Year ended December 31:

1997	$3,075,000
1998	1,104,000
1999	690,000
2000	332,000
2001	184,000
Thereafter	21,000
	$5,406,000
	00

Rental and related expenses on the operating leases were approximately $3,570,000, $1,315,000, and $1,199,000 for the years ended December 31, 1996, 1995 and 1994, respectively.

NOTE G _ COMMITMENTS (continued)

The Company has issued a letter of credit of approximately $279,000 which is held by the landlord as security for its warehouse leases.

Royalties: At December 31, 1996, aggregate minimum payments due under royalty agreements were approximately $280,000 and are payable through 1997 (See Note J).

Employment Agreements: In April 1996, the Company entered into employment agreements with its President and Executive Vice President, providing for annual salaries of $700,000 and $400,000 respectively, and for the payment of bonuses pursuant to the Company's 1996 Incentive Bonus Compensation Plan (the "Bonus Plan") (see below). The employment agreements continue through April 1999, thereafter for additional periods of one year unless terminated by either the Company or the executive.

In April 1996, the Company entered into an employment agreement with its Vice President-Manufacturing, providing for an annual salary of $150,000.

Incentive Bonus Compensation Plan: In April 1996, the Board of Directors adopted and in June 1996, the stockholders approved the Bonus Plan. The Bonus Plan provides the award of a bonus, with respect to each of the ten fiscal years of the Company beginning with the 1996 fiscal year, to the President and the Executive Vice President of the Company. The bonus payable to each executive is an amount equal to 3.5% of pretax income, before any provision for executive compensation, stock options exercised during the year under the Company's 1991 Stock Option Plan and extraordinary items. During the year ended December 31, 1996 the Company recorded compensation expense of approximately $1.2 million pursuant to the Bonus Plan.

NOTE H _ RELATED PARTY TRANSACTION

In May 1993, the Company loaned $140,000 to a director of the Company for the exercise of stock options. The loan had an interest rate of 9%, payable quarterly. The loan and accrued interest was repaid in May 1996.

In connection with the Farberware acquisition, a director of the Company was paid $292,000 for a financial advisory fee.

NOTE I _ RETIREMENT PLAN

The Company established a defined contribution retirement plan ("the Plan") for eligible employees under Section 401(k) of the Internal Revenue Code effective January 1, 1994. Participants can make voluntary contributions up to a maximum of 15% of their salary. The Company made no contributions to the Plan in 1996, 1995 and 1994.

NOTE J _ ACQUISITIONS

Farberware Acquisition: In April, 1996, the Company together with an unrelated third party, Syratech Corporation, acquired certain assets of Farberware, Inc. ("Farberware") including the assignment to the Company of a 200 year, royalty-free, exclusive right to use the Farberwarer name in connection with the product lines covered by its previous license agreement with Farberware. The Company also acquired all of the Farberware outlet stores, including inventory. Rights to license the Farberwarer name for use by third parties are held by a joint venture, owned equally by the Company and Syratech Corporation. The Company's portion of the purchase price was $12.7 million, of which $9.2 million was attributed to the royalty-free exclusive right to use the Farberwarer name as mentioned above. The Company is jointly and severally liable for the obligations of Syratech Corporation under the terms of the agreement. The Company will be indemnified by Syratech Corporation for any losses it may incur as a result of their failure to perform such obligations.

Hoffritz Acquisition: In September 1995, the Company acquired the Hoffritzr trademarks and brand name. The purchase price consisted of cash and the issuance of 46,512 shares of Common Stock, valued at $10.25, the market price at the date of the issuance.

NOTE K _ CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Company to significant concentrations of credit risk consist principally of cash and equivalents and trade accounts receivable.

The Company maintains cash and equivalents with various financial institutions. The Company performs periodic evaluations of the relative worthiness of its investments which are considered in the Company's investment strategy.

Concentrations of credit risk with respect to trade accounts receivable are limited due to the large number of entities comprising the Company's customer base and their dispersion across the United States. The Company's accounts receivable are not collateralized. Credit losses have consistently been within management's expectations. The Company periodically reviews the status of its accounts receivable and accordingly establishes an allowance for doubtful accounts.

LIFETIME HOAN CORPORATION

Schedule II - Valuation and Qualifying Accounts

Lifetime Hoan Corporation

COL. A	COL. B	COL. C	COL. D	COL. E
Description	Balance at Beginning of Period	Additions (1) Charged to Costs and Expenses	Deductions Describe	Balance at end of period
Year ended December 31, 1996				
Deducted from asset accounts:				
Allowance for doubtful acconts	$75,000	$500,080	$500,080 (a)	$75,000
Reserve for sales returns and allowances	588,000	3,588,703	3,460,703 (b)	716,000
	$663,000	$4,088,783	$3,960,783	$791,000
Year ended December 31, 1995				
Deducted from asset accounts:				
Allowance for doubtful accounts	$75,000	$534,399	$534,399 (a)	$75,000
Reserve for sales returns and allowances	485,000	3,685,901	3,582,901 (b)	588,000
	$560,000	$4,220,300	$4,117,300	$663,000
Year ended December 31, 1994				
Deducted from asset accounts:				
Allowance for doubtful accounts	$100,000	$21,875	$46,875 (a)	$75,000
Reserve for sales returns and allowances	291,000	3,351,308	3,157,308 (b)	485,000
	$391,000	$3,373,183	$3,204,183	$560,000

(a) Uncollectible accounts written off, net of recoveries.
(b) Allowances granted.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Lifetime Hoan Corporation

/s/ Milton L. Cohen
Milton L. Cohen
Chairman of the Board of Directors and

President
(Principal Executive
Officer)

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

Signature	Title	Date
/s/ Milton L. Cohen Milton L. Cohen	Chairman of the Board of Directors and President (Principal Executive Officer)	March 28, 1997
/s/ Jeffrey Siegel Jeffrey Siegel	Executive Vice-President and Director	March 28, 1997
/s/ Craig Phillips Craig Phillips	Vice-President - Distribution, Secretary and Director	March 28, 1997
/s/ Fred Spivak Fred Spivak	Vice-President - Finance and Treasurer (Principal Financial and Accounting Officer)	March 28, 1997
/s/ Ronald Shiftan Ronald Shiftan	Director	March 28, 1997
/s/ Howard Bernstein Howard Bernstein	Director	March 28, 1997

Exhibit 21. Subsidiaries of the Registrant

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

Exhibit 23. Consent of Ernst & Young LLP

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-51774) of Lifetime Hoan Corporation pertaining to the 1991 Stock Option Plan, of our report dated February 12, 1997, with respect to the consolidated financial statements and schedule of Lifetime Hoan Corporation included in the Annual Report (Form 10-K) for the year ended December 31, 1996.

Ernst & Young LLP

Melville, New York
March 28, 1997

Exhibit 27. Financial Data Schedule

Lifetime Hoan Corporation

Financial Data Schedule

Pursuant to Item 601(c) of Regulation S-K

This schedule contains summary financial information extracted from the financial statements included in the form 10-K for the twelve months ended December 31, 1996.

Item Number	Item Description	Amount
5-02(1)	Cash and Cash Items	$ 1,093,432
5-02(2)	Marketable Securities	$ 0
5-02(3)(a)(1)	Notes and Accounts Receivable - Trade	$ 14,075,366

5-02(4)	Allowances for Doubtful Accounts	$ 75,000
5-02(6)	Inventory	$ 39,916,990
5-02(9)	Total Current Assets	$ 61,884,163
5-02(13)	Property, Plant and Equipment	$ 12,713,205
5-02(14)	Accumulated Depreciation	$ 4,016,403
5-02(18)	Total Assets	$ 84,771,915
5-02(21)	Total Current Liabilities	$ 13,213,282
5-02(22)	Bonds, Mortgages and Similar Debt	$ 0
5-02(28)	Preferred Stock - Mandatory Redemption	$ 0
5-02(29)	Preferred Stock - No Mandatory Redemption	$ 0
5-02(30)	Common Stock	$ 124,065
5-02(31)	Other Stockholders' Equity	$ 71,434,568
5-02(32)	Total Liabilities and Stockholders' Equity	$ 84,771,915
5-03(b)1(a)	Net Sales of Tangible Products	$ 98,012,394
5-03(b)1	Total Revenues	$ 98,426,445
5-03(b)2(a)	Cost of Tangible Goods Sold	$ 50,528,212
5-03(b)2	Total Costs and Expenses Applicable to Sales and Revenues	$ 50,528,212
5-03(b)3	Other Costs and Expenses	$ 0
5-03(b)5	Provision for Doubtful Accounts and Notes	$ 500,080
5-03(b)(8)	Interest and Amortization of Debt Discount	$ 670,838
5-03(b)(10)	Income Before Taxes and Other Items	$ 15,412,160
5-03(b)(11)	Income Tax Expense	$ 6,060,000
5-03(b)(14)	Income/Loss Continuing Operations	$ 9,352,160
5-03(b)(15)	Discontinued Operations	$ 0
5-03(b)(17)	Extraordinary Items	$ 0
5-03(b)(18)	Cumulative effect - Changes in Accounting	$ 0
	Principles	$ 0
5-03(b)(19)	Net Income or Loss	$ 9,352,160
5-03(b)(20)	Earnings Per Share - Primary	$ 0.74
5-03(b)(20)	Earnings Per Share - Fully Diluted	$ 0.74

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