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

[X] Annual Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
[No Fee Required]
For the fiscal year ended December 31, 2003
or
[ ] Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
[No Fee Required]

For the transition period from to

Commission file number 1-19254

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

Delaware
(State or other jurisdiction of incorporation or organization)

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

One Merrick Avenue, Westbury, New York
(Address of principal executive offices)

11590
(Zip Code)

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter 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

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

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

The aggregate market value of 6,879,000 shares of the voting stock held by non-affiliates of the registrant as of June 30, 2003 was approximately $52,624,000. 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, 2003 was 10,848,278.

DOCUMENTS INCORPORATED BY REFERENCE

Parts of the registrant's definitive proxy statement for the 2004 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 are incorporated by reference into Items 11,12 and 13 hereof.

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 products, results of operations and prospects. These forward-looking statements involve risks and uncertainties, including risks relating to general economic and business conditions, as well as 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 the manufacture 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 other 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.

The Company is required to file its annual reports on Forms 10-K

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

Lifetime Hoan Corporation designs, markets and distributes a broad range of consumer products in the home, including kitchen tools and gadgets, household cutlery and cutting boards, bakeware and hostess accessories, pantryware, and decorative bath accessory products. The Company has developed a strong consumer franchise by promoting and marketing innovative products under both owned and licensed trade names. Owned trade names include Hoffritz(R), Roshco(R), Baker's Advantage(R), Kamenstein(R), Casa Moda(TM), Hoan(R), Tristar(R), Gemco(R), :USE(R) and Old Homestead(R). Licensed trade names include Farberware(R), KitchenAid(R), Cuisinart(R) and various names under license from The Pillsbury Company. The Farberwarer trade name is used pursuant to a 200 year royalty-free license. As used herein, unless the context requires otherwise, the terms "Company" and "Lifetime" mean Lifetime Hoan Corporation and its subsidiaries.

Sales growth is stimulated by expanding product offerings and penetrating various channels of distribution, both domestically and to a minor extent, internationally. In addition, the Company has made the following acquisitions and entered into the following agreements since 1995:

Hoffritz(R)

In 1995, the Company acquired the Hoffritz(R) trademarks and brand name. The Company uses the name on various products including cutlery, scissors, personal care implements, kitchen tools, bakeware, barware and barbecue accessories. The Company believes that Hoffritz(R) is a well-known, respected name with a history of quality. The Company markets these products primarily through major department stores and high-end specialty stores nationwide.

Farberware(R)

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

Meyer Agreement

In 1997, the Company entered into an agreement with Meyer Corporation, regarding the operation of the Company's Farberware(R) retail outlet stores. Pursuant to the agreement, as amended, the Company continues to own and operate the Farberware(R) retail outlet stores, which the Company acquired in 1996, and Meyer Corporation, the licensed manufacturer of Farberware(R) branded cookware products, assumes responsibility for merchandising and stocking cookware products in the stores. Meyer Corporation receives all revenue from sales of Farberware(R) cookware, currently occupies 30% of the space in each store and reimburses the Company for 30% of the operating expenses of the stores. For the first nine months of 2003 and all of fiscal year 2002, the Company and Meyer Corporation each occupied 50% of the space in each store and the Meyer Corporation reimbursed the Company for 50% of the operating expenses of the stores. In fiscal years

2000 and 2001, the Company and Meyer Corporation each occupied 40% of the space in the outlet stores, and Salton, Inc. occupied the other 20% of the space. Meyer Corporation and Salton, Inc. reimbursed the Company for 40% and 20%, respectively, of the operating expenses of the stores. See paragraph below entitled "Salton Agreement".

Salton Agreement

In January 2000, the Company entered into an agreement with Salton Inc. regarding the operation of the Company's Farberware(R) retail outlet stores. Pursuant to the agreement, the Company continued to own and operate the Farberware(R) retail outlet stores, which the Company acquired in 1996, and Salton Inc., the licensed manufacturer of Farberware(R) branded electric products, assumed responsibility for merchandising and stocking electric products in the stores. Salton Inc. received all revenue from sales of Farberware(R) electric products, occupied 20% of the space in each store and reimbursed the Company for 20% of the operating expenses of the stores. The Salton agreement was terminated effective December 31, 2001.

Roshco Acquisition

In 1998, the Company acquired all of the outstanding common stock of Roshco, Inc. ("Roshco"), a privately-held bakeware and baking-related products distributor, located in Chicago, Illinois. Roshco marketed its bakeware and baking-related products under the Roshco(R) and Baker's Advantage(R) trade names.

Kamenstein Acquisition

Effective September 1, 2000, the Company acquired the assets and assumed certain liabilities of M. Kamenstein, Inc. ("Kamenstein"), a privately-held 107-year old housewares company, whose products included pantryware, teakettles, and home organization accessories.

KitchenAid Agreement

On October 16, 2000, the Company entered into a licensing agreement with KitchenAid, a division of the Whirlpool Corporation. This agreement allows the Company to design, manufacture and market an extensive range of kitchen utensils, barbecue items, and pantryware products under the KitchenAid(R) brand name. On January 1, 2002, the licensing agreement between the Company and KitchenAid, was amended, expanding the covered products to include bakeware and baking related products. A second amendment to the licensing agreement was entered into effective August 1, 2003, which extended the term of the agreement through December 31, 2007 and further expanded the covered products to include kitchen cutlery. Shipments of products under the KitchenAid(R) name began in the second quarter of 2001.

Cuisinart Agreement

On March 19, 2002, the Company entered into a licensing agreement with Conair Corporation. This agreement allows the Company to design, manufacture and market a wide variety of kitchen cutlery products under the Cuisinart(R) brand name. Shipments of products under the Cuisinart(R) name began in the fourth quarter of 2002.

Prestige Acquisition and Disposition

In September 1999, the Company acquired 51% of the capital stock of Prestige Italiana, Spa. ("Prestige Italy") and Prestige Haushaltswaren GmbH ("Prestige Germany" and together with Prestige Italy, the "Prestige Companies") for approximately $1.3 million in cash. Effective September 27, 2002, the Company sold its interest in Prestige Italiana, Spa and, together with its minority interest shareholder, caused Prestige Haushaltswaren

GmbH to sell all of its receivables and inventory to a European housewares distributor. As a result the Company received approximately $1.0 million in cash. The sale resulted in a net loss of approximately $811,000 which included the write-off of goodwill of approximately $540,000. For 2001 and 2002, the Company has reclassified its financial statements to classify the operations of the Prestige Companies as discontinued operations.

The Prestige Companies marketed and distributed kitchen tools, gadgets, cutlery and bakeware under the Prestige(R) trade name primarily in Italy and Germany.

:USE Acquisition

In October 2003, the Company acquired the business and certain assets of the :USE - Tools for Civilization Division of DX Design Express, Inc. which focused on creating contemporary lifestyle products for the home, including decorative hardware, mirrors and lighting for the bath, as well as decorative window accessories.

Gemco Ware, Inc. Acquisition

In November 2003, the Company acquired the assets of Gemco Ware, Inc., a distributor of functional glassware products for storing and dispensing food and condiments.

Products

The Company designs, markets and distributes a broad range of consumer products used in the home, including kitchen tools and gadgets, household cutlery and cutting boards, bakeware and hostess accessories, pantryware, and decorative bath accessory products. The Company's products are marketed under various trade names including Farberware(R), KitchenAid(R), Cuisinart(R), Hoffritz(R), Kamenstein(R), Gemco(R), :USE(R), Hoan(R) and Bakers Advantage(R).

Kitchen Tools and Gadgets

The Company sells over 4,000 kitchen tools and gadget items under various trade names including Farberware(R), Hoffritz(R), KitchenAid(R), Hoan(R) and Smart Choice. The kitchenware items are manufactured to the Company's specifications outside the United States, primarily in the People's Republic of China, 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

These items include 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.

These items also include barbecue accessories, in sets and individual pieces, featuring such items as spatulas, tongs, forks, skewers, hamburger and fish grills, brushes, corn holders, food umbrellas, and nut and lobster crackers.

Impulse Purchase Products

J-Hook and Clip Strip merchandising systems are distributed by the Company to create additional selling space for this line in 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.

Household Cutlery and Cutting Boards

The Company designs, markets and distributes kitchen cutlery under a variety of trade names including Farberware(R), Cuisinart(R), Hoffritz(R) and Tristar(R). Cutlery is sold individually, in blister

packages, boxed sets and in sets fitted into wooden counter blocks, resin carousels and stainless carousels.

The Company designs, markets and distributes a full range of cutting boards made of polyethylene, wood, glass and acrylic. These products are distributed under several trade names including Farberware(R), KitchenAid(R) and Hoffritz(R). All cutting boards are imported. Boards are also packaged with cutlery items and kitchen gadgets.

Bakeware and Hostess Accessories

Bakeware

The Company designs, markets and distributes a variety of bakeware and baking related products. Trade names that these products are sold under include Hoffritz(R), KitchenAid(R), Baker's Advantage(R), Roshco(R) and under a license from Pillsbury.

This product line includes 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, rolling pins, baking shells, baking cups, measuring devices, thermometers, timers, pizza stones, fondues, woks, ceramics and coasters. These items are manufactured to the Company's specifications outside the United States and are generally shipped fully assembled.

Hostess Accessories

The Company markets a diverse line of products catering to the growing trend of casual home entertaining, encompassing items for the bar and the serving of appetizers, buffet dining and desserts. Hostess accessories are marketed under the Hoffritz(R), Farberware(R) and Casa Moda(R) brands.

Pantryware

In September 2000 with the acquisition of Kamenstein, the Company began to design, market and distribute pantryware, teakettles, spice racks and home organization accessories. Products are distributed under the trade names Kamenstein(R), MKI(R), Farberware(R), Hoffrtiz(R), Warren Kimble(R), Precious Moments(R), Mrs. K's Organics(R), Kathy Ireland(R) and Perfect Tear(R).

These pantryware lines are manufactured in wood, wire, stainless steel and mixed media and include bread boxes, mug holders, paper towel dispensers, spice carousels, mail caddy's, enamel teakettles, stainless steel teakettles, storage and organization products and hardwood message centers. Organic and non-organic spices are sold separately in gift packs. These items are manufactured to the Company's specifications outside the United States and are generally shipped fully assembled. The spice containers are filled domestically in Kamenstein's Massachusetts facility.

Decorative Bath Accessories

The Company designs, markets and distributes under the :USE trade name, decorative hardware, mirrors and lighting for the bath. :USE products are distributed through home fashion stores and independent bath and lighting specialty stores.

New Products

The Company has a design and development department consisting of 28 employees who create new products, packaging, and merchandising concepts. In excess of 600 items were developed or remodeled in 2003, including the following:

KitchenAid: Expansion of over 150 new items in the Company's premium line of culinary tools, gadgets, and cutting boards. Most significant were: the expansion of the boxed food preparation category; a new line of nylon cooking tools; an extended assortment of gift and bridal sets; additional cutting boards, and three completely new lines of tools and gadgets for alternate levels of retail trade.

Cutlery and Cutting Boards: Full offerings of all 3 lines of Cuisinart branded cutlery, including multiple gift sets, wood block sets, molded block sets, and 61 open stock items.

Cuisinart cutlery uses the finest steel blades, with a Rockwell hardness of 56 and a chromium content of 18%. These knives create two new standards of excellence and performance in cutlery: the sharpest blades made with the hardest, most rust-resistant steel ever used in cutlery.

The Company also introduced Farberware Elite, a line of cutlery designed specifically for women that is dishwasher safe, with smaller handles, and never-needs-sharpening blades. Forged cutlery was a major trend in 2003, with introductions of Farberware Forged Classic (fine edge cutlery with never-needs-sharpening blades), triple-riveted Farberware Pro Forged II, and Farberware Pro Forged and Pro Stainless, with both lines featuring bonus cleavers in gift boxed sets. The Santoku knife (an Asian designed Chef's knife) was also new and it was added to many of the Farberware forged lines. The Company expanded it's assortment of glass cutting boards with non-slip corners, introduced curved wood boards, and designed a new "chop & slide" board for countertop/sink use.

Gadgets: Introduction of 35 new items, including an upscale line of Farberware Commercial gadgets, featuring a new line of silicone-over-steel kitchen tools, chrome-plated zinc alloy castings, and a new merchandising concept for point-of-purchase displays. The Company also introduced a new line of Farberware barbeque tools, as well as boxed, food preparation items.

Bakeware: Expansion of the KitchenAid brand line of premium bakeware to include a second series, consisting of 21 items of metal bakeware as well as a pizza baking stone. For both the original and second series of KitchenAid bakeware, the Company introduced the patented, award-winning "Roaster with Floating Rack", a unique innovation that keeps the rack above the bottom surface of the pan. The introduction of KitchenAid Silicone bakeware, consisting of 13 items each offered in 2 colors, was well received by the Company's customers. Other new lines were Farberware Ceramic Serveware as well as a matching series of Farberware Candlelight Serveware; ceramic bakeware in attractive stands that keeps food warm at the table. The Company also expanded the fondue assortment with 7 new offerings, and introduced a line of 8 ceramic buffet items.

Casa Moda: The Company established the Casa Moda division to focus on the growing trend of casual home entertaining, encompassing products and accessories for the bar and the serving of appetizers, buffet dining and desserts. In 2003, the Company introduced Splash, an assortment of barware items in 6 colors, utilizing a combination of colored plastic and steel, with non-skid bases. Also introduced were an array of tempered, patterned glass coaster sets in steel and wire holders, 16 wood bar/hostess items, and the award-winning "E-Z Out", a patented, totally safe champagne bottle opener.

The Company also introduced different styles, under 3 brands, of the world's first (and patented) S'mores Maker. The S'mores Maker works on a concept similar to a fondue, using canned chafing fuel inside a small roaster kettle, which has a stainless steel grill surface, as the heat source for roasting the marshmallows.

Kamenstein: The Company introduced the patented "Perfect-Tear" Paper Towel Holder in 2003 in 5 designs and in 4 materials and finishes (stainless steel, wood, chrome, and satin nickel). The other significant additions to Kamenstein were the commercial stainless steel spice racks in 3 sizes as well as the stainless steel "Jar Tower" spice racks.

Sources of Supply

The Company sources its products from approximately 55 manufacturers located primarily in the People's Republic of China, and to a smaller extent in the United States, Malaysia, Thailand, Taiwan, Indonesia, Italy and India. A majority of the

Company's cutlery was purchased from three suppliers in 2003 who accounted for 48%, 20%, and 14% of the total cutlery purchases, respectively, and from three suppliers in 2002, who accounted for 58%, 20% and 10% of the total cutlery purchases, respectively. A majority of the Company's pantryware was purchased from four suppliers in 2003 that accounted for 20%, 16%, 13% and 11% of the total pantryware purchases, respectively, and from three suppliers in 2002, that accounted for 37%, 19% and 13% of the total pantryware purchases, respectively. 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 several months of supply of inventory and, accordingly, it orders products substantially in advance of the 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 with respect to the manufacture of cutlery, the Company places firm commitments for products several 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 United States 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 sold primarily in the United States to approximately 700 customers including national retailers, department store chains, mass merchant retail and discount stores, supermarket chains, warehouse clubs, home centers, direct marketing companies and specialty chains and through other channels of distribution. During the years ended December 31, 2003, 2002 and 2001, Wal-Mart Stores, Inc. (including Sam's Clubs) accounted for approximately 29%, 20% and 18% of net sales, respectively. No other customer accounted for 10% or more of the Company's net sales during 2003, 2002 or 2001.

Competition

The markets for household cutlery, kitchenware, cutting boards, pantryware, bakeware and decorative bath accessories 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 Hoffritz(R), Baker's Advantage(R), Roshco(R), Kamenstein(R), Tristar(R), Gemco(R), :USE(R) and Hoan(R). The Farberware(R) trademark is licensed under a 200 year royalty-free agreement. The Company considers these trademarks 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 licenses trademarks from The Pillsbury Company, KitchenAid(R) (a division of the Whirlpool Corporation) and Cuisinart (a division of Conair Corporation).

The Company also owns several design and utility patents expiring from 2004 to 2023 on the overall design of some of its products. The Company also acquired patents, trademarks and copyrights as part of the Hoffritz(R), Roshco, Kamenstein and :USE acquisitions that expire from 2004 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 as order volume from the Company's customer base reaches its peak during these periods to stock for the holiday season. The following table sets forth the unaudited quarterly net sales from continuing operations for the years ended December 31, 2003, 2002 and 2001:

Net Sales (in thousands)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2003	$24,284	$29,950	$44,068	$62,053
2002	24,188	27,281	32,235	47,515
2001	28,623	25,682	34,381	46,382

Backlog

The Company 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.

The Company's backlog at December 31, 2003 and 2002 was $5,242,000 and $7,555,000, respectively. The Company expects to fill the 2003 backlog during 2004. 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, 2003, Lifetime had 731 full-time employees, of whom 6 were employed in an executive capacity, 89 in sales, marketing, design or product development capacities, 74 in financial, administrative or clerical capacities, 260 in warehouse or distribution capacities and 302 were outlet store personnel. None of the Company's employees are represented by a labor union. The Company considers its employee relations to be good.

ITEM 2. PROPERTIES

The following table describes the facilities at which the Company operates its business:

Approximate
Owned Lease
Description/Use
of Square or
Expiration
Property
Location
Footage Leased
Date Corporate
Westbury,
headquarters
and New York

~~47,000 Owned~~
~~N/A outlet~~
~~store Warehouse~~
~~and~~
~~Robbinsville,~~
~~distribution~~
~~New Jersey~~
~~550,000 Leased~~
~~7/9/16 facility~~
~~Warehouse and~~
~~Cranbury,~~
~~distribution~~
~~New Jersey~~
~~152,000 Leased~~
~~8/31/04~~
~~facility~~
~~Showroom~~
~~Bentonville,~~
~~Arkansas 1,000~~
~~Leased 3/31/04~~
~~Kamenstein~~
~~Elmsford,~~
~~headquarters~~
~~New York 6,200~~
~~Leased 3/31/09~~
~~Kamenstein~~
~~Winchendon,~~
~~warehouse and~~
~~Massachusetts~~
~~169,000 Owned~~
~~N/A~~
~~distribution~~
~~facility~~
~~Showroom/Office~~
~~Zhuhai, 4,000~~
~~Leased 4/19/06~~
~~China Sales~~
~~Office Chicago,~~
~~750 Leased~~
~~12/15/04~~
~~Illinois~~

In addition to the properties listed above, the Company's Outlet Store subsidiary leases approximately 62 stores in retail outlet centers located in 30 states throughout the United States. The square footage of the stores range from approximately 2,000 square feet to 5,500 square feet. The terms of these leases range from month-to-month to five years with expiration dates beginning in January 2004 and extending through November 2008.

The Cranbury, New Jersey warehouse and distribution facility is no longer occupied by the Company and, effective August 2003, the Company began subleasing the warehouse to an unrelated third party.

ITEM 3. LEGAL PROCEEDINGS

The Company is, from time to time, a party to litigation arising in the normal course of its business. The Company believes that there are currently no material legal proceedings the outcome of which would have a material adverse effect on the Company's consolidated financial position or results of operations.

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

Not applicable.

PART II

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

The Company's Common Stock is traded under the symbol "LCUT" on The Nasdaq National Market ("Nasdaq") and has been since its

initial public offering in June 1991. The Board of Directors of the Company has authorized a repurchase of up to 3,000,000 of its outstanding shares of common stock in the open market. Through December 31, 2003, a cumulative total of 2,128,000 shares of common stock had been repurchased and retired at a cost of approximately $15,235,000. There were no repurchases in 2003 or 2002.

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

	2003		2002	
	High	Low	High	Low
First Quarter	$7.10	$4.68	$7.20	$5.70
Second Quarter	$7.93	$6.30	$7.21	$6.29
Third Quarter	$10.50	$6.43	$7.19	$4.26
Fourth Quarter	$17.12	$9.84	$5.55	$4.65

At December 31, 2003, the Company estimates that there were approximately 1,700 beneficial holders of the Common Stock of the Company.

The Company is authorized to issue 2,000,000 shares of Series B Preferred Stock, none of which is issued or outstanding.

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

The following table summarizes the Company's equity compensation plans as of December 31, 2003:

Plan category	Number of securities to be issued upon exercise of outstanding	Weighted average exercise price of outstanding	Number of securities remaining available for future

options
options
issuance
Equity
compensation
plans
approved by
security
966,610
$7.27
998,500
holders
Equity
compensation
plans not
approved by
————————
security
holders
Total
966,610
$7.27
998,500

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated income statement data for the years ended December 31, 2003, 2002 and 2001, and the selected consolidated balance sheet data as of December 31, 2003 and 2002, have been derived from the Company's audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The selected consolidated income statement data for the years ended December 31, 2000 and 1999, and the selected consolidated balance sheet data as of December 31, 2001, 2000 and 1999, are derived from the Company's audited consolidated financial statements which are not included in this Annual Report on Form 10-K. The Company acquired M. Kamenstein in September 2000, the business and certain assets of :USE in October 2003 and Gemco Ware, Inc. in November 2003. . This information should be read together with the discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's consolidated financial statements and notes to those statements included elsewhere in this Annual Report on Form 10-K.

(in thousands except per share data)

Year Ended
December 31,
2003 2002
2001 2000
1999 INCOME
STATEMENT
DATA: Net
sales
$160,355
$131,219
$135,068
$121,124
$104,713 Cost
of sales
92,918 73,145
75,626 70,189
56,905
Distribution
expenses
20,115 21,363
21,186 15,752
14,775
Selling,
general and
administrative
expenses
32,677 29,815
31,278 27,685
26,282 Income

~~from operations 14,645 6,896 6,978 7,498 6,751 Interest expense 724 1,004 1,015 730 255 Other income, net (68) (66) (98) (82) (294) Income before income taxes 13,989 5,958 6,061 6,850 6,790 Income taxes 5,574 2,407 2,449 2,786 2,743 Income from continuing operations $8,415 $3,551 $3,612 $4,064 $4,047 Basic earnings per common share from continuing operations $0.79 $0.34 $0.34 $0.37 $0.32 Weighted average shares — basic 10,628 10,516 10,492 10,995 12,572 Diluted earnings per common share from continuing operations $0.78 $0.34 $0.34 $0.37 $0.32 Weighted average shares and common share equivalents — diluted 10,754 10,541 10,537 11,079 12,671 Cash dividends paid per common share $0.25 $0.25 $0.25 $0.25 $0.25 December 31, 2003 2002 2001 2000 1999 BALANCE SHEET DATA: Current assets $88,284 $66,189 $75,486 $73,280 $83,347 Current liabilities 46,974 32,809 44,925 34,074~~

~~27,688~~
~~Working~~
~~capital~~
~~41,310 33,380~~
~~30,561 39,206~~
~~55,659 Total~~
~~assets~~
~~136,736~~
~~113,369~~
~~124,856~~
~~113,307~~
~~117,427~~
~~Short-term~~
~~borrowings~~
~~16,800 14,200~~
~~22,847 10,746~~
~~8,073~~
~~Stockholders'~~
~~equity 86,081~~
~~78,309 78,061~~
~~77,517 87,808~~

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

Certain balances included within the prior years' balance sheet data above have been reclassified to conform with the current year presentation. These items include the reclassification of deferred tax liabilities to non-current liabilities to conform with the classification guidelines of Statement of Financial Accounting Standards No 109, "Accounting for Income Taxes", the reclassification of deferred financing fees relating to the Company's reducing revolving credit facility to non-current assets, the reclassification to non-current assets of the long-term portion of notes receivable and the reclassification to non-current liabilities of the liability recorded for the effect of recording rent expense on a straight-line basis.

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

RESULTS OF OPERATIONS

General

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

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgements, including those related to inventories. Management bases its estimates and judgements 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 judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The Company's accounting policies are more fully described in Note A of the consolidated financial statements. The Company believes

that the following discussion addresses the Company's most critical accounting policies, which are those that are most important to the portrayal of the Company's consolidated financial condition and results of operations and require management's most difficult, subjective and complex judgments.

Merchandise inventories, principally finished goods, are priced by the lower of cost (first-in, first-out basis) or market method. Reserves for excess or obsolete inventory reflected in the Company's consolidated balance sheets at December 31, 2003 and 2002 are determined to be adequate by the Company's management; however, there can be no assurance that these reserves will prove to be adequate over time to provide for ultimate losses in connection with the Company's inventory. The Company's management periodically reviews and analyzes inventory reserves based on a number of factors including, but not limited to, future product demand of items and estimated profitability of merchandise.

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

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

	Year Ended December 31,		
	2003	2002	2001
Net sales	100.0 %	100.0 %	100.0 %
Cost of sales	57.9	55.7	56.0
Distribution expenses	12.5	16.3	15.7
Selling, general and administrative expenses	20.4	22.7	23.1
Income from operations	9.2	5.3	5.2
Interest expense	0.5	0.8	0.8
Other income, net	—	—	(0.1)
Income before income taxes	8.7	4.5	4.5
Income taxes	3.5	1.8	1.8
Income from continuing operations	5.2 %	2.7 %	2.7 %

2003 COMPARED TO 2002

Net Sales

Net sales in 2003 were $160.4 million, an increase of approximately $29.1 million, or 22.2% higher than 2002. The increase in sales volume was attributable primarily to increased

shipments of KitchenAid branded kitchen tools and gadgets and bakeware, the Company's newly designed S'mores Makers and Kamenstein pantryware products.

Cost of Sales

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

Distribution Expenses

Distribution expenses which primarily consist of warehousing expenses, handling costs of products sold and freight-out expenses, were $20.1 million for 2003 as compared to $21.3 million for 2002. These expenses included relocation charges, duplicate rent and other costs associated with the Company's move into its Robbinsville, New Jersey warehouse amounting to $0.7 million in 2003 and $2.2 million in 2002. Excluding these moving related costs, distribution expenses were 1.1% higher in 2003 as compared to 2002 due to higher depreciation expense related to capital expenditures for the new automated warehouse system and related equipment, offset by lower payroll costs. As a percentage to net sales, distribution expenses, excluding the aforementioned relocation charges, were 12.1% in 2003 as compared to 14.6% in 2002. This improved relationship reflects the benefits of labor savings generated by the new systems in our Robbinsville, New Jersey warehouse.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for 2003 were $32.7 million, an increase of $2.9 million, or 9.6%, from 2002. The increase in selling, general and administrative expenses is primarily attributable to increased personnel costs, including the planned personnel additions in the sales and product design departments, increased commission expense related to the higher sales volume and higher consulting fees.

Interest Expense

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

Income Taxes

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

2002 COMPARED TO 2001

Net Sales

Net sales in 2002 were $131.2 million, a decrease of approximately $3.8 million, or 2.8% lower than 2001. The lower sales volume was primarily the result of decreased sales in the Kamenstein business due to lost sales to customers that were no longer in business in 2002 as compared to 2001 and a major fall promotion that did not perform as projected. Sales were also lower in the Company's traditional or core business as first quarter 2002 shipments were negatively impacted by issues related

to the January 2002 startup of the Company's new automated warehouse in Robbinsville, New Jersey, offset by increased sales in the Company's Farberware Outlet stores.

Cost of Sales

Cost of sales for 2002 was $73.1 million, a decrease of approximately $2.5 million, or 3.3% lower than 2001. Cost of sales as a percentage of net sales decreased to 55.7% in 2002 from 56.0% in 2001, due primarily to higher gross margins generated by the Company's Kamenstein business, the result of better sourcing of products from suppliers and changes in product mix.

Distribution Expenses

Distribution expenses were $21.4 million for 2002 as compared to $21.2 million for 2001. These expenses included relocation charges, duplicate rent and other costs associated with the Company's move into its Robbinsville, New Jersey warehouse amounting to $2.2 million in 2002 and $2.9 million in 2001. Excluding these moving related costs, distribution expenses were 4.9% higher in 2002 as compared to 2001 due to higher depreciation expense related to capital expenditures for the new automated warehouse system and related equipment and higher freight out costs, partially offset by lower payroll costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for 2002 were $29.8 million, a decrease of $1.5 million, or 4.7%, from 2001. The decrease in selling, general and administrative expenses was primarily attributable to less bad debt expense and decreased selling costs on lower sales volume.

Interest Expense

Interest expense for 2002 and 2001 remained consistent at $1.0 million as the average level of borrowings outstanding under the Company's secured, revolving credit facility was consistent during both periods.

Income Taxes

Income taxes and income taxes as a percentage of income before income taxes for 2002 and 2001 remained consistent at $2.4 million and approximately 40%, respectively.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2003, the Company had cash and cash equivalents of $1.2 million, an increase of $1.1 million from the prior year, working capital was $41.3 million, an increase of $7.9 million from December 31, 2002, the current ratio was 1.88 to 1 and borrowings increased from the prior year by $2.6 million to $16.8 million at December 31, 2003. The increase in working capital primarily resulted from an increase in accounts receivable and merchandise inventories offset in part by an increase in accounts payable and trade acceptances, accrued expenses and income taxes payable.

Cash provided by operating activities was approximately $5.7 million, primarily resulting from net income before depreciation, amortization, provisions for losses on accounts receivable and other non-cash charges, increased accounts payable and trade acceptances, accrued expenses and income taxes payable offset by increased accounts receivable and merchandise inventories. Cash used in investing activities was approximately $6.2 million, which consisted of purchases of fixed assets and the cash paid in connection with the acquisitions of the :USE and Gemco businesses. Cash provided by financing activities was approximately $1.6 million, primarily as a result of an increase in short-term borrowings and proceeds from the exercise of stock options, offset by cash dividends paid.

Capital expenditures were $2.2 million in 2003 and $1.8 million in 2002. Total planned capital expenditures for 2004 are estimated at $3.0 million. These expenditures are expected to be funded from current operations, cash and cash equivalents and, if necessary, borrowings under the Company's revolving credit agreement.

As of December 31, 2003, the Company's contractual obligations were as follows (in thousands of dollars):

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Operating Leases	$40,068	$5,056	$7,701	$6,066	$21,245
Capitalized Leases	824	172	344	308	—
Royalty License Agreements	10,205	2,055	5,150	3,000	—
Employment Agreements	7,074	2,976	4,098	—	—
Totals	$58,171	$10,259	$17,293	$9,374	$21,245

The Company has a $35 million three-year, secured, reducing revolving credit facility under an agreement (the "Agreement") with a group of banks. The Agreement is secured by all of the assets of the Company and matures in November 2004. Under the terms of the Agreement, the Company is required to satisfy certain financial covenants, including limitations on indebtedness and sale of assets; a minimum fixed charge ratio; and net worth maintenance. Borrowings under the Agreement have different interest rate options that are based on either an alternate base rate, LIBOR rate, or a lender's cost of funds rate. As of December 31, 2003, the Company had $1.1 million of letters of credit and trade acceptances outstanding and $16.8 million of borrowings under the Agreement and, as a result, the availability under the Agreement was $17.1 million. Interest rates on borrowings at December 31, 2003 ranged from 2.9375% to 4.59%. Management is currently evaluating alternative borrowing arrangements and other available sources of financing to replace the Agreement upon its maturity which include, but are not limited to, entering into a new credit facility or term loan arrangement. The Company has had preliminary meetings with its banks and believes that it will be able to enter into a definitive multi-year credit facility on terms no less favorable than its current agreement; however, there can be no assurance that financing will be available in amounts or on terms acceptable to the Company, if at all. Should the Company not be able to obtain financing it could have a material adverse impact on the Company's financial condition.

Products are sold to retailers primarily on 30-day credit terms, and to distributors primarily on 60-day credit terms. As of December 31, 2003, the Company had an aggregate of $2.1 million of accounts receivable outstanding in excess of 60 days or approximately 5.4% of gross receivables, and had inventory of $49.3 million.

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

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact the consolidated financial position, results of operations or cash flows of the Company. The Company is exposed to market risk associated with changes in interest rates. The Company's revolving credit facility bears interest at variable rates and, therefore, the Company is subject to increases and decreases in interest expense on its variable rate debt resulting from fluctuations in interest rates. There have been no changes in interest rates that would have a material impact on the consolidated financial position, results of operations or cash flows of the Company for the year ended December 31, 2003.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

The following is a summary of the unaudited quarterly results of operations for the years ended December 31, 2003 and 2002.

Three Months Ended (in thousands, except per share data)	3/31	6/30	9/30	12/31
2003				
Net sales	$24,284	$29,950	$44,068	$62,053
Cost of sales	13,426	17,003	25,552	36,936
Net (loss) income	(602)	724	2,887	5,408
Basic earnings per common share	($0.06)			

~~$0.07 $0.27 $0.50 Diluted earnings per common share ($0.06) $0.07 $0.27 $0.49 2002 Net sales $24,188 $27,281 $32,235 $47,515 Cost of sales 13,126 14,462 17,612 27,945 (Loss) income from continuing operations (1,080) 616 1,227 2,788 Loss from discontinued operations, net of tax (117) (227) (151) — Loss on disposal, net of tax benefit — — (534) (277) Net (loss) income (1,197) 389 542 2,511 Basic and diluted (loss) earnings per common share from continuing operations ($0.10) $0.06 $0.12 $0.26 Basic and diluted loss per common share from discontinued operations ($0.01) ($0.02) ($0.07) ($0.02) Basic and diluted (loss) earnings per common share ($0.11) $0.04 $0.05 $0.24~~

The unaudited quarterly results of operations shown above have been adjusted to present the results of operations of the Prestige Companies (sold in September 2002) as discontinued operations.

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

None.

ITEM 9A. 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 a date within 90 days prior to the date of the filing of this Report on Form 10-K, 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 that could significantly affect these controls subsequent to the date of such evaluation.

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:

~~Director or~~
~~Executive~~
~~Officer of~~
~~Company or~~
~~Name Age~~
~~Position Its~~
~~Predecessor~~
~~Since~~
~~Jeffrey~~
~~Siegel 61~~
~~Chairman of~~
~~the 1967~~
~~Board of~~
~~Directors,~~
~~Chief~~
~~Executive~~
~~Officer and~~
~~President~~
~~Bruce Cohen~~
~~45 Executive~~
~~Vice 1998~~
~~President~~
~~and a~~
~~Director~~
~~Evan Miller~~
~~39 Executive~~
~~Vice 2002~~
~~President~~
~~Robert~~
~~Reichenbach~~
~~55 Executive~~
~~Vice 2002~~
~~President~~
~~Craig~~
~~Phillips 54~~
~~Vice-~~
~~President -~~
~~1973~~
~~Distribution,~~
~~Secretary~~

~~and a Director Robert McNally 57 Vice- President - 1997 Finance, and Treasurer Larry Sklute 60 President - Gadget 2004 Division Ronald Shiftan 59 Director 1991 Howard Bernstein 83 Director 1992 Leonard Florence 72 Director 2000 Cherrie Nanninga 55 Director 2003~~

Mr. Siegel has been continuously employed by the Company as its President since 1999. In 2000, Mr. Siegel became the Chief Executive Officer of the Company. In 2001, Mr. Siegel became the Chairman of the Board of Directors. Prior to becoming President, Mr. Siegel was Executive Vice President of the Company since 1967.

Mr. Cohen was first elected a Director in 1998 and has been continuously employed by the Company in his present capacity since 1999. Prior thereto Mr.Cohen was Vice President - National Sales Manager of the Company since 1991.

Mr. Miller was named Executive Vice President in 2002. Prior thereto Mr. Miller was a Senior Vice President - Sales of the Company since 2000. Prior thereto, Mr. Miller was Vice President - National Sales Manager of the Company since 1985.

Mr. Reichenbach was named Executive Vice President in 2002. Prior thereto Mr. Reichenbach was President of the Cutlery Division of the Company since 2001. Prior thereto, Mr. Reichenbach was Senior Vice President - General Merchandise Manager of Linens `N Things since 1998.

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

Mr. McNally has been continuously employed by the Company in his present capacity since 1997.

Mr. Sklute was designated an executive officer by the Board of Directors on March 25, 2004. Mr. Sklute has been President of the Gadget Division of the Company since 2001. Prior thereto, Mr. Sklute was Vice President of Marketing since 1993.

Mr. Shiftan has been a consultant to the Company since 2002. Prior thereto, Mr. Shiftan served as Deputy Executive Director of The Port Authority of New York & New Jersey from 1998 to 2002. Mr. Shiftan is also a director of Rumson Fair Haven Bank & Trust Co., the shares of which are traded on the NASDAQ Bulletin Board (RFHB.OB).

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

Mr. Florence was Chairman of the Board of Syratech, Inc., a consumer products company from 1986 to 2003. Mr. Florence was Chief Executive Officer and President of Syratech, Inc. from 1986 to 2001.

Ms. Nanninga has been the Chief Operating Officer for the New York Tri-State Region of CB Richard Ellis, Inc., a commercial real estate firm since 2002. Prior thereto, Ms. Nanninga served as Deputy Chief Financial Officer and Director of Real Estate for the Port Authority of New York and New Jersey.

Jeffrey Siegel and Craig Phillips are cousins.

Bruce Cohen and Evan Miller are brothers-in-law.

The Board of Directors has an audit committee, whose three members (Messrs. Bernstein, Florence and Ms. Nanninga) are independent directors.

The directors and officers of the Company are elected annually by the stockholders and Board of Directors of the Company, respectively. Directors 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. Officers are elected at the first Board of Directors meeting following the annual stockholders meeting and serve at the pleasure of the Board of Directors.

Directors who are not employees of the Company receive a retainer of $10,000 per year, and an additional fee of $1,000 for each Board meeting 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

The information required by this item is incorporated by reference, from the information contained under the caption "Executive Compensation" in the Company's definitive Proxy Statement for its 2004 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference, from the information contained under the caption "Principal Stockholders" in the Company's definitive Proxy Statement for its 2004 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is incorporated by reference, from the information contained under the caption "Certain Transactions" in the Company's definitive Proxy Statement for its 2004 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated by reference, from the information contained under the caption "Principal Accounting Fees and Services" in the Company's definitive Proxy Statement for its 2004 Annual Meeting of Stockholders.

PART IV

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

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

(b) Reports on Form 8-K in the fourth quarter of 2003.

On October 30, 2003, the Company filed a report on Form 8-K announcing results of operations and financial condition for its third quarter ended September 30, 2003.

(c) Exhibits*:

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

Exhibit No.	Description
10.5	Lease to Dayton, New Jersey premises dated August 20, 1987 and amendment between the Company and Isaac Heller (incorporated by reference to Exhibit 10[h] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).
10.6	License Agreement dated December 14, 1989 between the Company and Farberware, Inc. (incorporated by reference to Exhibit 10[j] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).
10.7	License Agreement dated as of April 19, 1991 between the Company and The Pillsbury Company (incorporated by reference to Exhibit 10[m] to Form S-1 [No. 33-40154] of Lifetime Hoan Corporation).
10.8	Real Estate Sales Agreement dated October 28, 1993 between the Company and The Olsten Corporation (incorporated by reference to the December 31, 1993 Form 10-K [No. 1-19254] of Lifetime Hoan Corporation).
10.9	Amendment to the Real Estate Sales Agreement dated September 26, 1994 between the Company and The Olsten Corporation. (incorporated by reference to the December 31, 1995 Form 10-K [No. 1-19254] of Lifetime Hoan Corporation).
10.10	Lease to additional Dayton, New Jersey premises dated December 7, 1994. (incorporated by reference to the December 31, 1995 Form 10-K [No. 1-19254] of Lifetime Hoan Corporation).
10.11	License Agreement dated December 21, 1995 between the Company and The Walt Disney Company.
10.12	Memorandum of purchase dated September 18, 1995 between the Company and Alco Capital Group, Inc. (incorporated by reference to the September 30, 1995 Form 10-Q [No. 1-19254] of Lifetime Hoan Corporation).
10.13	Registration Rights Agreement dated September 18, 1995 between the Company and Alco Capital Group, Inc. (incorporated by reference to the September 30, 1995 Form 10-

Q [No. 1-19254] of Lifetime Hoan Corporation).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10.34 Credit Facility Agreement between Lifetime Hoan

Corporation and The Bank of New York, HSBC Bank USA, Citibank, N.A., Wells Fargo Bank, N.A., and Bank Leumi USA, dated November 9, 2001.

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

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

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

10.38 Robert McNally Employment Agreement, dated July 1, 2003.

10.39 Craig Phillips Employment Agreement dated July 1, 2003.

10.40 Bruce Cohen Employment Agreement dated July 1, 2003.

10.41 Evan Miller Employment Agreement dated July 1, 2003.

10.42 Robert Reichenbach Employment Agreement dated July 1, 2003.

21 Subsidiaries of the registrant

23 Consent of Ernst & Young LLP.

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

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

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

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

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

SIGNATURES

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

Lifetime Hoan Corporation

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

Pursuant to the requirements of the Securities Exchange Act of

1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Jeffrey Siegel Jeffrey Siegel	Chairman of the Board of Directors, Chief Executive Officer, President and Director	March 29, 2004
/s/ Robert McNally Robert McNally	Vice-President - Finance and Treasurer (Principal Financial and Accounting Officer)	March 29, 2004
/s/ Craig Phillips Craig Phillips	Director	March 29, 2004
/s/ Bruce Cohen Bruce Cohen	Director	March 29, 2004
/s/ Ronald Shiftan Ronald Shiftan	Director	March 29, 2004
/s/ Howard Bernstein Howard Bernstein	Director	March 29, 2004
/s/ Leonard Florence Leonard Florence	Director	March 29, 2004
/s/ Cherrie Nanninga Cherrie Nanninga	Director	March 29, 2004

Exhibit 31.1

CERTIFICATIONS

I, Jeffrey Siegel, certify that:

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

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

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

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

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
   b. 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
   c. disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the

registrant's internal controls over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a. all significant deficiencies in the design or operation of internal controls 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 controls over financial reporting.

Date: March 29, 2004

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

Exhibit 31.2

CERTIFICATIONS

I, Robert McNally, certify that:

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

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

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

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

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
   b. 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
   c. disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal controls over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report information; and
   b. Any fraud, whether or not material, that involves management

or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: March 29, 2004

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

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

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

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

Report of Independent Auditors F-2
Consolidated Balance Sheets as of December 31, 2003 and 2002 F-3
Consolidated Statements of Income for the Years ended December 31, 2003, 2002 and 2001 F-4
Consolidated Statements of Stockholders' Equity for the Years ended December 31, 2003, 2002 and 2001 F-5
Consolidated Statements of Cash Flows for the Years ended December 31, 2003, 2002 and 2001 F-6
Notes to Consolidated Financial Statements F-7

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

Schedule II - Valuation and qualifying accounts S-1

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

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders
Lifetime Hoan Corporation

We have audited the accompanying consolidated balance sheets of Lifetime Hoan Corporation as of December 31, 2003 and 2002 and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2003. Our audits also included the financial statement schedule listed in the Index at Item 15(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 auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting

principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lifetime Hoan Corporation at December 31, 2003 and 2002, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note A to the consolidated financial statements, effective January 1, 2002, the Company changed its method of accounting for goodwill.

Ernst & Young LLP

Melville, New York
February 18, 2004

LIFETIME HOAN CORPORATION

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

~~December 31, ASSETS 2003 2002 CURRENT ASSETS Cash and cash equivalents $ 1,175 $ 62 Accounts receivable, less allowances of $3,349 in 2003 and $3,888 in 2002 31,977 19,143 Merchandise inventories 49,294 41,333 Prepaid expenses 2,129 1,603 Other current assets 3,709 4,048 TOTAL CURRENT ASSETS 88,284 66,189 PROPERTY AND EQUIPMENT, net 20,563 20,850 GOODWILL 16,145 14,952 OTHER INTANGIBLES, net 9,530 9,000 OTHER~~

~~ASSETS 2,214 2,378 TOTAL ASSETS $136,736 $113,369 LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES Short-term borrowings $ 16,800 $ 14,200 Accounts payable and trade acceptances 8,405 2,720 Accrued expenses 17,156 13,426 Income taxes payable 4,613 2,463 TOTAL CURRENT LIABILITIES 46,974 32,809 DEFERRED RENT & OTHER LONG TERM LIABILITIES 1,593 468 DEFERRED INCOME TAX LIABILITIES 2,088 1,783 STOCKHOLDERS' EQUITY Common stock, $.01 par value, shares authorized: 25,000,000; shares issued and outstanding: 10,842,540 in 2003 and 10,560,704 in 2002 109 106 Paid-in capital 63,409 61,405 Retained earnings 23,042 17,277 Notes receivable for shares issued to stockholders (479) (479) TOTAL STOCKHOLDERS' EQUITY 86,081 78,309 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY $136,736 $113,369~~

See notes to consolidated financial statements.

LIFETIME HOAN CORPORATION

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

~~Year Ended December 31, 2003 2002 2001 Net Sales $160,355 $131,219 $135,068 Cost of Sales 92,918 73,145 75,626 Distribution Expenses 20,115 21,363 21,186 Selling, General and Administrative Expenses 32,677 29,815 31,278 Income from Operations 14,645 6,896 6,978 Interest Expense 724 1,004 1,015 Other Income, net (68) (66) (98) Income Before Income Taxes 13,989 5,958 6,061 Income Taxes 5,574 2,407 2,449 Income from Continuing Operations 8,415 3,551 3,612 Discontinued Operations: Loss from Operations, net of tax -- (495) (694) Loss on Disposal, net of income tax benefit of $225 -- (811) -- Total Loss from Discontinued Operations -- (1,306) (694) NET INCOME $8,415 $2,245 $2,918 BASIC INCOME PER COMMON SHARE FROM CONTINUING OPERATIONS $0.79 $0.34 $0.34 DILUTED~~

~~INCOME PER COMMON SHARE FROM CONTINUING OPERATIONS $0.78 $0.34 $0.34 LOSS PER COMMON SHARE FROM DISCONTINUED OPERATIONS - ($0.13) ($0.06) BASIC INCOME PER COMMON SHARE $0.79 $0.21 $0.28 DILUTED INCOME PER COMMON SHARE $0.78 $0.21 $0.28~~

See notes to consolidated financial statements.

LIFETIME HOAN CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

~~Notes Accumulated Receivable other from Deferred Compre- Common Stock Paid-in Retained Stock- Compen- hensive Comprehensive Shares Amount Capital Earnings holders sation Loss Total Income Balance at December 31, 2000 10,502 $105 $61,155 $17,359 ($908) ($14) ($180) $77,517 Net income for 2001 2,918 2,918 $2,918 Exercise of stock options 4 20 20 Repurchase and retirement of common stock (15) (88) (88) Amortization of deferred~~

~~compensation 14 14 Reclass of notes receivable 422 422 Foreign currency translation adjustment (125) (125) (125) Comprehensive income $2,793 Cash dividends (2,617) (2,617) Balance at December 31, 2001 10,491 105 61,087 17,660 (486) — (305) 78,061 Net income for 2002 2,245 2,245 $2,245 Exercise of stock options 70 1 318 319 Repayment of notes receivable 7 7 Foreign currency translation adjustment 305 305 305 Comprehensive income $2,550 Cash dividends (2,628) (2,628) Balance at December 31, 2002 10,561 106 61,405 17,277 (479) — — 78,309 Net income and comprehensive income for 2003 8,415 8,415 Tax Benefit on Exercise of Stock Options 302 302 Exercise of stock options 282 3 1,702 1,705 Cash dividends (2,650) (2,650) Balance at December 31, 2003 10,843 $109 $63,409 $23,042 ($479) — — $86,081~~

See notes to consolidated financial statements.

LIFETIME HOAN CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

~~Year Ended December 31,~~	~~2003~~	~~2002~~	~~2001~~
~~OPERATING ACTIVITIES~~			
~~Net income~~	~~$8,415~~	~~$2,245~~	~~$2,918~~
~~Adjustments to reconcile net income to net cash provided by operating activities:~~			
~~Loss on sale of discontinued operations~~	~~—~~	~~811~~	~~—~~
~~Depreciation and amortization~~	~~3,673~~	~~3,457~~	~~3,709~~
~~Deferred income taxes~~	~~105~~	~~133~~	~~722~~
~~Deferred rent and other long-term liabilities~~	~~539~~	~~468~~	~~—~~
~~Provision for losses on accounts receivable~~	~~8~~	~~386~~	~~1,396~~
~~Reserve for sales returns and allowances~~	~~9,297~~	~~7,453~~	~~6,513~~
~~Minority interest~~	~~—~~	~~(476)~~	~~(144)~~
~~Loss on sale of property and equipment~~	~~—~~	~~—~~	~~1,243~~
~~Changes in operating assets and liabilities, excluding the effects of the sale of the Prestige companies and the acquisitions of :USE and Gemco:~~			
~~Accounts receivable~~	~~(21,008)~~	~~(6,880)~~	~~(10,493)~~

Merchandise inventories (6,960) 1,022 3,292 Prepaid expenses, other current assets and other assets 177 1,853 (70) Accounts payable, trade acceptances and accrued expenses 8,987 (6,122) (1,250) Income taxes 2,452 2,463 -- NET CASH PROVIDED BY OPERATING ACTIVITIES 5,685 6,813 7,836 INVESTING ACTIVITIES Purchases of property and equipment, net (2,213) (1,807) (13,267) Proceeds from disposition of Prestige Companies -- 985 -- Acquisitions of :USE and Gemco (3,964) -- -- Acquisition of M. Kamenstein, Inc. -- -- (164) NET CASH USED IN INVESTING ACTIVITIES (6,177) (822) (13,431) FINANCING ACTIVITIES Repurchase of common stock -- -- (88) Proceeds from (payments of) short term borrowings, net 2,600 (8,647) 12,101 Proceeds from the exercise of stock options

~~1,705 318 20 Repayment of Note Receivable — 7 — Payment of capital lease obligations (50) — — Cash dividends paid (2,650) (2,628) (2,617) NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES 1,605 (10,950) 9,416 EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS — — (125) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 1,113 (4,959) 3,696 Cash and cash equivalents at beginning of year 62 5,021 1,325 CASH AND CASH EQUIVALENTS AT END OF YEAR $1,175 $62 $5,021~~

See notes to consolidated financial statements.

LIFETIME HOAN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

The Company is engaged in the design, marketing and distribution of household cutlery, kitchenware, cutting boards, pantryware, bakeware and decorative bath accessories, marketing its products under a number of trade names, some of which are licensed. The Company sells

its products primarily to retailers throughout the United States.

The Company also operates approximately 62 retail outlet stores in 30 states under the Farberwarer name. Under an agreement with the Meyer Corporation, Meyer Corporation receives all revenue from sales of Farberware cookware, occupies 30% of the space in each store and reimburses the Company for 30% of the operating expenses of the stores.

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

Revenue Recognition: Revenue is recognized upon the shipment of merchandise. Related freight-out costs are included in distribution expenses and amounted to $2.7 million, $2.7 million and $2.3 million for 2003, 2002 and 2001, respectively.

Distribution Expenses: Distribution expenses primarily consist of warehousing expenses, handling costs of products sold and freight-out. These expenses include relocation charges, duplicate rent and other costs associated with the Company's move into it's Robbinsville, New Jersey warehouse, amounting to $0.7 million, $2.2 million and $2.9 million in 2003, 2002 and 2001, respectively.

Inventories: Merchandise inventories, principally finished goods, are priced by the lower of cost (first-in, first-out basis) or market method. Reserves for excess or obsolete inventory reflected in the Company's consolidated balance sheets at December 31, 2003 and 2002 are considered adequate by the Company's management; however, there can be no assurance that these reserves will prove to be adequate over time to provide for ultimate losses in connection with the Company's inventory.

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

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

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

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Goodwill and Other Intangible Assets: Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standard

("SFAS") No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are no longer amortized but are reviewed at least annually for impairment. The Company completed its annual assessment of goodwill impairment in the fourth quarters of 2003 and 2002. Based upon such reviews, no impairment to the carrying value of goodwill was identified in either periods. The Company ceased amortizing goodwill effective January 1, 2002. Had this standard been applied for the year ended December 31, 2001, net income would have been increased by $343,000 and basic and diluted earnings per share would have been $0.31.

Other intangibles consist of a royalty-free license, trademarks / tradenames, customer relationships and product designs acquired pursuant to three acquisitions and are being amortized by the straight-line method over periods ranging from 4 to 30 years. Accumulated amortization at December 31, 2003 and 2002 was $3.1 million and $2.7 million, respectively. Amortization expense with respect to these intangible assets for each of five succeeding fiscal years is estimated to be as follows: 2004 - $527,000; 2005 - $527,000; 2006 - $527,000; 2007 - $525,000; 2008 - $507,000.

Amortization expense for the years ended December 31, 2003, December 31, 2002 and December 31, 2001 was $410,000, $390,000 and $961,000, respectively.

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

Income Taxes: Income taxes have been provided using the liability method.

Earnings Per Share: Basic earnings per share has been computed by dividing net income by the weighted average number of common shares outstanding of 10,628,000 in 2003, 10,516,000 in 2002 and 10,492,000 in 2001. 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 10,754,000 in 2003, 10,541,000 in 2002 and 10,537,000 in 2001.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting for Stock Option Plan: At December 31, 2003, the Company has a stock option plan, which is more fully described in Note D. The Company accounts for the plan under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees", and related Interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted under those plans had an exercise price equal to the market values of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" to stock-based employee compensation.

~~Year ended December 31, (in thousands, except per share data)~~	~~2003~~	~~2002~~	~~2001~~
~~Net income, as reported~~	~~$8,415~~	~~$2,245~~	~~$2,918~~
~~Deduct: Total stock option employee compensation expense determined under fair value based method for all awards, net of related tax effects~~	~~(196)~~	~~(156)~~	~~(188)~~
~~Proforma net income~~	~~$8,219~~	~~$2,089~~	~~$2,730~~
~~Earnings per share:~~			
~~Basic - as reported~~	~~$0.79~~	~~$0.21~~	~~$0.28~~
~~Basic - proforma~~	~~$0.77~~	~~$0.20~~	~~$0.26~~
~~Diluted - as reported~~	~~$0.78~~	~~$0.21~~	~~$0.28~~
~~Diluted - proforma~~	~~$0.76~~	~~$0.20~~	~~$0.26~~

New Accounting Pronouncements: In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". This pronouncement is effective for exit or disposal activities that are initiated after December 31, 2002, and requires these costs to be recognized when the liability is incurred and not at project initiation. The adoption of this statement did not have a material impact on the Company's consolidated financial statements.

In January 2003, the FASB issued FASB Interpretation 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" (FIN 46). In December 2003, the FASB modified FIN 46 to make certain technical corrections and address certain implementation issues that had arisen. FIN 46 provides a new framework for identifying variable interest entities ("VIEs") and determining when a company should include the assets, liabilities, noncontrolling interests and results of activities of a VIE in its consolidated financial statements.

In general, a VIE is a corporation, partnership, limited-liability corporation, trust, or any other legal structure used to conduct activities or hold assets that either (1) has an insufficient amount of equity to carry out its principal activities without additional subordinated financial support, (2) has a group of equity owners that are unable to make significant decisions about its activities, or (3) has a group of equity owners that do not have the obligation to absorb losses or the right to receive returns generated by its operations.

FIN 46 requires a VIE to be consolidated if a party with an ownership, contractual or other financial interest in the VIE (a variable interest holder) is obligated to absorb a majority of the risk of loss from the VIE's activities, is entitled to receive a majority of the VIE's residual returns (if no party absorbs a majority of the VIE's losses), or both. A variable interest holder that consolidates the VIE is called the primary beneficiary. Upon consolidation, the primary beneficiary generally must initially record all of the VIE's assets, liabilities and noncontrolling interests at fair value and subsequently account for the VIE as if it were consolidated based on majority voting interest. FIN 46 also requires disclosures about VIEs that the variable interest holder is not required to consolidate but in which it has a significant variable interest.

FIN 46 was effective immediately for VIEs created after January 31, 2003. The provisions of FIN 46, as revised, were adopted by the Company as of December 31, 2003. The adoption of FIN 46 had no impact on the Company's consolidated financial position or results of operations.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications: Certain 2002 and 2001 balances have been reclassified to conform with the current presentation. These items include the reclassification of deferred tax liabilities to non-current liabilities to conform with the classification guidelines of SFAS No 109, "Accounting for Income Taxes", the reclassification of deferred financing fees relating to the Company's reducing revolving credit facility to non-current assets, the reclassification to non-current assets of the long-term portion of notes receivable and the reclassification to non-current liabilities of the liability recorded for the effect of recording rent expense on a straight-line basis.

NOTE B - ACQUISITIONS, DISPOSALS AND LICENSES

Prestige Acquisition and Disposition: In September 1999, the Company acquired 51% of the capital stock and controlling interest in each of Prestige Italy and Prestige Germany. The Company paid approximately $1.3 million for its majority interests in the Prestige Companies. This acquisition was accounted for using the purchase method and the Company recorded goodwill of $586,000. Effective September 27, 2002, the Company sold its 51% controlling interest in Prestige Italiana, Spa and, together with its minority interest shareholder, caused Prestige Haushaltswaren GmbH (combined, "the Prestige Companies") to sell all of its receivables and inventory to a European housewares distributor. As a result the Company received approximately $1.0 million in cash on October 21, 2002. The sale resulted in a net loss of approximately $811,000 that includes the write-off of goodwill of approximately $540,000. Accordingly, the Company has classified the Prestige Companies business as discontinued operations. For 2000 and 2001, the Company has reclassified its financial statements to reflect the discontinued operations of the Prestige Companies. Net sales of the Prestige Companies included in loss from discontinued operations were $6.4 million, $8.5 million and $8.3 million for 2002, 2001 and 2000, respectively.

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

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

In connection with the Gemco and :USE acquisitions, the aggregate purchase price paid in cash, including associated expenses,

amounted to $4.0 million. The Company is also required to pay minimum contingent consideration of $300,000 ($100,000 in each of the years 2004 - 2006) based upon a percentage of net sales of the :USE product line up to a maximum of $1,500,000 ($500,000 in each of the years 2004 - - 2006). The acquisitions were accounted for under the purchase method and, accordingly, acquired assets and liabilities are recorded at their fair values. The preliminary purchase price allocation of the acquired businesses resulted in the following condensed balance of assets acquired (in thousands):

	Preliminary Purchase Price Allocation
Accounts receivable	$ 1,131
Merchandise Inventories	1,000
Other intangibles	940
Goodwill	1,192
Total assets acquired	$ 4,263

NOTE B - ACQUISITIONS, DISPOSALS AND LICENSES (continued)

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

Cuisinart License Agreement: On March 19, 2002, the Company entered into a licensing agreement with Conair Corporation. This agreement allows the Company to design, manufacture and market a wide variety of cutlery products under the Cuisinartr brand name. Shipments of products under the Cuisinartr name began in the fourth quarter of 2002.

NOTE C -CREDIT FACILITIES

On November 9, 2001, the Company entered into a $45 million three-year, secured, reducing revolving credit agreement (the "Agreement") with a group of banks and, in conjunction therewith, canceled its $40 million short-term line of credit. The Credit Facility reduced to $35 million at December 31, 2003 in accordance with the terms of the agreement through the maturity date in November 2004. The Credit Facility is secured by all of the assets of the Company and the Company is required to satisfy certain financial covenants, including limitations on indebtedness and sale of assets; a minimum fixed charge ratio; and net worth maintenance. Borrowings under the Agreement have different interest rate options that are based upon either an alternate base rate, LIBOR, or a lender's cost of funds rate. As of December 31, 2003 and 2002, the Company had $1.1 million and $2.5 million of letters of credit and trade acceptances outstanding, respectively, and $16.8 million and $14.2 million of borrowings under the Agreement, respectively, and, as a result, the availability under the Agreement at December 31, 2003 and 2002 was $17.1 million and $23.3 million, respectively. Interest rates on borrowings at December 31, 2003 ranged from 2.9375% to 4.59%, while interest rates on

borrowings at December 31, 2002 ranged from 4.125% to 4.75%.

The Company paid interest of approximately $0.7 million, $1.0 million and $1.0 million during the years ended December 31, 2003, 2002 and 2001, respectively.

NOTE D - CAPITAL STOCK

Cash Dividends: The Company paid regular quarterly cash dividends of $0.0625 per share on its Common Stock, or a total annual cash dividend of $0.25 per share, in 2003, 2002 and 2001. The Board of Directors currently intends to maintain a quarterly cash dividend of $0.0625 per share of Common Stock for the foreseeable future, although the Board may in its discretion determine to modify or eliminate such dividend at any time.

NOTE D - CAPITAL STOCK (continued)

Common Stock Repurchase and Retirement: In December 1999, the Board of Directors of the Company authorized the repurchase of up to 1,000,000 of the outstanding shares of Common Stock in the open market. In 2000, the Board of Directors increased the authorized amount of Common Stock that could be bought back from 1,000,000 shares to 3,000,000 shares. Through December 31, 2003, 2,128,000 shares were repurchased for approximately $15.2 million (none in 2003 and 2002).

Preferred Stock: The Company is authorized to issue 2,000,000 shares of Series B Preferred Stock, none of which is outstanding.

Stock Option Plans: In June 2000, the stockholders of the Company approved the Long-Term Incentive Plan (the "Plan"), which replaced all other Company stock option plans, whereby options to purchase up to 1,750,000 shares of common stock may be granted to key employees of the Company, including directors and officers. 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. Options expire over a range of ten years from the date of the grant and vest over a range of up to five years, from the date of grant.

As of December 31, 2003, approximately 999,000 shares were available for grant under the Company's stock option plans and all options granted through December 31, 2003 under the plan have exercise prices equal to the market value of the Company's stock on the date of grant.

The weighted average fair values of options granted during the years ended December 31, 2003, 2002 and 2001 were $2.57, $0.16 and $0.27, respectively. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions: risk-free interest rates of 3.37%, 3.47% and 4.55% for 2003, 2002 and 2001, respectively; 2.53% dividend yield in 2003, 4.33% dividend yield in 2002 and 4.25% dividend yield in 2001; volatility factor of the expected market price of the Company's common stock of 0.41 in 2003, 0.06 in 2002 and 0.07 in 2001; and a weighted-average expected life of the options of 6.0, 6.0 and 4.7 years in 2003, 2002 and 2001, respectively.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value 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.

NOTE D - CAPITAL STOCK (continued)

A summary of the Company's stock option activity and related information for the years ended December 31 follows:

	2003		2002		2001	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Balance - Jan 1,	919,291	$6.98	1,031,830	$6.94	1,245,335	$7.39
Grants	370,000	$7.37	175,000	$6.30	140,000	$5.68
Exercised	(298,232)	$6.50	(94,153)	$5.00	(3,971)	$5.00
Canceled	(24,449)	$7.44	(193,386)	$7.09	(349,534)	$8.16
Balance - Dec 31,	966,610	$7.27	919,291	$6.98	1,031,830	$6.94

The following table summarizes information about employees' stock options outstanding at December 31, 2003:

Weighted-
Weighted-
Weighted-
Average
Average
Average
Exercise
Exercise
Remaining
Price -
Price -
Exercise
Options
Options
Contractual
Options
Options

Price	Outstanding	Exercisable	Life	Outstanding	Exercisable
$4.14 - $5.51	270,375	270,375	4.5 years	$5.33	$5.33
$6.00 - $8.55	532,292	290,292	7.7 years	$7.16	$6.74
$8.64 - $12.81	163,943	138,943	2.2 years	$10.82	$10.46
	966,610	699,610	5.9 years	$7.27	$6.94

At December 31, 2002 and 2001, there were 789,917 and 680,858 options exercisable, respectively, at weighted-average exercise prices per share of $7.14 and $7.20, respectively.

In connection with the grant of certain options in prior years, the Company recorded, and amortized, deferred compensation. As of December 31, 2001, such deferred compensation had been fully amortized.

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 $908,000 in 1985. The notes bear interest at 9% and are due no later than December 31, 2005. During 2001, a note from Milton L. Cohen, a director of the Company in the amount of $422,000 was canceled. During 2001, a new note was received from Milton L. Cohen in the amount of $855,000, which consolidated all amounts due by Milton L. Cohen to the Company.

NOTE E - INCOME TAXES

Pre-tax income from continuing operations for the years ended December 31, 2003, 2002 and 2001 was $14.0 million, $6.0 million and $6.1 million, respectively.

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

	Year Ended December 31, 2003	2002	2001
Current:			
Federal	$4,451	$2,035	$1,431
State and local	1,018	239 296	

Deferred	105	133	722
Income tax provision	$5,574	$2,407	$2,449

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

	December 31, 2003	2002
Merchandise inventories	$1,122	$1,058
Accounts receivable allowances	876	740
Depreciation and amortization	(2,088)	(1,783)
Net deferred tax (liabilities) assets	($90)	$15

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

	Year Ended December 31, 2003	2002	2001
Provision for Federal income taxes at the statutory rate	$4,896	$2,026	$2,061
Increases (decreases):			
State and local income taxes, net of Federal income tax benefit	662	158	195
Other	16	223	193
Provision for income taxes	$5,574	$2,407	$2,449

The Company paid income taxes of approximately $3.1 million during the year ended 2003. The Company received income tax refunds (net of payments) of approximately $328,000 and $218,000 during the years ended December 2002 and 2001, respectively.

NOTE F - COMMITMENTS

Operating Leases: The Company has lease agreements for its warehouses, showroom facilities, sales offices and outlet stores which expire through 2016. These leases provide for, among other matters, annual base rent escalations and additional rent for real estate taxes and other costs. Leases for certain retail outlet stores provide for rent based upon a percentage of monthly gross sales.
Future minimum payments under non cancelable operating leases are as follows (in thousands):

~~Year ended December 31:~~	
~~2004~~	~~$5,056~~
~~2005~~	~~4,194~~
~~2006~~	~~3,507~~
~~2007~~	~~3,159~~
~~2008~~	~~2,907~~
~~Thereafter~~	~~21,245~~
	~~$40,068~~

Under an agreement with Meyer Corporation regarding the operation of the Company's Farberwarer retail outlet stores, the Company is reimbursed for use of floor space in its outlet stores. Meyer Corporation receives all revenue from sales of Farberware cookware, currently occupies 30% of the space in each store and reimburses the Company for 30% of the operating expenses of the stores. For the first nine months of 2003 and all of fiscal year 2002, Meyer Corporation occupied 50% of the space in each store and reimbursed the Company for 50% of the operating expenses of the stores. In fiscal year 2001, the Company and Meyer Corporation each occupied 40% of the space in the outlet stores, as Salton, Inc. was responsible for the other 20% of the space. In 2003, 2002 and 2001, Meyer Corporation reimbursed the Company approximately $1.5 million, $1.7 million and $1.3 million, respectively, for operating lease expense. Salton Inc. reimbursed the Company approximately $668,000 in 2001 for operating lease expense. Salton, Inc. terminated its agreement effective December 31, 2001.

Rental and related expenses under operating leases were approximately $6.9 million, $7.1 million and $7.6 million for the years ended December 31, 2003, 2002 and 2001, respectively. Amounts for 2003, 2002 and 2001 are prior to the Meyer Corporation and Salton Inc. reimbursements described above.

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

~~Year ended December 31:~~	
~~2004~~	~~$ 172~~
~~2005~~	~~172~~
~~2006~~	~~172~~
~~2007~~	~~172~~
~~2008~~	~~136~~
~~Total Minimum Lease Payments~~	~~824~~
~~Less: amounts representing interest~~	~~100~~
~~Present value of minimum lease payments~~	~~$714~~

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

NOTE F - COMMITMENTS (continued)

Royalties: The Company has royalty licensing agreements that require payments of royalties on sales of licensed products which expire through December 31, 2007. Future minimum royalties payable under these agreements are as follows (in thousands):

Year ended December 31:	
2004	$2,055
2005	2,400
2006	2,750
2007	3,000
	$10,205

Legal Proceedings: The Company is, from time to time, a party to litigation arising in the normal course of its business. The Company believes that there are currently no material legal proceedings the outcome of which would have a material adverse effect on the Company's consolidated financial position or results of operations.

Employment Agreements: Effective as of April 6, 2001, Mr. Jeffrey Siegel entered into a new employment agreement with the Company that provides that the Company will employ him as its President, Chief Executive Officer and Chairman of the Board for a term commencing on April 6, 2001, and continuing until April 6, 2006 and thereafter for additional consecutive one year periods unless terminated by either the Company or Mr. Siegel as provided in the agreement. The agreement provides for an annual salary of $700,000 with annual increments based on changes in the Consumer Price Index and for the payment to him of bonuses pursuant to the Company's Incentive Bonus Compensation Plan. The agreement also provides for, among other things, certain standard fringe benefit arrangements, such as disability benefits, medical insurance, life insurance and an accountable expense allowance. The agreement further provides that if the Company is merged or otherwise consolidated with any other organization or substantially all of the assets of the Company are sold or control of the Company has changed (the transfer of 50% or more of the outstanding stock of the Company) which is followed by: (i) the termination of his employment agreement, other than for cause; (ii) the diminution of his duties or change in executive position; (iii) the diminution of his compensation (other than a general reduction in the compensation of all employees); or (iv) the relocation of his principal place of employment to other than the New York Metropolitan Area, the Company would be obligated to pay to Mr. Siegel or his estate the base salary required pursuant to the employment agreement for the balance of the term. The employment agreement also contains restrictive covenants preventing Mr. Siegel from competing with the Company for a period of five years from the earlier of the termination of Mr. Siegel's employment (other than a termination by the Company without cause) or the expiration of his employment agreement.

During 2003, several members of senior management entered into employment agreements with the Company. The employment agreements termination dates range from June 30, 2004 through December 31, 2006. The agreements provide for annual salaries and bonuses, certain standard fringe benefit arrangements, such as disability benefits, medical insurance, life insurance and auto allowances.

Incentive Bonus Compensation Plan: In April 1996, the Board of Directors adopted and in June 1996, the stockholders approved an incentive bonus compensation plan ("1996 Bonus Plan"). The 1996 Bonus Plan provided for the award of a bonus, with respect to each of the

ten fiscal years of the Company beginning with the 1996 fiscal year, to each of the then President and Executive Vice President of the Company. The bonus payable to each executive was 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 stock option plans and extraordinary items. In June 2000, the stockholders of the Company approved the adoption of an incentive bonus compensation plan ("2000 Bonus Plan"), which provides for the award of a bonus, to designated Senior Executive Officers based on a predetermined financial performance measurement. For 2003, 2002 and 2001, the Chief Executive Officer was the only designated officer. In each year the amount of the bonus payment was equal to 3.5% of pretax income, before any provision for executive compensation, stock options exercised during the year under the Company's stock option plans, extraordinary items and non-recurring charges. During the years ended December 31, 2003, 2002 and 2001, the Company recorded annual compensation expense of approximately $576,000, $323,000, and $346,000, respectively, pursuant to the bonus plans.

NOTE F - COMMITMENTS (continued)

In February 2001, the Board of Directors declared special bonuses for Milton L. Cohen and Jeffrey Siegel aggregating approximately $850,000 which were charged to operations for the year ended December 31, 2000.

In April 2001, the Company paid Mr. Milton L. Cohen a bonus of $178,500 for the period January 1, 2001 through April 6, 2001.

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

NOTE G - RELATED PARTY TRANSACTIONS

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

As of December 31, 2003 and December 31, 2002, Milton L. Cohen owed the Company approximately $453,000 and $579,000, respectively. Milton L. Cohen remits $48,404 quarterly, inclusive of interest and principal, and the loan matures on March 31, 2006. The loan due from Milton L. Cohen is included within other current and non-current assets in the accompanying consolidated balance sheets.

As of December 31, 2003 and December 31, 2002, Jeffrey Siegel owed the Company approximately $344,000 and $439,000, respectively, which, for each year, included $344,000 of an outstanding loan related to the exercise of stock options under a stock option plan which has since expired. Approximately $95,000 of the amount due from Jeffrey Siegel at December 31, 2002 was included in other current assets in the accompanying balance sheet.

As of December 31, 2003 and December 31, 2002, Craig Phillips, a vice president of the Company, owed the Company approximately $135,000 for an outstanding loan related to the exercise of stock options under a stock option plan which has since expired.

Notes receivable totaling $479,000 related to the exercise of stock options under a stock option plan which has since expired are included within total stockholders' equity in the accompanying balance sheets at December 31, 2003 and 2002, respectively.

On October 1, 2002 the Company entered into a consulting agreement with Ronald Shiftan, a director of the Company. The term of the consulting agreement is a period of one year commencing October 1, 2002, which automatically renews for additional one year periods unless either party terminates the agreement by providing written notice of such termination to the other party thereto at least thirty days prior to the expiration of the initial or additional term then in effect. Mr. Shiftan is paid compensation under the consulting agreement at a rate of $30,000 per month.

NOTE H - RETIREMENT PLAN

The Company maintains a defined contribution retirement plan ("the Plan") for eligible employees under Section 401(k) of the Internal Revenue Code. Participants can make voluntary contributions up to a maximum of 15% of their respective salaries. The Company made matching contributions to the Plan of approximately $206,000, $220,000 and $178,000 in 2003, 2002 and 2001, respectively.

NOTE I - CONCENTRATION OF CREDIT RISK

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

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

During the years ended December 31, 2003, 2002 and 2001, Wal-Mart Stores, Inc. (including Sam's Clubs) accounted for approximately 29%, 20% and 18% of net sales, respectively. No other customer accounted for 10% or more of the Company's net sales during 2003, 2002 or 2001.

NOTE J - OTHER

Property and Equipment:

Property and equipment consist of (in thousands):

	December 31, 2003	2002
Land	$932	$932
Building and improvements	7,135	7,075
Machinery, furniture and equipment	26,451	23,823
Leasehold improvements	1,637	1,594
	36,155	33,424
Less: accumulated depreciation	15,592	12,574
	$20,563	$20,850

Depreciation expense for the years ended December 31, 2003, 2002 and 2001 was $3.3 million, $3.1 million and $2.7 million, respectively. Included in machinery, furniture and equipment and related accumulated depreciation above as of December 31, 2003 are $763,000 and $76,000, respectively, related to assets recorded under capital leases. Amortization expense relating to these assets for 2003 is included within depreciation expense.

Accrued Expenses:

Accrued expenses consist of (in thousands):

	December 31, 2003	2002
Commissions	$732	$683
Accrued customer		

allowances and rebates	5,410	3,290
Obligation to Meyer Corporation	2,534	1,983
Officer and employee bonuses	1,504	1,439
Accrued health insurance	642	756
Accrued salaries, vacation and temporary labor billings	1,855	1,562
Other	4,479	3,713
	$17,156	$13,426

Sources of Supply: The Company sources its products from approximately 55 manufacturers located primarily in the People's Republic of China, and to a smaller extent in the United States, Malaysia, Thailand, Taiwan, Indonesia, Italy and India. A majority of the Company's cutlery was purchased from three suppliers in 2003 who accounted for 48%, 20%, and 14% of the total purchases, respectively, and from three suppliers in 2002 who accounted for 58%, 20% and 10% of the total purchases, respectively. A majority of the Company's pantryware was purchased from four suppliers in 2003 that accounted for 20%, 16%, 13% and 11% of the total purchases, respectively, and from three suppliers in 2002 that accounted for 37%, 19% and 13% of the total purchases, respectively. 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.

LIFETIME HOAN CORPORATION

Schedule II - Valuation and Qualifying Accounts

Lifetime Hoan Corporation

(in thousands)

COL. A
COL. B
COL. C
COL. D
COL. E
Additions
Balance at
Charged to
Beginning
Costs and
Deductions
Balance at
Description
of Period
Expenses
(Describe)
End of
Period

~~Year ended December 31, 2003~~
~~Deducted from asset accounts:~~
~~Allowance for doubtful Accounts~~
~~$612 $8~~
~~$425 (a)~~
~~$195~~
~~Reserve for sales returns and allowances~~
~~3,276~~
~~9,297 (c)~~
~~9,419 (b)~~
~~3,154~~
~~$3,888~~
~~$9,305~~
~~$9,844~~
~~$3,349~~
~~Year ended December 31, 2002~~
~~Deducted from asset accounts:~~
~~Allowance for doubtful Accounts~~
~~$315 $386~~
~~$89 (a)~~
~~$612~~
~~Reserve for sales returns and allowances~~
~~3,334~~
~~7,453 (c)~~
~~7,511 (b)~~
~~3,276~~
~~$3,649~~
~~$7,839~~
~~$7,600~~
~~$3,888~~
~~Year ended December 31, 2001~~
~~Deducted from asset accounts:~~
~~Allowance for doubtful Accounts~~
~~$385~~
~~$1,396~~
~~$1,466 (a)~~
~~$315~~
~~Reserve for sales returns and allowances~~
~~3,197~~
~~6,513 (c)~~
~~6,376 (b)~~
~~3,334~~
~~$3,582~~
~~$7,909~~
~~$7,842~~
~~$3,649~~

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

Exhibit 21. Subsidiaries of the Registrant

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

Roshco, Inc.
Incorporated in the state of Illinois

M. Kamenstein Corp.
Incorporated in the state of Delaware

Consent of Independent Auditors Exhibit 23

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-51774) pertaining to the Lifetime Hoan Corporation 1991 Stock Option Plan, of our report dated February 18, 2004, 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, 2003.

Ernst & Young LLP

Melville, New York
March 29, 2004

EXHIBIT 32

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

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

(1) the Company's Annual Report on Form 10-K for the annual period ended December 31, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey Siegel	/s/ Robert McNally
Jeffrey Siegel	Robert McNally
Chief Executive Officer	Chief Financial Officer
Date: March 29, 2004	Date: March 29, 2004