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

FORM 8-K/A
Amendment No. 1

CURRENT REPORT

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

Date of report (Date of earliest event reported): July 11, 2005

Lifetime Brands, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

0-19254	11-2682486
(Commission File Number)	(IRS Employer Identification No.)

One Merrick Avenue, Westbury, New York	11590
(Address of Principal Executive Offices)	(Zip Code)

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

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

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

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Explanatory Note

On July 15, 2005, Lifetime Brands, Inc. ("Lifetime" or the "Company") filed a Form 8-K under Item 2.01 to report the completion of its acquisition of the business and certain assets and liabilities of The Pfaltzgraff Co. ("Pfaltzgraff"). In response to parts (a) and (b) of Item 9.01 of such Form 8-K, Lifetime stated that it would file the required financial information by amendment, as permitted by Item 9.01(a)(4) and 9.01(b)(2) to Form 8-K. Lifetime hereby amends its Form 8-K filed on July 15, 2005 in order to provide the financial information required by Item 9.01.

ITEM 9.01 Financial Statements and Exhibits

(a) Financial Statements of business acquired.

1. The audited consolidated balance sheets of The Pfaltzgraff Co. and subsidiaries as of December 31, 2004 and 2003 and the related consolidated statements of operations, stockholder's equity and cash flows for the years ended December 31, 2004, 2003 and 2002 and the notes to the consolidated financial statements together with the report thereon of KPMG LLP are attached hereto as Exhibit 99.1.

2. The unaudited condensed consolidated balance sheets of The Pfaltzgraff Co. and subsidiaries as of June 30, 2005 and December 31, 2004 and the related unaudited condensed consolidated statements of operations and cash flows for the six months ended June 30, 2005 and 2004 and the notes to the unaudited condensed consolidated financial statements are

attached hereto as Exhibit 99.1.

(b) Pro forma financial information

The unaudited pro forma condensed combined balance sheet of the Company as of June 30, 2005 and unaudited pro forma condensed combined statements of operations for the six months ended June 30,2005 and the year ended December 31, 2004 are attached hereto as Exhibit 99.2.

(c) Exhibits.

23.1 Consent of KPMG LLP

99.1 Pfaltzgraff Financial Statements

99.2 Unaudited Pro Forma Condensed Combined Financial Information

99.3 The Asset Purchase Agreement dated as of June 17, 2005 by and among The Pfaltzgraff Co., The Pfaltzgraff Manufacturing Co. and Lifetime Brands, Inc., PFZ Acquisition Corp. and PFZ Outlet Retail, Inc. filed with a Current Report on Form 8-K dated June 17, 2005 and incorporated herein by reference.

99.4 Amendment No.1 to the Restated Credit Facility Agreement between Lifetime Hoan Corporation and the Bank of New York, dated July 11, 2005 filed with a Quarterly Report on Form 10-Q dated June 30, 2005 and incorporated herein by reference.

SIGNATURES

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

LIFETIME BRANDS, INC.

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

Dated: September 21, 2005

Exhibit Index

23.1 Consent of KPMG LLP

99.1 Pfaltzgraff Financial Statements

99.2 Unaudited Pro Forma Condensed Combined Financial Information

Exhibit 23.1

Consent of Independent Auditors'

The Board of Directors
Lifetime Brands, Inc.

We consent to the use of our report dated September 16, 2005, with respect to the consolidated balance sheets of The Pfaltzgraff Co. and subsidiaries, a wholly-owned subsidiary of Susquehanna Pfaltzgraff Co., as of December 31, 2004 and 2003, and the related consolidated statements of operations, stockholder's equity, and cash flows for each of the years in the three-year period ended December 31, 2004, which report is included in the Form 8-K/A of Lifetime Brands, Inc. as originally dated July 11, 2005.

/s/ KPMG LLP
Harrisburg, Pennsylvania
September 19, 2005

Exhibit 99.1

THE PFALTZGRAFF CO. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

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Independent Auditors' Report

The Board of Directors
TPC-York, Inc. (formerly The Pfaltzgraff Co.):

We have audited the accompanying consolidated balance sheets of The Pfaltzgraff Co. and subsidiaries (the Company), a wholly-owned subsidiary of Susquehanna Pfaltzgraff Co., as of December 31, 2004 and 2003, and the related consolidated statements of operations, stockholder's equity and cash flows for each of the years in the three year period ended December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Pfaltzgraff Co. and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP
September 16, 2005

THE PFALTZGRAFF CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

~~December 31, 2004 2003 ASSETS Current Assets Cash and cash equivalents $ 716 $ — Accounts receivable, less allowance for doubtful accounts and sales returns of $1,775 in 2004 and $2,239 in 2003 (Note 2) 4,634 6,332 Inventories (Notes 2 and 3) 25,956 33,952 Other current assets 2,526 2,730 Total Current Assets 33,832 43,014 Property, Plant and Equipment, at cost (Note 2) Land 1,817 1,817 Buildings and improvements 23,798 24,754 Machinery and equipment 74,173 80,056 Construction in progress 495 881 100,283 107,508 Accumulated~~

~~depreciation and amortization 80,590 83,040 Property, Plant and Equipment, net 19,693 24,468 Income Taxes Receivable From Parent (Note 4) 25,299 21,174 Deferred Income Taxes (Note 4) — 488 Prepaid Pension Costs (Note 5) 10,531 9,890 Other Assets 121 599 $ 89,476 $ 99,633 LIABILITIES AND STOCKHOLDER'S EQUITY Current Liabilities Cash overdrafts $ — $ 123 Accounts payable 3,150 5,540 Accrued interest 38 42 Deferred income taxes (Note 4) 1,613 3,735 Accrued restructuring and closing costs (Note 8) 565 1,132 Accrued salaries and benefits 1,403 1,175 Accrued advertising 1,994 1,595 Other accrued expenses 2,113 1,711 Total Current Liabilities 10,876 15,053 Long-term Debt (Note 2) 9,139 7,633 Liability for Discontinued Operations (Note 9) 1,043 1,290 Deferred Income Taxes (Note 4) 1,777 — Stockholder's Equity (Note~~

2) Preferred
stock - 7%
Non-
cumulative,
$1,000 par
value,
20,000
shares
authorized,
issued and
outstanding
20,000
20,000
Common stock
- Class "A"
Voting, $1
par value,
31,200,000
shares
authorized,
issued and
outstanding
31,200
31,200
Additional
paid in
capital
87,057
83,657
Accumulated
deficit
(71,616)
(59,200)
Total
Stockholder's
Equity
66,641
75,657 $
89,476 $
99,633

The accompanying notes are an integral part of the condensed consolidated financial statements.

THE PFALTZGRAFF CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)

For The Years
Ended
December 31,
2004 2003
2002 REVENUES
$148,021
$157,078
$185,158
COSTS AND
EXPENSES Cost
of sales
102,772
108,556
123,077
Selling
29,965 31,729
34,270
General and
administrative
28,765 30,992
33,353
Interest 702
943 547
Restructuring
and closing
costs (Note
8) 3,431
5,783 3,293
Other 532
(260) 735

Total 166,167
177,743
195,275 LOSS
FROM
CONTINUING
OPERATIONS
BEFORE INCOME
TAXES
(18,146)
(20,665)
(10,117)
BENEFIT FOR
INCOME TAXES
(Note 4)
5,730 7,589
2,541 LOSS
FROM
CONTINUING
OPERATIONS
(12,416)
(13,076)
(7,576)
DISCONTINUED
OPERATIONS,
NET OF INCOME
TAX BENEFIT
OF $134 FOR
2002 ----
(291) NET
LOSS AND
COMPREHENSIVE
LOSS $
(12,416)
$(13,076)
$(7,867)

The accompanying notes are an integral part of the condensed consolidated financial statements.

THE PFALTZGRAFF CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY
(In thousands, except share data)

Additional
Preferred
Common Paid-
In
Accumulated
Stock Stock
Capital
Deficit
Total
Balance as
of January
1, 2002
$20,000
$31,200
$77,657
$(38,257)
$90,600 Net
loss --------
(7,867)
(7,867)
Balance as
of December
31, 2002
20,000
31,200
77,657
(46,124)
82,733 Net
loss - - - -
(13,076)
(13,076)
Parent's
capital
contributions
- - - 6,000 -
6,000
Balance as

~~of December 31, 2003 20,000 31,200 83,657 (59,200) 75,657 Net loss - - - (12,416) (12,416) Parent's capital contributions - - 3,400 - 3,400 Balance as of December 31, 2004 $20,000 $31,200 $87,057 $(71,616) $66,641~~

Shares Issued and Outstanding

~~Preferred Common Stock Stock January 1, 2002 20,000 31,200,000 December 31, 2002 20,000 31,200,000 December 31, 2003 20,000 31,200.000 December 31, 2004 20,000 31,200,000~~

The accompanying notes are an integral part of the condensed consolidated financial statements.

THE PFALTZGRAFF CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

~~2004 2003 2002 CASH FLOWS FROM OPERATING ACTIVITIES Net loss $ (12,416) $(13,076) $(7,576) Adjustments to reconcile net loss to net cash used by operating activities: Depreciation and amortization 4,686 6,299 7,312 Deferred income taxes 144 613 996 Deferred financing~~

~~amortization 93 148 47 Loss on sale of Shenango assets — — 1,371 Changes in assets and liabilities: Decrease (increase) in accounts receivable, net 1,698 (2,405) 2,793 Decrease (increase) in inventories 7,995 1,223 (367) Increase in income taxes receivable from parent (4,126) (8,270) (3,869) Decrease (increase) in other current assets 204 919 (249) Increase in prepaid pension costs (640) (817) (997) Decrease in accounts payable (2,390) (57) (404) Increase (decrease) in accrued interest (4) (7) 4 Increase (decrease) in accrued restructuring and closing costs 1,314 3,887 35 Increase (decrease) in accrued salaries and benefits 228 (492) (452) Increase (decrease) in accrued advertising 398 (84) (100) Increase (decrease) in other accrued expenses 403 (596) 839 Net cash used by operating activities of continuing~~

~~operations (2,413) (12,715) (617) NET CASH USED BY DISCONTINUED OPERATIONS (247) (67) (308) CASH FLOWS FROM INVESTING ACTIVITIES Purchases of property, plant and equipment, net (1,407) (1,792) (1,813) Proceeds from sale of Shenango assets -- 50 Increase in other assets -- (391) (72) Net cash used by investing activities (1,407) (2,183) (1,835) CASH FLOW FROM FINANCING ACTIVITIES Capital contributions by Parent 3,400 6,000 -- Increase in revolving credit borrowings 1,506 7,633 -- Increase (decrease) in cash overdrafts (123) 123 -- Net cash provided by financing activities 4,783 13,756 -- NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 716 (1,209) (2,760) CASH AND CASH EQUIVALENTS, beginning of year $ -- $ 1,209 $ 3,969 CASH AND CASH EQUIVALENTS, end of year $ 716 $ -- $ 1,209~~

The accompanying notes are an integral part of the condensed consolidated financial statements.

1. Significant Accounting Policies

Nature of Operations - The Pfaltzgraff Co. (the Company) is a manufacturer, wholesaler and retailer of dinnerware and complementary housewares. The Company distributes its product primarily in the United States.

Principles of Consolidation - The consolidated financial statements include the accounts of the Company and its subsidiaries, The Pfaltzgraff Outlet Co., The Pfaltzgraff Manufacturing Co., Treasure Craft, Inc., Pfaltzgraff Canada, Ltd. and Pfaltzgraff Investment Co. The Company is a wholly-owned subsidiary of Susquehanna Pfaltzgraff Co. (the Parent). All significant intercompany accounts and transactions are eliminated.

Use of Estimates in the Preparation of Financial Statements - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Credit Risk - Concentrations of credit risk include cash and accounts receivable. The Company deposits its cash in high-quality financial institutions. Periodically, deposited balances may exceed FDIC-insured maximums. Accounts receivable are largely from retail businesses whose ability to pay is subject to changes in general economic conditions. Credit risk is managed by credit and collection controls. The allowance for doubtful accounts is determined using historical experience, payment trends and credit information in the context of existing economic conditions. Three customers made up the following percentages of accounts receivable and revenues for the years ended

	2004	2003	2002
Accounts Receivable	66%	67%	48%
Revenues	14%	16%	12%

Cash and Cash Equivalents - The Company considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

Inventories - Inventories manufactured by the Company in the United States of America and certain sourced items are valued at the lower of last-in, first-out (LIFO) cost or market. Other inventories are valued at the lower of first-in, first-out (FIFO) cost or market.

1. Significant Accounting Policies, continued

Property, Plant and Equipment - These assets are stated at cost. Depreciation and amortization are computed using the straight-line method for financial statement purposes based on the following ranges of estimated useful lives:

Buildings and improvements	10 to 40 years
Machinery and equipment	3 to 20 years

Depreciation and amortization expense was $4.7 million, $6.3 million and $7.3 million for the years ended December 31, 2004, 2003 and 2002, respectively.

Asset additions and major renovations are capitalized and

depreciated over their estimated useful lives. Periodically, asset lives are reviewed and adjusted based on facts and circumstances. Costs of maintenance, repairs and minor renovations are charged against income. Gains or losses on dispositions are credited to or charged against income. The costs and accumulated depreciation related to dispositions are removed from the accounts.

Revenue Recognition - Revenues are recognized on shipment of inventory or retail sale. Returns are reflected as a reduction of revenues. The Company estimates expected sales returns and allowances based on a periodic historical review and other factors. The company records shipping and handling charged to its customers in Revenues and the related cost of shipping and handling in Cost of Sales.

Advertising - Advertising costs are expensed as incurred.

Valuation of Long-Lived Assets - The Company evaluates the recoverability of its long-lived assets including property, plant and equipment whenever events or changes in circumstances suggest the carrying values may not be recoverable. Analyses based on undiscounted cash flows generated by the related operations and appraisals, trends or other indicators of fair value are used in these evaluations. If the asset's carrying value exceeds the indicated fair value, a loss is recognized for the difference between the fair value and the asset's carrying value.

Interest - Interest paid was $0.6 million, $0.8 million and $0.5 million for the years ended December 31, 2004, 2003 and 2002, respectively.

Income Taxes - The Company uses the asset and liability method of accounting for income taxes. The benefit for income taxes includes income taxes currently payable and those deferred. Deferred income taxes reflect the future tax consequences of temporary differences between the tax bases of assets and liabilities and their financial reporting balances at each year-end. Changes in enacted tax rates are reflected in income taxes as they occur.

1. Significant Accounting Policies, continued

Recent Accounting Pronouncements - In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51," (FIN 46). FIN 46 addresses the consolidation by business enterprises of variable interest entities as defined in the Interpretation. FIN 46 applied immediately to variable interests in variable interest entities created after January 31, 2003, and to variable interests in variable interest entities obtained after January 31, 2003. In December 2003, FASB issued FIN 46R, a revision of FIN 46, that delayed implementation for entities other than Special Purpose Entities. The Company must adopt FIN 46R in 2005. FIN 46R's impact has not yet been determined.

2. Long-term Debt

Long-term debt as of December 31, was as follows (in thousands):

	2004	2003
Notes Payable -		
Revolving credit loans	$ 9,139	$ 7,633

The revolving credit loan's stated value approximated its fair value. A credit agreement provided a revolving credit facility with a maximum commitment up to $30 million. Availability under the credit facility at any time was limited to a percentage of eligible accounts

receivable and inventory. As of December 31, 2004, $4.9 million was available for borrowing under the facility.

The credit facility was available for working capital and capital expenditure requirements and was scheduled to mature in March 2006. The credit facility was repaid in July 2005 (see Note 10). Borrowings were secured by the Company's assets and were guaranteed by all domestic subsidiaries. On October 20, 2004, an amendment to the credit agreement was signed. The amendment changed the minimum adjusted net worth requirement and added a minimum excess availability requirement.

Interest rates on borrowings were at the prime rate plus up to 0.5% or at LIBOR plus 2.25% to 2.75%. As of December 31, 2004, the interest rate was 4.93%. Interest rates may be fixed for periods up to 180 days. Interest was payable monthly on prime and LIBOR-based loans. The Company could utilize up to $10 million of the facility for letters of credit. As of December 31, 2004, $2.5 million of letters of credit were outstanding. A fee of up to 0.5% of the facility's unused amount was payable monthly. The credit facility limited the Company's ability to pay dividends, make capital expenditures and acquisitions, and make payments to related parties.

3.Inventories

Inventories as of December 31, were comprised of (in thousands):

	2004	2003
Finished goods	$ 17,645	$ 23,048
Work-in-process	6,540	8,254
Raw materials	1,771	2,650
	$ 25,956	$ 33,952

LIFO increments were costed using the link-chain method. External indices were used to determine the effect of price changes for manufactured and sourced item pools.

If all inventories were valued at the lower of FIFO cost or market, inventory values at December 31, 2004 and 2003 would have been $32.0 million and $40.0 million, respectively. Using the FIFO method would have increased the loss from continuing operations by $1.1 million in 2004, would not have changed the 2003 loss from continuing operations and would have decreased the 2002 loss from continuing operations by $0.4 million. A decrement in LIFO inventories increased the loss from continuing operations for 2003 by $0.6 million.

Retail and other inventories, valued at the lower of FIFO cost or market, were $9.0 million and $13.4 million at December 31, 2004 and 2003, respectively.

4.Income Taxes

Components of the benefit for income taxes for the years ended December 31, were as follows (in thousands):

	2004	2003	2002
Current			

~~Federal $ 6,136 $ 8,255 $ 3,804 State (262) (53) (111) Foreign ___ (156) Total current 5,874 8,202 3,537 Deferred Federal (230) (525) (576) State 86 (88) (420) Total deferred (144) (613) (996) Benefit for Income Taxes $ 5,730 $ 7,589 $ 2,541~~

4.Income Taxes, continued

Income taxes paid in 2004, 2003 and 2002 were $0.2 million, $0.1 million and $0.1 million, respectively.

The Company is included in its Parent's consolidated federal income tax return. The Company's tax provision is first computed on a separate return basis. The consolidated federal income tax expense is allocated pro rata to all return group members. In accordance with a tax sharing agreement among its Parent and other subsidiaries, the Company receives pro rata benefit for losses that reduce income taxes paid or payable on a consolidated basis. Income taxes receivable from Parent arise from losses utilized in the consolidated federal income tax return. The tax sharing account must be settled with the Parent if the Company leaves the consolidated federal income tax return, or earlier at the Parent's sole discretion. During the year ended December 31, 2004, $2.0 million was received from the Parent and recognized as a reduction of income taxes receivable from parent.

At December 31, 2004 and 2003, deferred tax assets and liabilities resulted from the following temporary differences (in thousands):

~~2004 2003 Deferred Tax Assets Allowance for doubtful accounts $ 138 $ 135 Inventories 559 999 Environmental reserves 179 254 Returns and~~

~~allowances reserve 475 695 Closing reserves 281 155 Liabilities not recognized for tax 661 276 Foreign NOL carryforwards 2,259 2,118 State net operating loss carryforward 10,837 10,053 15,389 14,685 Deferred Tax Liabilities Property, plant and equipment (1,997) (2,121) Retirement benefits (3,664) (3,613) Other liabilities (22) (27) (5,683) (5,761) Valuation Allowances (13,096) (12,171) Net deferred tax liabilities $(3,390) $(3,247)~~

The Company had $121.3 million and $111.7 million of state net operating loss carryforwards as of December 31, 2004 and 2003, respectively.

The Company has established a full valuation allowance for the tax effects of these state income tax loss carryforwards as utilization is uncertain. No current tax benefits were provided for these losses.

One of the Company's foreign subsidiaries has established a full valuation allowance for its net operating loss carryforwards of $5.7 million and $5.3 million at December 31, 2004 and 2003, respectively. The balance in the valuation allowance for foreign deferred tax assets as of December 31, 2004 and 2003 was $2.3 million and $2.1 million, respectively.

Reconciliations of the difference between the U.S. statutory income tax rate and the actual effective book income tax rate follow:

~~2004 2003 2002 U. S. statutory rate 35.0% 35.0% 35.0% State income~~

taxes, net of Federal income tax effect	(0.6)	(0.4)	(3.3)
Permanent differences	(0.2)	(0.2)	(0.2)
Foreign taxes	—	—	(1.5)
Other	(2.6)	2.3	(5.9)
Annual effective book income tax rate	31.6%	36.7%	24.1%

5.Employee Benefits

Full-time employees participated in the Parent's Employee Stock Ownership Plan (ESOP). ESOP benefit costs of $2.2 million, $2.4 million and $4.3 million were recognized for the years ended December 31, 2004, 2003 and 2002, respectively. Effective January 1, 2005, the Company's employees ceased participation in the Parent's ESOP and became fully vested in their accounts.

Certain full-time employees of the Company and its subsidiaries were covered by the Parent's noncontributory qualified defined benefit pension plans (the Plans). Benefits under the Plans were based on employees' years of service and earnings over part or all of their careers through April 1999, when benefit accruals ceased and the ESOP was instituted.

5.Employee Benefits, continued

The funded status of the Plans as of December 31, was (in thousands):

	2004	2003
Benefit obligation, beginning of year	$43,853	$38,941
Service cost	—	—
Interest cost	2,623	2,586
Actuarial losses	2,739	4,406
Benefits paid	(1,932)	(2,080)
Benefit obligation, end of year	47,283	43,853
Fair value of the Plans' assets, beginning		

~~of year 48,725 40,534 Actual return on the Plans' assets 4,850 10,271 Benefits paid (1,932) (2,080) Fair value of the Plans' assets, end of year 51,643 48,725 Excess of fair value of the Plans' assets over benefit obligation at end of year 4,360 4,872 Unrecognized net actuarial losses 12,691 10,904 Unrecognized transition asset — — Unrecognized prior service costs 816 884 Prepaid pension cost at December 31, $17,867 $16,660~~

The Plans' net pension costs for the years ended December 31, included the following components (in thousands):

~~2004 2003 Service cost $ 240 $ 270 Interest cost 2,623 2,586 Expected return on plan assets (4,371) (4,402) Amortization of transition asset — (7) Amortization of loss 233 — Amortization of prior service cost 68 68 Net periodic pension~~

~~cost (income) $(1,207) $(1,485)~~

Pension income allocated to the Company for the years ended December 31, 2004, 2003 and 2002 was $0.6 million, $0.8 million and $1.0 million, respectively. The Company's share of prepaid pension costs as of December 31, 2004 and 2003 was $10.5 million and $9.9 million, respectively.

5.Employee Benefits, continued

The Parent's funding policy for the Plans is to make contributions, as required by various regulations, not to exceed the maximum amounts deductible for federal income tax purposes. The Plans' assets, primarily listed bonds and stocks, are held by independent trustees.

The weighted average discount rate used in determining the actuarial present value of the Plans' projected benefit obligations was 5.74%, 6.10% and 6.75% for 2004, 2003 and 2002, respectively. The expected long-term rate of return on the Plans' assets was 8.75% for all three years.

The Parent also sponsors a defined contribution (401K) plan, which covers all full-time employees. The plan matches 75% of the first 2% of eligible compensation contributed by a participant. The match for Company employees was suspended September 1, 2003 as a cost-savings measure. The Company contributed $0.3 million to the plan for both the years ended December 31, 2003 and 2002. No contribution was made in 2004.

6.Lease Commitments

Total operating lease expenses recognized were $7.6 million, $8.9 million and $9.6 million for the years ended December 31, 2004, 2003 and 2002, respectively.

Annual future aggregate minimum rental commitments under non-cancelable operating leases are as follows (in thousands):

~~2005~~	~~$ 6,029~~	~~2008~~	~~$ 2,543~~
~~2006~~	~~4,530~~	~~2009~~	~~1,675~~
~~2007~~	~~3,847~~	~~2010 and beyond~~	~~1,455~~

7.Related Parties

The Company purchased management, general and administrative services from its Parent at a cost of $4.2 million, $4.5 million and $5.9 million for the years ended December 31, 2004, 2003 and 2002, respectively.

Included in operating leases for the years ended December 31, 2004, 2003 and 2002 were $0.8 million, $1.1 million and $0.9 million, respectively, for office and warehouse space rented from its Parent and a related partnership. These leases represent $0.7 million in annual rental commitments under non-

cancelable operating leases in each year through 2009. From 2010 though 2012, the related party annual rental commitment is $0.2 million.

8.Restructuring and Closing

The Company stopped production at its Nogales, Mexico facility in November 2003 and completed the facility's closing in March 2004. Certain other manufacturing operations were curtailed in 2004. The number of employees terminated in the restructurings was 48 and 278 in 2004 and 2003, respectively.

During 2002 and 2003, the Company continued its efforts to restructure operations and reduce costs. Retail stores were closed in 2002 and 2003. In 2002, the Company sold its Shenango refractories operation at a $1.4 million loss. Employees terminated in these restructurings totaled 278 in 2003 and 65 in 2002.

A summary of restructuring and closing activities follows (in thousands):

	Severance	Contract Termination	Consolidation / Removal	Fixed Assets	Total
Balance as of January 1, 2002	$ 389	$ 35	$ 22	$ 54	$ 500
Charges	364	658	1,070	1,201	3,293
Payments/Uses	(435)	(658)	(842)	(1,323)	(3,258)
Balance as of December 31, 2002	318	35	250	(68)	535
Charges	1,484	1,410	751	2,138	5,783
Payments/Uses	(1,399)	(1,188)	(529)	(2,070)	(5,186)
Balance as of December 31, 2003	403	257	472	—	1,132
Charges	242	508	425	2,256	3,431
Payments/Uses	(511)	(532)	(699)	(2,256)	(3,998)
Balance as of December 31, 2004	$ 134	$ 233	$ 198	$ —	$ 565

9.Liability for Discontinued Operations

Prior to the 1995 sale of its Syracuse China division, the Company executed a consent order with the New York Department of Environmental Conservation (DEC), under which the Company agreed to conduct a Remedial Investigation and Feasibility Study (RI/FS) of an on-site landfill and surrounding wetlands at Syracuse China's Court Street facility in Syracuse, New York. The purpose of the RI/FS was to investigate the environmental condition and develop alternatives for potential remediation of the site. Following completion of the work required by the RI/FS consent order, the Company negotiated with DEC regarding the exact nature and extent of the remediation of the landfill. This negotiation resulted in a Remedial Design/Remedial Construction Consent Order between the Company and DEC, which was executed in March 2000. Pursuant to this order, the Company hired a contractor to excavate certain contaminated sediments from the wetlands and move them to the landfill, which was then covered with a geomembrane cap. Substantially all remediation work was completed in the second quarter of 2003, and a final engineering report was submitted to DEC in the third quarter of 2003.

Through December 31, 2004, cumulative remediation costs paid were $5.1 million, including legal fees and other expenses.

As of December 31, 2004, the liability for discontinued operations represents undiscounted future costs for remediation and monitoring obligations that may extend more than twenty years. The Company previously sold its Syracuse China division to a subsidiary of Libbey Glass, Inc. (Libbey). Libbey has agreed to reimburse the Company for 50% of the remediation and monitoring costs, up to a total contribution of $1.4 million. Reimbursement has been made subject to potential reduction for any recovery from Canadian Pacific (U.S.), Inc., the prior owner of Syracuse China. The Company is in litigation with Canadian Pacific to recover costs associated with the landfill.

10.Subsequent Event

On July 11, 2005, Pfaltzgraff sold assets constituting its wholesale and retail business and its intangible assets, including rights to the Pfaltzgraff name, to Lifetime Brands, Inc. ("Lifetime") for $32.5 million cash. The Company repaid all its long-term debt of $10.1 million using the sales proceeds. Under terms of the sales agreement, Pfaltzgraff may receive additional consideration through a working capital adjustment to be completed in mid-September 2005. Pfaltzgraff did not sell its manufacturing facilities, raw materials and work-in-process inventories or distribution real estate in the transaction. Under terms of a product supply agreement with Lifetime, Pfaltzgraff will manufacture certain inventory for Lifetime into October 2005. On August 15, 2005, Pfaltzgraff notified its manufacturing employees of its intention to terminate manufacturing operations. The Pfaltzgraff Co. has changed its name to TPC-York, Inc.

THE PFALTZGRAFF CO. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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THE PFALTZGRAFF CO. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

~~June 30, December 31, 2005 2004 ASSETS Current Assets Cash and cash equivalents $ 1,159 $ 716 Accounts receivable, less allowance for doubtful accounts and sales returns of $1,034 in 2005 and $2,239 in 2004 2,257 4,634 Inventories 30,171 25,956 Other current assets 2,403 2,526 Total Current Assets 35,990 33,832 Property, Plant and Equipment, at cost Land 1,817 1,817 Buildings and improvements 23,632 23,798 Machinery and equipment 70,744 74,173 Construction in progress 572 495 96,765 100,283 Accumulated depreciation and amortization 78,621 80,590 Property, Plant and Equipment, net 18,144~~

~~19,693~~
~~Income Taxes~~
~~Receivable~~
~~From Parent~~
~~30,496~~
~~25,299~~
~~Prepaid~~
~~Pension~~
~~Costs 10,799~~
~~10,531 Other~~
~~Assets - 121~~
~~$ 95,429 $~~
~~89,476~~
~~LIABILITIES~~
~~AND~~
~~STOCKHOLDER'S~~
~~EQUITY~~
~~Current~~
~~Liabilities~~
~~Accounts~~
~~payable $~~
~~1,947 $~~
~~3,150~~
~~Current~~
~~portion of~~
~~long-term~~
~~debt 10,282~~
~~- Accrued~~
~~salaries and~~
~~benefits~~
~~2,926 1,403~~
~~Accrued~~
~~advertising~~
~~966 1,994~~
~~Accrued~~
~~restructuring~~
~~and closing~~
~~costs 667~~
~~565 Accrued~~
~~interest 45~~
~~38 Deferred~~
~~income taxes~~
~~2,875 1,613~~
~~Other~~
~~accrued~~
~~expenses~~
~~2,214 2,113~~
~~Total~~
~~Current~~
~~Liabilities~~
~~21,922~~
~~10,876 Long-~~
~~term Debt -~~
~~9,139~~
~~Liability~~
~~for~~
~~Discontinued~~
~~Operations~~
~~953 1,043~~
~~Deferred~~
~~Income Taxes~~
~~1,497 1,777~~
~~Stockholder's~~
~~Equity~~
~~Preferred~~
~~stock - 7%~~
~~Non-~~
~~cumulative,~~
~~$1,000 par~~
~~value,~~
~~20,000~~
~~shares~~
~~authorized,~~
~~issued and~~
~~outstanding~~
~~20,000~~
~~20,000~~
~~Common stock~~
~~- Class "A"~~
~~Voting, $1~~
~~par value,~~

~~31,200,000 shares authorized, issued and outstanding 31,200 31,200 Additional paid-in capital 99,657 87,057 Accumulated deficit (79,800) (71,616) Total Stockholder's Equity 71,057 66,641 $ 95,429 $ 89,476~~

The accompanying notes are an integral part of the condensed consolidated financial statements.

THE PFALTZGRAFF CO. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)

~~For The Six Months Ended June 30, 2005 2004 REVENUES $ 49,206 $ 65,368 COSTS AND EXPENSES Cost of sales 33,934 44,871 Selling 13,326 13,995 General and administrative 13,388 14,315 Interest 452 310 Restructuring and closing costs 850 1,450 Other (489) 179 Total 61,461 75,120 LOSS BEFORE INCOME TAXES (12,255) (9,752) BENEFIT FOR INCOME TAXES 4,071 3,391 NET LOSS AND COMPREHENSIVE LOSS $ (8,184) $(6,361)~~

The accompanying notes are an integral part of the condensed consolidated financial statements.

THE PFALTZGRAFF CO. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

~~For The Six Months Ended~~

~~June 30, 2005 2004 CASH FLOWS FROM OPERATING ACTIVITIES Net loss $ (8,184) $ (6,361) Adjustments to reconcile net loss to net cash: Depreciation and amortization 1,949 2,383 Deferred income taxes 999 1,203 Deferred financing amortization 116 47 Changes in assets and liabilities: Decrease in accounts receivable, net 2,378 2,488 Decrease (increase) in inventories (4,215) 3,126 Increase in income taxes receivable from parent (5,214) (2,627) Decrease (increase) in other current assets 122 (636) Increase in prepaid pension costs (268) (410) Decrease in accounts payable (1,204) (799) Increase (decrease) in accrued interest 7 (19) Increase in accrued restructuring and closing costs 285 24 Increase in accrued salaries and benefits 1,525 569 Decrease in accrued advertising (1,028) (277) Increase in~~

~~other accrued expenses 100 818 Net cash used by operating activities (12,632) (471) CASH USED IN DISCONTINUED OPERATIONS (90) (175) CASH FLOWS FROM INVESTING ACTIVITIES Purchases of property, plant and equipment, net (583) (651) Decrease (increase) in other assets 5 (96) Net cash used by investing activities (578) (747) CASH FLOWS FROM FINANCING ACTIVITIES Capital contribution by Parent 12,600 -- Decrease in cash overdrafts -- (123) Proceeds from borrowing 1,143 1,898 Net cash provided by financing activities 13,743 1,775 NET INCREASE IN CASH AND CASH EQUIVALENTS 443 382 CASH AND CASH EQUIVALENTS, beginning 716 -- CASH AND CASH EQUIVALENTS, ending $ 1,159 $ 382~~

The accompanying notes are an integral part of the condensed consolidated financial statements

THE PFALTZGRAFF CO. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

Pursuant to the rules and regulations of the Securities and Exchange Commission, the condensed consolidated interim financial statements included herein have been

prepared, without audit, by The Pfaltzgraff Co. (the "Company" or "Pfaltzgraff"). The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions in Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted; however, Pfaltzgraff believes that the disclosures are adequate to make the information presented not misleading. The condensed consolidated financial statements included herein should be read in conjunction with the consolidated financial statements and the notes thereto included in this Form 8-K for the year ended December 31, 2004.

The condensed consolidated financial statements (the "financial statements") include the accounts of Pfaltzgraff and all its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

In the opinion of management, the accompanying condensed consolidated interim financial statements contain all material adjustments (consisting only of normal recurring adjustments) necessary to present fairly Pfaltzgraff's consolidated financial position as of June 30, 2005, its results of operations for the six months ended June 30, 2005 and 2004, and its cash flows for the six months ended June 30, 2005 and 2004.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results may differ from those estimates. Interim results are not necessarily indicative of results for the full year or future periods.

2. Recent Developments

Sale of Assets

On July 11, 2005, Pfaltzgraff sold assets constituting its wholesale and retail business and its intangible assets, including rights to the Pfaltzgraff name, to Lifetime Brands, Inc. ("Lifetime") for $32.5 million cash. The Company repaid all its long-term debt of $10.1 million using the sales proceeds. Under terms of the sales agreement, Pfaltzgraff may receive additional consideration through a working capital adjustment to be completed in mid-September 2005. Pfaltzgraff did not sell its manufacturing facilities, raw materials and work-in-process inventories or distribution real estate in the transaction. Under terms of a product supply agreement with Lifetime, Pfaltzgraff will manufacture certain inventory for Lifetime into October 2005. On August 15, 2005, Pfaltzgraff notified its manufacturing employees of its intention to terminate manufacturing operations. The Pfaltzgraff Co. has changed its name to TPC-York, Inc.

Inventories

Inventories were comprised of (in thousands):

	June 30, 2005	December 31, 2004
Finished goods	$22,192	$17,645
Work-in-process		

6,408
6,540
Raw
materials
1,571
1,771
$30,171
$25,956

LIFO increments are costed using the link-chain method. External indices are used to determine the effect of price changes for manufactured and sourced item pools.

If all inventories were valued at the lower of FIFO cost or market, inventory values at June 30, 2005, and December 31, 2004 would have been $37.8 million and, $32.0 million, respectively. Using the FIFO method would have increased the loss from continuing operations by $0.6 million in both 2005 and 2004.

Retail and other inventories, valued at the lower of FIFO cost or market, were $10.4 million and $9.0 million at June 30, 2005 and December 31, 2004, respectively

Restructuring and Closing

The Company completed the closing of its Nogales, Mexico facility in March 2004. Certain other manufacturing operations were curtailed in 2004 and 2005. The number of employees terminated in the restructurings was 14 in 2005 and 48 in 2004.

A summary of restructuring and closing activities follows (in thousands):

Contract
Consolidation
Termination
/Removal
Severance
Total
Balance as
of January
1, 2004 $
403 $ 257 $
472 $ 1,132
Charges -
750 700
1,450
Payments/Uses
(51) (1,007)
(608)
(1,666)
Balance as
of June 30,
2004 $ 352 $
- $ 564 $
916 Balance
as of
January 1,
2005 $ 134 $
233 $ 198 $
565 Charges
- 676 174
850
Payments/Uses
(134) (271)
(343) (748)
Balance as
of June 30,
2005 $ - $
638 $ 29 $
667

Capital Contributions

During the six months ended June 30, 2005, the Company's parent, Susquehanna Pfaltzgraff Co., made capital contributions totaling $12.6 million to Pfaltzgraff.

Exhibit 99.2

LIFETIME BRANDS, INC. UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On July 11, 2005, Lifetime Brands, Inc. ("Lifetime" or the "Company") completed the acquisition of the business and certain assets and liabilities of The Pfaltzgraff Co. ("Pfaltzgraff ") pursuant to and upon the terms and conditions of an Asset Purchase Agreement dated as of June 17, 2005. Pfaltzgraff designs, markets, distributes and sells ceramic dinnerware and tabletop accessories for the home. Its products are distributed through company-owned factory stores and retail chains as well as through Internet and catalog operations. The amount paid at closing, subject to post closing adjustments, was approximately $33.1 million.

To finance the acquisition, on July 11, 2005 Lifetime amended its $50 million secured credit facility (the "Credit Facility") to increase the size of the facility to $100 million and to extend its maturity to July 2010. Borrowings under the Credit Facility are secured by all of the assets of the Company. Under the terms of the Credit Facility, Lifetime is required to satisfy certain financial covenants, including limitations on indebtedness and sale of assets; a minimum fixed charge ratio; a maximum leverage ratio and maintenance of a minimum net worth. Borrowings under the Credit Facility have different interest rate options that are based on an alternate base rate, the LIBOR rate and the lender's cost of funds rate, plus in each case a margin based on a leverage ratio.

The acquisition of Pfaltzgraff by Lifetime was initially reported on a Current Report on Form 8-K filed on July 15, 2005, which report is hereby being amended by the filing of this Form 8-K/A to include the financial statements required by Item 9.01 of Form 8-K. The following unaudited pro forma condensed combined financial information has been prepared to give effect to the acquisition by Lifetime of the business and certain assets and liabilities of Pfaltzgraff using the purchase method of accounting.

The transaction was accounted by Lifetime under the purchase method of accounting in accordance with Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations. Under the purchase method of accounting, the total purchase price is allocated among the net tangible and identifiable intangible assets acquired by Lifetime in connection with the transaction, based on their fair values as of the completion of the transaction. The unaudited pro forma condensed combined financial information reflects the preliminary allocation of the purchase price to the assets acquired based on their estimated fair value on July 11, 2005. The preliminary purchase price allocation is subject to change based on the finalization of post closing adjustments to the purchase price and additional fair value adjustments, which may be significant.

The unaudited pro forma condensed combined financial information is presented in accordance with Article 11 of Regulation S- X. The unaudited pro forma condensed combined balance sheet of Lifetime gives effect to the transaction as if it occurred on June 30, 2005. The unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2005 and the year ended December 31, 2004 give effect to the transaction as if it had occurred on January 1, 2004.

The pro forma adjustments are based upon information and assumptions available at the time of the filing of this Form 8-K/A. The unaudited pro forma condensed combined financial information does not reflect any synergies that may be achieved from the combination of the entities by i) lowering the cost of products sold by sourcing all production overseas, ii) closing unprofitable Pfaltzgraff factory stores, iii) consolidating the Pfaltzgraff factory store operations with Lifetime's existing Farberware outlet store operations and iv) eliminating redundant staffing, operations and executive management. Lifetime cannot assure that management will be successful in its efforts to integrate the operations of the companies.

The pro forma information is presented for illustrative purposes only and is not intended to be indicative of the operating results that actually would have occurred if the transaction had been consummated on January 1, 2004 nor is the data intended to be indicative of future operating results. The unaudited pro forma condensed financial information of Lifetime and Pfaltzgraff and the accompanying notes thereto should be read in conjunction with the historical financial statements and notes thereto of Lifetime and Pfaltzgraff. Lifetime's historical financial statements are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004 and the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005. Pfaltzgraff's historical financial statements and related notes thereto are attached as Exhibit 99.1 to this Form 8-K/A.

Lifetime Brands, Inc.
Unaudited Pro Forma Condensed Combined Balance Sheet as June 30, 2005

Pro Forma Lifetime (In Thousands)

	Lifetime	Pfaltzgraff	Adjustments	Pro Forma
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 105	$ 1,159	$ (1,107) (a)	$ 157
Accounts receivable, net	24,437	2,257		26,694
Merchandise inventories	67,517	30,171	(696) (a) 3,117 (b)	100,109
Prepaid expenses	1,809			1,809
Deferred income taxes	4,705			4,705
Other current assets	3,389	2,403	(268) (a)	5,524
TOTAL CURRENT ASSETS	101,962	35,990	1,046	138,998

~~PROPERTY AND EQUIPMENT, net 21,149 18,144 (10,186) (a) 24,701 (4,406) (c) GOODWILL 16,200 16,200 OTHER INTANGIBLES, net 15,043 15,043 OTHER ASSETS 2,476 41,295 (41,295) (a) 2,476 TOTAL ASSETS $156,830 $ 95,429 $(54,841) $197,418 LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES Short term borrowings $ 21,300 $ 10,282 $ 33,113 (d) $ 59,056 4,643 (e) (10,282) (a) Accounts payable 10,481 1,947 (1,434) (a) 10,994 Accrued expenses 15,646 9,693 (4,999) (a) 17,965 (2,875) (a) 500 (f) Income tax payable 3,678 3,678 TOTAL CURRENT LIABILITIES 51,105 21,922 18,666 91,693 DEFERRED RENT & OTHER LONG - TERM LIABILITIES 1,996 953 (953) (a) 1,996 DEFERRED INCOME TAX LIABILITIES 4,602 1,497 (1,497) (a) 4,602 LONG-TERM DEBT 5,000 5,000 STOCKHOLDERS' EQUITY 94,127 71,057 (71,057) (g) 94,127 TOTAL LIABILITIES AND STOCKHOLDERS'~~

EQUITY
$156,830 $
95,429
$(54,841)
$197,418

See notes to unaudited pro forma condensed combined financial information.

Lifetime Brands, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations for the Six Months Ended
June 30, 2005

(In Thousands
Except Per
Share
Amounts) Pro
Forma
Lifetime
Lifetime
Pfaltzgraff
Adjustments
Pro Forma Net
Sales $
89,272 $
49,206 $
$138,478 Cost
of Sales
51,859 28,674
(569) (h)
79,964
Distribution
Expenses
11,923 5,260
464 (i)
17,647
Selling,
General and
Administrative
Expenses
21,239 26,714
142 (i)
48,095
Interest 452
(452) (j)
Restructuring
and Closing
Costs 850 850
Other (489)
(489) Income
(Loss) from
Operations
4,251
(12,255) 415
(7,589)
Interest
Expense 490
957 (j) 1,447
Other Income,
net (26) (26)
Income (Loss)
Before Income
Taxes 3,787
(12,255)
(542) (9,010)
Income Tax
Provision
(Benefit)
1,439 (4,071)
(792) (k) (
3,424) NET
INCOME (LOSS)
$ 2,348
$(8,184) $
250 $ (5,586)
BASIC INCOME
(LOSS) PER
COMMON SHARE

~~$ 0.21 $(0.51) DILUTED INCOME (LOSS) PER COMMON SHARE $ 0.21 $ (0.51) WEIGHTED AVERAGE SHARES - BASIC 11,057 11,057 WEIGHTED AVERAGE SHARES AND COMMON SHARE EQUIVALENTS - DILUTED 11,277 11,057~~

See notes to unaudited pro forma condensed combined financial information.

Lifetime Brands, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations for the Year Ended December 31, 2004

~~(In Thousands Except Per Share Amounts) Pro Forma Lifetime Lifetime Pfaltzgraff Adjustments Pro Forma Net Sales $189,458 $ 148,021 $ $337,479 Cost of Sales 111,497 90,598 (1,122) (h) 200,973 Distribution Expenses 22,830 12,174 940 (i) 35,944 Selling, General and Administrative Expenses 40,282 58,730 287 (i) 99,299 Interest 702 (702) (j) Restructuring and Closing Costs 3,431 3,431 Other 532 532 Income (Loss) from Operations 14,849 (18,146) 597 (2,700) Interest Expense 835 1,914 (j) 2,749 Other Income, Net (60) (60)~~

~~Income (Loss) Before Income Taxes 14,074 (18,146) (1,317) (5,389) Income Tax Provision (Benefit) 5,602 (5,730) (2,016) (k) (2,144) NET INCOME (LOSS) $ 8,472 $ (12,416) $ 699 $ (3,245) BASIC INCOME (LOSS) PER COMMON SHARE $ 0.77 $ (0.30) DILUTED INCOME (LOSS) PER COMMON SHARE $ 0.75 $ (0.30) WEIGHTED AVERAGE SHARES — BASIC 10,982 10,982 WEIGHTED AVERAGE SHARES AND COMMON SHARE EQUIVALENTS — DILUTED 11,226 10,982~~

See notes to unaudited pro forma condensed combined financial information.

LIFETIME BRANDS, INC.
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1.Basis of Presentation

On July 11, 2005, Lifetime Brands, Inc. ("Lifetime" or the "Company") completed the acquisition of the business and certain assets and liabilities of The Pfaltzgraff Co. ("Pfaltzgraff ") pursuant to and upon the terms and conditions of an Asset Purchase Agreement dated as of June 17, 2005. Pfaltzgraff designs, markets, distributes and sells ceramic dinnerware and tabletop accessories for the home. Its products are distributed through company-owned factory stores and retail chains as well as through Internet and catalog operations. The amount paid at closing, subject to post closing adjustments, was approximately $33.1 million.

To finance the acquisition, on July 11, 2005 Lifetime amended its $50 million secured credit facility (the "Credit Facility") to increase the size of the facility to $100 million and to extend its maturity to July 2010. Borrowings under the Credit Facility are secured by all of the assets of the Company. Under the terms of the Credit Facility, Lifetime is required to satisfy certain financial covenants, including limitations on indebtedness and sale of assets; a minimum fixed charge ratio; a maximum leverage ratio and maintenance of a minimum net worth. Borrowings under the Credit Facility have different interest rate options that are based on an alternate base rate, the LIBOR rate and the lender's cost of funds rate, plus in each case a margin based on a leverage ratio.

The accompanying unaudited pro forma condensed combined financial information presents the pro forma results of operations and financial position of Lifetime and Pfaltzgraff on a combined basis based on the historical financial information of each company and after giving effect to the acquisition of the business and certain assets and liabilities of Pfaltzgraff by Lifetime on July 11, 2005. The acquisition was recorded using the purchase method of accounting.

Certain reclassifications have been made to the historical financial statements of Pfaltzgraff to conform to the presentation used in Lifetime's historical financial statements. Such reclassifications had no effect on Pfaltzgraff's previously reported results from operations.

The unaudited pro forma condensed combined balance sheet has been prepared assuming the acquisition occurred on June 30, 2005. The unaudited pro forma condensed combined statements of operations have been prepared assuming the acquisition occurred on January 1, 2004.

2.Pro Forma Adjustments

The following are brief descriptions of each of the pro forma adjustments included in the unaudited pro forma condensed combined financial statements:

(a) To record the elimination of assets and liabilities of Pfaltzgraff not being acquired by Lifetime:

Cash	$1,107
Manufacturing inventories	696
Other current assets	268
Property, plant and equipment	10,186
Other assets	41,295
Short-term borrowings	(10,282)
Accounts payable	(1,434)
Accrued expenses	(4,999)
Current deferred income tax liability	(2,875)
Other long-term liabilities	(953)
Noncurrent deferred income tax liabi	(1,497)

(b) To record adjustments to inventory:

To eliminate Pfaltzgraff's LIFO inventory adjustment to conform with Lifetime's inventory accounting policy which is based on FIFO	$4,285
To eliminate unabsorbed overhead capitalized in inventory of the manufacturing operations not acquired by Lifetime.	(1,168)
	$3,117

(c) Lifetime has preliminarily allocated the purchase price in accordance with SFAS No. 141. The sum of the amounts of the assets acquired and liabilities assumed preliminarily exceeds purchase price by approximately $4,406. The excess has been preliminarily allocated as a reduction of the fair value of property and equipment acquired. The preliminary purchase price allocation is subject to change based on the finalization of post closing adjustments to the purchase price and additional fair value adjustments, which may be significant.

Purchase price:	
Cash paid at closing	$ 33,113 (1)
Estimated professional and other transaction fees	500
Estimated additional purchase price based on preliminary post closing adjustments	4,643
Total purchase price	$ 38,256

Allocation of purchase price:

Cash	$ 52
Accounts receivable	2,342
Merchandise inventories	32,592
Other current assets	2,050
Property and equipment	7,958
Accounts payable	(513)
Accrued expenses	(1,819)
Reduction of fair value of property and equipment acquired	(4,406)
Purchase price allocated	$ 38,256

(1) Included in the cash paid by Lifetime at closing was $561 for rents that were prepaid by Pfaltzgraff and $52 for retail store funds.

(d) To record debt used to finance the cash paid at closing (see Note (c)).

(e) To record the estimated additional purchase price (see Note (c)).

(f) To record an accrual for estimated professional and other transaction fees associated with the Pfaltzgraff acquisition (see Note (c)).

(g) To record the elimination of Pfaltzgraff's historical equity.

(h) To eliminate the net change in Pfaltzgraff's LIFO inventory reserve from cost of sales to conform with Lifetime's inventory accounting policy which is based on FIFO.

(i) To record adjustments to Distribution Expenses and Selling, General and Administrative Expenses related to the leases of the distribution center and office space entered into by Lifetime as part of the acquisition of the Pfaltzgraff:

~~Distribution Expenses Six months ended Year ended June 30, December 31, 2005 2004 To record rent expense for the lease of the Pfaltzgraff distribution center. $ 828 $ 1,655 To eliminate rent expense recorded by Pfaltzgraff related to the distribution center. (272) (545) To eliminate depreciation expense recorded by Pfaltzgraff related to the distribution~~

~~center. (92) (170) $ 464 $ 940 Selling General and Administrative Expenses To record rent expense for the lease of the Pfaltzgraff offices. $ 178 $ 355 To eliminate depreciation expense recorded by Pfaltzgraff related to the offices. (36) (68) $ 142 $ 287~~

(j) To record adjustments to interest expense:

~~Six months ended Year ended June 30, December 31, 2005 2004 To record interest expense on the total estimated increased borrowings at an interest rate of 5.07% $ 957 $ 1,914 To eliminate interest expense recorded by Pfaltzgraff (452) (702)~~

(k) To record adjustments to income taxes:

~~Six months ended Year ended June 30, December 31, 2005 2004 To record the tax benefit of Pfaltzgraff's loss at Lifetime's marginal rate of 38.0% for the six months ended June 30, 2005 and~~

~~39.8% for the year ended December 31, 2004 $ (4,657) $ (7,222) To record the tax benefit of the pro forma adjustments at Lifetime's marginal rate of 38.0% for the six months ended June 30, 2005 and 39.8% for the year ended December 31, 2004 (206) (524) To eliminate the tax benefit recorded by Pfaltzgraff 4,071 5,730 $ (792) $ (2,016)~~

3. Pro Forma Net Loss Per Share

The unaudited pro forma combined basic net loss per share is based upon the weighted average number of outstanding shares of common stock of Lifetime during the periods presented. The unaudited pro forma combined diluted net loss per share is the same as the unaudited pro forma combined basic net loss per share as all common stock equivalents are anti-dilutive due to the loss position.