LIFETIME BRANDS, INC
Form DEF 14A
April 30, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement.

o Confidential, for the use of the Commission Only (as permitted by Rule 14a-6(e)(2)).

x Definitive Proxy Statement.

o Definitive Additional Materials.

o Soliciting Material Pursuant to Section 240.14a-12.

LIFETIME BRANDS, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

LIFETIME BRANDS, INC.

1000 Stewart Avenue

Garden City, New York 11530

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON June 11, 2009

Notice is hereby given that the Annual Meeting of Stockholders of Lifetime Brands, Inc., a Delaware corporation (the "Company"), will be held at the office of the Company, 1000 Stewart Avenue, Garden City, New York 11530 on Thursday June 11, 2009, at 10:30 a.m., local time, for the following purposes:

(1) To elect a board of eight directors to serve until the next Annual Meeting of Stockholders or until their successors are duly elected and qualified;

(2) To ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm of the Company;

(3) To approve an amendment to the Company's 2000 Long-Term Incentive Plan to increase the number of shares of the Company's common stock available for which awards may be granted under the plan by 1,000,000 to 3,500,000; and

(4) To transact such other business as may properly come before the meeting, or any adjournment(s) or postponement(s) thereof.

Stockholders of record at the close of business on April 20, 2009 are entitled to notice of and to vote at the Annual Meeting and any adjournment(s) or postponement(s) thereof. A complete list of the stockholders entitled to vote at the Annual Meeting will be available for examination by any stockholder at the Company's office, 1000 Stewart Avenue, Garden City, New York 11530, for any purpose germane to the Annual Meeting, during ordinary business hours, for a period of at least 10 days prior to the Annual Meeting.

By Order of the Board of Directors,

/s/ Sara Shindel

Sara Shindel

Secretary

Garden City, New York

April 30, 2009

THE BOARD OF DIRECTORS EXTENDS A CORDIAL INVITATION TO ALL STOCKHOLDERS TO ATTEND THE MEETING. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN AS PROMPTLY AS POSSIBLE THE ENCLOSED PROXY IN THE ACCOMPANYING REPLY ENVELOPE. STOCKHOLDERS WHO ATTEND THE MEETING MAY REVOKE THEIR PROXIES AND VOTE IN PERSON.

LIFETIME BRANDS, INC.

1000 Stewart Avenue

Garden City, New York 11530

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

To be held on June 11, 2009

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the “Board”) of Lifetime Brands, Inc., a Delaware corporation (the “Company”), for use at the Annual Meeting of Stockholders of the Company (the “Meeting”) to be held on the date, at the time and place and for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. Stockholders of record at the close of business on April 20, 2009 are entitled to notice of and to vote at the Meeting. This Proxy Statement and the accompanying Proxy shall be mailed to stockholders on or about May 5, 2009.

THE MEETING

On April 20, 2009 there were 11,989,724 shares of the Company’s common stock, $.01 par value, issued and outstanding. Each share of the Company’s common stock entitles the holder thereof to one vote on each matter submitted to a vote of stockholders at the Meeting.

All shares of common stock represented by properly executed proxies will be voted at the Meeting in accordance with the directions marked on the proxies, unless such proxies have previously been revoked. If no directions are indicated on such proxies, they will be voted for the election of each nominee named under *Election of Directors*, for the ratification of the appointment of Ernst & Young LLP as the independent registered public accounting firm of the Company and for the amendment to the Company’s 2000 Long-Term Incentive Plan (the “Plan”) to increase the number of shares of the Company’s common stock available for which awards may be granted under the Plan by 1,000,000 to 3,500,000. If any other matters are properly presented at the Meeting for action, the proxy holders will vote the proxies (which confer discretionary authority upon such holders to vote on such matters) in accordance with their best judgment. Each proxy executed and returned by a stockholder may be revoked at any time before it is voted by timely submission of a written notice of revocation or by submission of a duly executed proxy bearing a later date (in either case directed to the Secretary of the Company), or, if a stockholder is present at the Meeting, he may elect to revoke his proxy and vote his shares personally.

VOTE REQUIRED FOR APPROVAL

A majority of the Company's outstanding shares of common stock represented at the Meeting, in person or by proxy, shall constitute a quorum. Abstentions and broker non-votes will be counted for purposes of determining the presence or absence of a quorum. Assuming a quorum is present, (1) the affirmative vote of a plurality of the shares so represented is necessary for the election of directors, (2) the affirmative vote of a majority of the shares so represented is necessary to ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm of the Company and (3) the affirmative vote of a majority of the shares so represented is necessary to approve the amendment to the Plan to increase the number of shares of the Company's common stock available for which awards may be issued under the Plan by 1,000,000 to 3,500,000.

If a stockholder, present in person or by proxy, abstains on a matter, such stockholder's shares of common stock, although included in the quorum, will not be voted on such matter. Thus, an abstention from voting on any matter has the same legal effect as a vote "against" the matter.

Brokers holding shares for beneficial owners must vote their shares according to the specific instructions they receive from the owners. If specific instructions are not received, brokers may not vote to approve the amendment to increase the number of shares of the Company's common stock available for which awards may be issued under the Plan by 1,000,000 to 3,500,000, resulting in a broker non-vote. Broker non-votes are not considered as part of the quorum for voting purposes on this proposal. Accordingly, a broker non-vote will have the effect of reducing the number of required affirmative votes for this proposal since a majority of the shares represented at the Meeting is required for approval of this proposal.

PROXY SOLICITATION

The Company will bear the cost of preparing, printing, assembling and mailing the proxy, this Proxy Statement and other material which may be sent to stockholders in connection with this solicitation. The Company has retained Mellon Investor Services LLC, a proxy solicitation firm, at an estimated cost of $7,500 plus reimbursement of expenses to assist in soliciting proxies from brokers, banks, nominees, and institutional holders. Mellon Investor Services LLC may solicit votes personally or by telephone, mail or other electronic means.

It is contemplated that brokerage houses will forward the proxy materials to beneficial holders at the request of the Company. In addition to the solicitation of proxies by the use of the mails, officers and other employees of the Company may solicit proxies by telephone without being paid any additional compensation. The Company will reimburse such persons for their reasonable out-of-pocket expenses in accordance with the regulations of the Securities and Exchange Commission ("SEC").

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding beneficial ownership of the Company's common stock as of April 20, 2009 (except where otherwise noted) based on a review of information filed with the SEC and the Company's stock records with respect to (i) each person known to be the beneficial owner of more than 5% of the outstanding shares of common stock, (ii) each Director or nominee for a directorship of the Company, (iii) each executive officer of the Company, and (iv) all Directors, nominees and executive officers as a group.

Name and Address	Number of Shares Beneficially Owned*	% of Shares Beneficially Owned*
DIRECTORS AND EXECUTIVE OFFICERS (1)		
Jeffrey Siegel	1,170,076(2)	9.76
Craig Phillips	851,270(3)	7.08
Ronald Shiftan	111,414(4)	†
Laurence Winoker	15,000(5)	†
Cherrie Nanninga	12,515(6)	†
William Westerfield	11,515(7)	†
Sheldon Misher	11,515(8)	†
Michael Jeary	6,515	†
David Dangoor	5,145	†
John Koegel	4,601	†
All directors and executive officers as a group (10 persons)	2,199,566(9)	18.31

Name and Address	Number of Shares Beneficially Owned*		% of Shares Beneficially Owned*
5% SHAREHOLDERS			
Norma M. Cohen 133 Everit Avenue, Hewlett Bay Park, New York 11557	1,008,840	(10)	8.41
Robeco Investment Management, Inc. 909 Third Avenue, New York, New York 10022	979,370	(11)	8.17
Dimensional Fund Advisors LP 1299 Ocean Avenue, Santa Monica, California 90401	915,055	(12)	7.63
Bruce Cohen 1 Evans Drive, Brookville, New York 11545	763,922	(13)	6.37
Laura Miller 1312 Harbor Road, Hewlett Harbor, New York 11598	702,300	(13)	5.86
Jodie Glickman 1233 Beech Street—Unit 35, Atlantic Beach, New York 11509	684,661	(13)	5.71
Goldman Capital Management, Inc. 320 Park Avenue, New York, New York 10022	660,633	(14)	5.51
Jovian Holdings, LLC 303 East 17th Avenue, Suite 1080, Denver, Colorado 80203	656,909	(15)	5.48
Reich & Tang Asset Management, LLC 600 Fifth Avenue, New York, New York 10020	678,900	(16)	5.66

Notes:

(*)

Calculated on the basis of 11,989,724 shares of common stock outstanding on April 20, 2009. Pursuant to the regulations of the SEC, shares are deemed to be "beneficially owned" by a person if such person directly or indirectly has or shares the power to vote or dispose of such shares. Each person is deemed to be the beneficial owner of securities which may be acquired within sixty days through the exercise of options, warrants, and rights, if any, and such securities are deemed to be outstanding for the purpose of computing the percentage of the class beneficially owned by such person.

(1) The address of such individuals is c/o the Company, 1000 Stewart Avenue, Garden City, New York 11530.

(2) Consists of: (i) 1,165,564 shares owned directly by Mr. Siegel, (ii) 3,502 shares issuable upon the exercise of options which are exercisable within 60 days and (iii) 1,010 shares of common stock owned by Mr. Siegel's wife.

(3) Consists of: (i) 784,392 shares owned directly by Mr. Phillips, (ii) 28,278 shares held by an irrevocable trust for the benefit of Mr. Phillips and (iii) 38,600 shares issuable upon the exercise of options which are exercisable within 60 days.

(4) Includes 85,569 shares issuable upon the exercise of options which are exercisable within 60 days.

(5) Consists of shares issuable upon the exercise of options which are exercisable within 60 days.

Notes (continued):

(6) Includes 6,000 shares issuable upon the exercise of options which are exercisable within 60 days.

(7) Consists of: (i) 3,597 shares held directly by Mr. Westerfield, (ii) 2,918 shares held in a revocable trust for the benefit of Mr. Westerfield's wife, Ann D. Westerfield, and (iii) 5,000 shares issuable upon the exercise of options which are exercisable within 60 days.

(8) Includes 5,000 shares issuable upon the exercise of options which are exercisable within 60 days.

(9) Includes 158,671 shares issuable upon the exercise of options which are exercisable within 60 days.

(10) Based on the Schedule 13G filed with the SEC reporting beneficial ownership of the Company's securities as of December 31, 2006 held by Norma M. Cohen.

(11) Based on the Schedule 13G filed with the SEC reporting beneficial ownership of the Company's securities as of December 31, 2008 held by Robeco Investment Management, Inc., a Delaware corporation.

(12) Based on the Schedule 13G filed with the SEC reporting beneficial ownership of the Company's securities as of December 31, 2008 held by Dimensional Fund Advisors LP, a Delaware limited partnership.

(13) Based on the Schedule 13G filed with the SEC reporting beneficial ownership of the Company's securities held by Bruce Cohen, Laura Miller and Jodie Glickman as of November 23, 2005.

(14) Based on the Schedule 13G filed with the SEC reporting beneficial ownership of the Company's securities as of January 29, 2009 held by Goldman Capital Management, Inc., a New York corporation.

(15) Based on the Schedule 13G filed with the SEC reporting beneficial ownership of the Company's securities as of December 30, 2008 held by Jovian Holdings, LLC, a Delaware limited liability company.

(16) Based on the Schedule 13G filed with the SEC reporting beneficial ownership of the Company's securities as of December 31, 2008 held by Reich & Tang Asset Management, LLC, a Delaware limited liability company.

(†) Less than 1% of outstanding shares.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

A board of eight directors is to be elected at the Meeting to hold office until the next Annual Meeting of Stockholders or until their successors are duly elected and qualified. The following nominees have been recommended by the Board. Each of the nominees is a current Director of the Company. It is the intention of the persons named as proxies in the enclosed proxy to vote the shares covered thereby for the election of the eight persons named below, unless the proxy contains contrary instructions:

Name	Age	Position	Director of the Company Since
Jeffrey Siegel	66	Chairman of the Board of Directors, Chief Executive Officer and President	1967
Ronald Shiftan	64	Vice Chairman of the Board of Directors and Chief Operating Officer	1984
Craig Phillips	59	Senior Vice-President—Distribution and Director	1973
David Dangoor	59	Director	2007
Michael Jeary	62	Director	2005
John Koegel	57	Director	2008
Cherrie Nanninga	60	Director	2003
William Westerfield	77	Director	2004

Jeffrey Siegel is Chairman of the Board of Directors, Chief Executive Officer and President. Mr. Siegel has held the position of Chairman of the Board since June 2001 and the position of Chief Executive Officer since December 2000. Mr. Siegel is also a director of Grupo Vasconia, S.A.B. (“Vasconia”), a manufacturer and distributor of aluminum disks, cookware and related items, in which the Company has a 29.99% equity ownership. Vasconia’s capital stock is traded on the Bolsa Mexicana de Valores, S.A. de C.V., the Mexico Stock Exchange, under the symbol VASCONI.MX. In addition, Mr. Siegel is Chairman of the Board of Directors of the International Housewares Association.

Ronald Shiftan was elected Vice Chairman of the Board of Directors in November 2004 and has been Chief Operating Officer since June 2005. From October 2002 to November 2004, Mr. Shiftan served as a consultant to the Company. Mr. Shiftan is also a director of Vasconia. From September 1998 to January 2002, Mr. Shiftan was Deputy Executive Director of The Port Authority of New York and New Jersey. In addition, Mr. Shiftan is a director of the Rumson-Fair Haven Bank & Trust Company. Mr. Shiftan has been a director of the Company since 1984.

Craig Phillips has been Senior Vice-President—Distribution since July 2003. Prior to 2008, Mr. Phillips also held the position of Secretary from 1973 to May 1, 2008. Mr. Phillips also held the position of Vice-President—Manufacturing from 1973 to 2003. Mr. Phillips has been a director of the Company since 1973.

David Dangoor has been President of Innoventive Partners LLC, a firm that provides consulting services in the fields of strategic planning, marketing and public relations, since 2002. Prior thereto, over a period of 27 years, Mr. Dangoor held various senior executive positions in several countries at Philip Morris/Altria Group. Mr. Dangoor is also the Chairman of the Board of Directors of BioGaia AB, a public Swedish bio-tech company that develops and markets pro-biotic solutions through food concepts and supplements, a member of the Board of Directors of Lorillard, Inc., a member of the Board of Directors of ICP Solar Technologies, Inc., a public company that develops, manufactures and markets solar cells and solar cell based products and building materials, and a member of the Advisory Board of the Denihan Hospitality Group, including the Affinia lifestyle hotels and the luxury Benjamin and James Hotels.

Michael Jeary has been President and Chief Executive Officer of Partners + Jeary, an advertising agency, since 2006. From 1998 to 2006, Mr. Jeary was President and Chief Operating Officer of Della Femina Rothschild Jeary and Partners, an advertising agency, and most recently was Vice Chairman. Mr. Jeary is on the New York Board of the American Association of Advertising Agencies.

John Koegel has been a principal of Jo-Tan, LLC, a retail consulting company, for the past five years.

Cherrie Nanninga has been the Chief Operating Officer of the New York Tri-State Region of CB Richard Ellis, Inc., a commercial real estate firm, since 2002. For 23 years prior thereto, Ms. Nanninga was employed by The Port Authority of New York and New Jersey where she most recently served as Deputy Chief Financial Officer and Director of Real Estate.

William Westerfield is retired. From 1965 to 1992 he was an audit partner at Price Waterhouse LLP an independent public accounting firm. Mr. Westerfield currently serves as a director and as a member of the audit, compensation, nominating and corporate governance committees of Gymboree Corporation, an international children’s apparel retailer, and as a director and member of the audit committee of West Marine, Inc., a boating supply retailer.

The Company has no reason to believe that any of the nominees will not be a candidate or will be unable to serve. However, should any of the foregoing nominees become unavailable for any reason, the persons named in the enclosed proxy intend to vote for such other person or persons as the Board may nominate.

The Board recommends that stockholders vote **FOR** the election of the nominated directors. Signed proxies which are returned will be so voted unless otherwise instructed on the proxy card.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the names and ages of each of the Company's directors and executive officers as of December 31, 2008:

Name	Age	Position
Jeffrey Siegel	66	Chairman of the Board of Directors, Chief Executive Officer and President
Ronald Shiftan	64	Vice Chairman of the Board of Directors and Chief Operating Officer
Craig Phillips	59	Senior Vice-President—Distribution and Director
Laurence Winoker	52	Senior Vice-President—Finance, Treasurer and Chief Financial Officer
David Dangoor	59	Director
Michael Jeary	62	Director
John Koegel	57	Director
Sheldon Misher	68	Director
Cherrie Nanninga	60	Director
William Westerfield	77	Director

Laurence Winoker has been the Company's Senior Vice-President – Finance, Treasurer and Chief Financial Officer since July 2007. Prior thereto, Mr. Winoker was Senior Vice-President, Controller and Treasurer of MacAndrews & Forbes Holdings Inc., a holding company with controlling interests in a diversified portfolio of public and private companies and during 2003 was Senior Vice-President, Treasurer and Controller of Revlon, Inc.

Sheldon Misher has been counsel in the New York office of McCarter & English, a law firm headquartered in Newark, New Jersey, since October 2001. Mr. Misher chose not to stand for reelection in 2009 due to personal reasons.

All of the Company's officers are elected annually by the Board and hold office at the pleasure of the Board and serve until their successors are elected and qualified.

See *Election of Directors* for biographies of Directors.

CORPORATE GOVERNANCE

BOARD INDEPENDENCE

The Board has determined that David Dangoor, Michael Jeary, John Koegel, Sheldon Misher, Cherrie Nanninga and William Westerfield are independent directors under the listing standards of The NASDAQ Stock Market, LLC. Jeffrey Siegel, Ronald Shiftan and Craig Phillips are employees of the Company and are not considered to be independent directors.

CODE OF CONDUCT AND BUSINESS ETHICS

The Company has adopted a Code of Conduct that applies to all of its directors, officers (including its chief executive officer, chief financial officer and controller) and employees. On an annual basis, written acknowledgement of understanding and compliance is required of all directors, officers and employees. A copy of the Company's Code of Conduct will be furnished to any stockholder, without charge, upon written request to the Senior Vice-President—Finance of the Company.

BOARD MEETINGS

The Board held nine meetings during the fiscal year ended December 31, 2008. John Koegel was elected a director of the Company on October 30, 2008; Mr. Koegel attended two meetings of the Board in 2008.

BOARD AND COMMITTEE ATTENDANCE

All of the directors (other than Mr. Koegel who had not then been elected a director) attended the Company's 2008 Annual Meeting of Stockholders. Directors are expected, but not required, to attend the 2009 Annual Meeting of Stockholders. The Board holds meetings on at least a quarterly basis, and more often if necessary to fulfill its responsibilities.

STOCKHOLDER COMMUNICATION WITH DIRECTORS

Stockholders who wish to communicate with members of the Board, including the independent directors, individually or as a group, may send correspondence to them in care of the Secretary at the Company's principal office, 1000 Stewart Avenue, Garden City, New York 11530. Alternatively, the directors may be contacted via e-mail at BoardofDirectors@lifetimebrands.com.

BOARD NOMINATION PROCESS

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

In 2008, the Company did not have a standing nominating committee or committee performing similar functions. Instead, the Board as a whole acted as a nominating committee.

Nominating Committee

In March 2009, the Board established a formal Nominating Committee. The Nominating Committee is composed of all of the Company's independent directors; John Koegel (Chair), David Dangoor, Michael Jeary, Sheldon Misher, Cherrie Nanninga and William Westerfield.

The Nominating Committee has the following responsibilities:

- To evaluate the qualifications of candidates for Board membership and, following consultation with the Chief Executive Officer, recommend to the Board nominees for open or newly created director positions;
- To consider nominees recommended by stockholders as long as such recommendations are received at least 120 days before the stockholders meet to elect directors;

- To periodically review the composition of the Board to determine whether it may be appropriate to add individuals with different backgrounds or skill sets from those already on the Board, and submit to the Board on an annual basis a report summarizing its conclusions regarding these matters;

- To provide an orientation and education program for Directors; and

- To perform such other duties as the Board may assign to the Committee.

The complete text of the Nominating Committee charter is set forth as Appendix A to this Proxy Statement.

AUDIT COMMITTEE

The Audit Committee is composed of three directors, each of whom is independent, as required by the Audit Committee charter and the listing requirements for The NASDAQ Stock Market, LLC and the SEC rules. The current members are William Westerfield (Chair), Michael Jeary and Cherrie Nanninga. The Board has determined that William Westerfield is an "audit committee financial expert," as defined by the SEC rules. The Audit Committee held seven meetings during 2008.

The Audit Committee, among other things, regularly:

- Considers the qualifications of and appoints the independent accountants of the Company and reviews the activities of the Company's independent accountants;

- Reviews and approves audit fees and fees for non-audit services rendered or to be rendered by the independent accountants, and reviews the audit plan and the services rendered or to be rendered by the independent accountants for each year and the results of their audit for the previous year;

- Evaluates the Company's organization and its internal controls, policies, procedures and practices to determine whether they are reasonably designed to:

    - Provide for the safekeeping of the Company's assets; and

    - Assure the accuracy and adequacy of the Company's records and financial statements;

- Reviews the activities of the Company's internal audit function, including approving the internal audit plan and budget;

- Reviews the Company's financial statements and reports;
- Monitors compliance with the Company's internal controls, policies, procedures and practices;
- Undertakes such other activities as the Board from time to time may delegate to it.

The complete text of the Audit Committee charter is set forth as Appendix B to this Proxy Statement.

COMPENSATION COMMITTEE

The Compensation Committee is composed of four directors, each of whom is independent. The current members are Cherrie Nanninga (Chair), David Dangoor, Michael Jeary and Sheldon Misher. The Compensation Committee held thirteen meetings during 2008.

The purpose of the Compensation Committee is to assist the Board in fulfilling its responsibilities relating to executive as well as non-executive compensation. The principal duties and responsibilities of the Compensation Committee include: (i) reviewing and approving compensation principles that apply generally to the Company's employees, (ii) establishing and reviewing corporate goals and objectives relevant to the compensation of the Chief Executive Officer and Chief Operating Officer, and (iii) reviewing, based primarily on the evaluations and recommendations of the Chief Executive Officer and Chief Operating Officer, the performance of the other executive officers of the Company. The Compensation Committee is also responsible for the administration of the Company's 2000 Incentive Bonus Compensation Plan and the Company's 2000 Long-Term Incentive Plan.

The complete text of the Compensation Committee charter was set forth as an Appendix to the Company's 2007 Proxy Statement.

GOVERNANCE COMMITTEE

The Governance Committee is composed of four directors. The current members are Sheldon Misher (Chair), Michael Jeary, Cherrie Nanninga and Ronald Shiftan. The Governance Committee held one meeting during 2008.

The Governance Committee develops and makes recommendations to the Board regarding governance principles applicable to the Company. The Governance Committee's principal duties and responsibilities include assessing the structure of the committees of the Board, developing and recommending corporate governance guidelines and developing and recommending procedures for the evaluation and self-evaluation of the Board.

STRATEGIC PLANNING COMMITTEE

The Strategic Planning Committee is composed of four directors. The current members are Michael Jeary (Chair), David Dangoor, Cherrie Nanninga and Jeffrey Siegel. The Strategic Planning Committee held five meetings in 2008.

The Strategic Planning Committee provides assistance to the Board in fulfilling its responsibilities to the stockholders of the Company with respect to: (i) monitoring and informing the Board of developments, trends and new discoveries that may provide opportunities for the Company to achieve its goals by improving operations, profitability and stockholder value; (ii) reviewing and recommending to the Board, for its approval, long-term business objectives and plans developed by management; (iii) overseeing development of a strategic plan and (iv) monitoring implementation of the strategic plan.

EXECUTIVE SESSIONS

The independent directors meet at regularly scheduled executive sessions without members of management present.

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors of the Company reviewed and discussed the consolidated financial statements of the Company and its subsidiaries that are set forth in the Company's 2008 Annual Report to Stockholders and in Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008 with management of the Company and Ernst & Young LLP, the independent registered public accounting firm of the Company.

The Audit Committee discussed with Ernst & Young LLP the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as amended, which includes, among other items, matters relating to the conduct of an audit of the Company's financial statements and the adequacy of internal controls.

The Audit Committee received the written disclosures and the letter from Ernst & Young LLP required by Rule 3256 of the Public Company Accounting Oversight Board, Communications Concerning Independence, and discussed with Ernst & Young LLP that firm's independence from the Company. The Committee concluded that the provision by Ernst & Young LLP of non-audit services, including tax preparation services, to the Company is compatible with its independence.

Based on the review and discussions with management of the Company and Ernst & Young LLP referred to above, the Audit Committee recommended to the Board of Directors that the Company publish the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2008 in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 and in the Company's 2008 Annual Report to Stockholders.

April 30, 2009

The Audit Committee
William Westerfield - Chair
Cherrie Nanninga
Michael Jeary

COMPENSATION DISCUSSION AND ANALYSIS

COMPENSATION PHILOSOPHY AND OBJECTIVES

The Company's compensation program historically has been designed to attract, reward, and retain capable executives and to provide incentives for the attainment of short-term performance objectives and strategic long-term performance goals. A number of key principles guide management and the Compensation Committee in determining compensation for hiring, motivating, rewarding, and retaining executive officers who create both short and long-term stockholder value for the Company. The Company believes that a significant amount of compensation must be linked to measurable success in business performance. A strong link between compensation and performance provides incentives for achieving short and long-term financial and business objectives and increasing the value of the Company's common stock, thereby increasing value to the Company's stockholders. Management and the Compensation Committee also believe that it must set compensation at levels that will be competitive with the compensation offered by those companies against whom the Company competes for executive talent so that the Company continues to attract and retain talented and experienced executives.

In an effort to balance the need to retain executive talent yet motivate executives to achieve superior performance, management and the Compensation Committee adopted a compensation philosophy that contains both fixed and variable elements of compensation.

The named executive officers ("NEOs") in this Proxy Statement are:

Jeffrey Siegel	Chairman of the Board of Directors, Chief Executive Officer and President
Ronald Shiftan	Vice Chairman of the Board of Directors and Chief Operating Officer
Craig Phillips	Senior Vice-President—Distribution and Director
Laurence Winoker	Senior Vice-President—Finance, Treasurer and Chief Financial Officer

ROLE OF THE COMPENSATION COMMITTEE

The purpose of the Compensation Committee is to assist the Board of Directors of the Company in fulfilling its responsibilities relating to executive as well as non-executive compensation. The principal duties and responsibilities of the Compensation Committee include:

(i) Reviewing and approving compensation principles that apply generally to the Company's employees;

(ii) Establishing and reviewing corporate goals and objectives relevant to the compensation of the Chief Executive Officer and Chief Operating Officer, evaluating their performances in light of the established goals and objectives, and approving their annual compensation;

(iii) Reviewing the corporate goals and objectives established by the Chief Executive Officer and Chief Operating Officer relevant to the compensation of the other NEOs; and

(iv) Reviewing, based primarily on the evaluations and recommendations of the Chief Executive Officer and Chief Operating Officer, the performances of such NEOs in light of the established goals and objectives.

The Compensation Committee also reviews the evaluation process and compensation structure for the other members of senior management of the Company. The Compensation Committee is also responsible for the administration of the Company's 2000 Incentive Bonus Compensation Plan and the Company's 2000 Long-Term Incentive Plan.

During 2008, the Company engaged Pearl Meyer & Partners, a leading executive compensation consulting firm, to assist it in evaluating its compensation philosophy and to develop relevant metrics by which to assure internal equity amongst employees and market parity. The engagement is ongoing.

SPECIFIC ELEMENTS OF NEO COMPENSATION

SALARY

Salary is intended to compensate the executive for performance of core job responsibilities and duties.

The salaries of Jeffrey Siegel and Ronald Shiftan are fixed by employment agreements that have been negotiated between Messrs. Siegel and Shiftan, respectively, and the Compensation Committee which are subject to annual increases based on changes in the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers for the New York Area. Each of Messrs. Siegel and Shiftan irrevocably waived his right to the foregoing increase for fiscal 2009.

In determining Mr. Siegel's compensation, the Compensation Committee took into account Mr. Siegel's long-standing executive role in the Company, his extensive knowledge of and experience in the Housewares industry and his role in directing the growth of the Company. The Compensation Committee views Mr. Siegel as one of the significant leaders in the Housewares industry. The Compensation Committee also reviewed compensation being paid to other chief executive officers having the depth of experience, knowledge and industry awareness possessed by Mr. Siegel.

In determining Mr. Shiftan's compensation, the Compensation Committee took into account his significant role in structuring and implementing the Company's acquisition strategy. The Compensation Committee also considered Mr. Shiftan's role in assisting Mr. Siegel in various aspects of the Company's business.

The salaries of Craig Phillips and Laurence Winoker were initially based on standard employment agreements. Annual increases for Craig Phillips are determined by Jeffrey Siegel and Ronald Shiftan based on performance which is reviewed by the Compensation Committee. Pursuant to his employment agreement, Mr. Winoker's annual increases are based on changes in the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers for the New York Area. Mr. Winoker irrevocably waived his right to the foregoing increase for fiscal 2009.

CASH BONUSES

Mr. Siegel and Mr. Shiftan receive cash bonuses based on set formulas pursuant to their respective employment agreements that are based generally on either increases in operating income or net income as more fully described below under the *Summary Compensation Table*. Messrs. Siegel and Shiftan are presently engaged in negotiations with the Compensation Committee with respect to modifying the cash bonus provisions of their respective employment agreements. Both Messrs. Siegel and Shiftan have indicated the possibility of agreeing to cap or otherwise modify the amounts payable to them, respectively. There can be no assurance that any agreement will be reached with either Mr. Siegel or Mr. Shiftan with respect to modifying the cash bonus provisions of their respective employment agreements.

Mr. Phillip's bonus is discretionary. Mr. Winoker is entitled to receive a bonus, based on a target bonus of 40% of his base salary, determined based on performance objectives set forth in writing at the beginning of each calendar year during the term of the agreement. The Company did not grant bonuses in 2008.

STOCK OPTIONS

The Compensation Committee granted certain incentive stock options and non-qualified stock options to Jeffrey Siegel, Ronald Shiftan and Laurence Winoker in connection with their entering into their respective employment agreements. In addition, each NEO who is in a position to contribute significantly to the Company's success, generally receives stock options once a year based on his performance. The option grants are approved by the Compensation Committee.

In 2009, Mr. Siegel and Mr. Shiftan irrevocably and voluntarily cancelled options to purchase 250,000 shares of the Company's common stock and 350,000 shares of the Company's common stock, respectively, that were granted pursuant to their employment agreements, in order to increase the shares available for which awards may be granted under the Company's 2000 Long-Term Incentive Plan.

OTHER COMPENSATION

The Company maintains a defined contribution 401(k) plan for all employees including the NEOs and matches 50% of employee contributions up to 4% of each employee's eligible compensation. The Company suspended its matching contributions effective January 1, 2009 as an expense savings measure.

The Company offers perquisites that it believes are customary and reasonable, such as Company paid automobile expenses, and with respect to Messrs. Siegel and Shiftan, reimbursement or payment of certain insurance expenses, and with respect to Jeffrey Siegel, the reimbursement of certain legal expenses.

In 2006, Mr. Siegel’s other compensation included a $350,000 payment made to Mr. Siegel pursuant to his previous employment agreement.

The following chart shows each of the above elements of compensation as a percentage of total compensation received by the NEOs for 2008, 2007 and 2006:

		Major Elements of Each NEO's Compensation as a Percentage of Total Compensation				Total Compensation Per Summary Compensation Table
		% Salary	**% Bonus**	**% Stock options**	**% Other compensation**	**Total $**
Jeffrey Siegel	**2008**	42		52	6	$ 2,291,054
	2007	39	18	37	6	2,407,912
	2006	32	31	20	17	2,937,902
Ronald Shiftan	**2008**	90			10	$ 574,673
	2007	85	8		7	588,592
	2006	64	30		6	648,439
Craig Phillips	**2008**	79		16	5	$ 379,100
	2007	71	9	13	7	403,278
	2006	79	7	8	6	345,921
Laurence Winoker	**2008**	69		28	3	$ 444,363
	2007	53	22	23	2	271,813

ACCOUNTING AND TAX CONSIDERATIONS

Internal Revenue Code Section 162(m) generally disallows a tax deduction to public companies for compensation in excess of $1 million paid to any of the corporation's Chief Executive Officer and the named executive officers. Qualifying performance-based compensation is not subject to the deduction limitation if certain requirements are met. The Company periodically reviews the potential consequences of Section 162(m) and may structure the performance-based portion of an executive's compensation to comply with certain exemptions in Section 162(m). However, the Company reserves the right to use its judgment to authorize compensation payments that do not comply with the exemptions in Section 162(m), when the Company believes that such payments are appropriate and in the best interests of the stockholders, after taking into consideration changing business conditions or the executive officer's performance.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Proxy Statement.

April 30, 2009

The Compensation Committee
Cherrie Nanninga – Chair

David Dangoor

Michael Jeary

Sheldon Misher

SUMMARY COMPENSATION TABLE

The following table sets forth information concerning the compensation of the Company's NEOs:

Name and Principal Position	Year	Salary	Bonus	Option awards (1)	All other compensation	Total
Jeffrey Siegel (2)	**2008**	$ 959,658	$	$ 1,199,993	$ 131,403	$ 2,291,054
	2007	933,840	442,000	899,167	132,905	2,407,912
Chairman of the Board of Directors, Chief Executive Officer and President	**2006**	937,869	889,000	599,444	511,589	2,937,902
Ronald Shiftan (3)	**2008**	517,878		1,452	55,343	574,673
	2007	500,000	50,000		38,592	588,592
Vice Chairman of the Board of Directors and Chief Operating Officer	**2006**	414,045	198,000		36,394	648,439
Craig Phillips (4)	**2008**	299,712		59,014	20,374	379,100
	2007	285,000	35,000	53,115	30,163	403,278
Senior Vice-President—Distribution and Director	**2006**	274,463	25,000	27,819	18,639	345,921
Laurence Winoker (5)	**2008**	308,294		123,356	12,713	444,363
	2007	144,231	60,000	61,575	6,007	271,813
Senior Vice-President—Finance, Treasurer and Chief Financial Officer						

Notes:

(1) Represents the fair value of the stock options as determined under Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment* that has been recognized as expense by the Company during 2008, 2007 and 2006. For information regarding the valuation of these options refer to Note I to the Company's Consolidated Financial Statements for the year ended December 31, 2008 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

(2) 2008 – Consists of reimbursement of insurance of $100,000 (includes a gross-up payment to cover taxes of $40,000), Company paid automobile related expenses of $26,803 and a 401(k) matching contribution made by the Company of $4,600.

2007 – Consists of reimbursement of insurance of $100,000 (includes a gross-up payment to cover taxes of $40,000), Company paid automobile related expenses of $28,405 and a 401(k) matching contribution made by the Company of $4,500.

2006 – Consists of $350,000 due to Mr. Siegel pursuant to his previous employment agreement, reimbursement of insurance of $100,000 (includes a gross-up payment to cover taxes of $40,000), reimbursement of legal fees of $30,000, Company paid automobile related expenses of $27,589 and a 401(k) matching contribution made by the Company of $4,000.

Notes (continued):

(3) 2008 – Consists of reimbursement of insurance of $20,000, Company paid automobile related expenses of $30,743 and a 401(k) matching contribution made by the Company of $4,600.

2007 – Consists of reimbursement of insurance of $20,000, Company paid automobile related expenses of $14,092 and a 401(k) matching contribution made by the Company of $4,500.

2006 – Consists of reimbursement of insurance of $20,000, Company paid automobile related expenses of $12,394 and a 401(k) matching contribution made by the Company of $4,000.

(4) 2008 – Consists of Company paid automobile related expenses of $16,495 and a 401(k) matching contribution made by the Company of $3,879.

2007 – Consists of Company paid automobile related expenses of $25,451 and a 401(k) matching contribution made by the Company of $4,712.

2006 – Consists of Company paid automobile related expenses of $14,121 and a 401(k) matching contribution made by the Company of $4,518.

(5) 2008 – Consists of Company paid automobile related expenses of $11,289 and a 401(k) matching contribution made by the Company of $1,424.

2007 – Consists of Company paid automobile related expenses of $6,007.

Jeffrey Siegel

On May 2, 2006, Jeffrey Siegel entered into an employment agreement with the Company whereby the Company employed Mr. Siegel as its President and Chief Executive Officer for a five year term that commenced on January 1, 2006, with automatic renewals for additional consecutive one year periods unless terminated by either the Company or Mr. Siegel. The agreement provides for an annual salary of $900,000 with annual increments based on changes in the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers for the New York Area.

The employment agreement provides for the payment each year of: an annual cash performance bonus of 3.5% of the annual increase of the Company’s income before income taxes over the Company’s income before income taxes for the immediately prior year, as reported in the Company’s consolidated statements of income in its annual report excluding extraordinary items that appear on the audited financial statements as extraordinary items, and;

(i) An annual cash performance bonus of 2.5% of the Company’s annual income before income taxes as reported in the Company’s consolidated statements of income in its annual report excluding extraordinary items that appear on the audited financial statements as extraordinary items (the “2.5% EIBIT Bonus”), and;

(ii)

To the extent that the Company has annual income before income taxes, 2.5% of an amount equal to the sum of his base salary and the 2.5% EIBIT Bonus.

Mr. Siegel is presently engaged in negotiations with the Compensation Committee with respect to modifying the cash bonus provisions of his employment agreement. Mr. Siegel has indicated the possibility of agreeing to cap or otherwise modify the amounts payable to him. There can be no assurance that any agreement will be reached with Mr. Siegel with respect to modifying the cash bonus provisions of his employment agreements.

Pursuant to the agreement, the total of Mr. Siegel’s base salary and the 2.5% EIBIT Bonus in any year shall not exceed $1,800,000.

On the date of the execution of the agreement, the Company also granted Mr. Siegel an option to purchase 250,000 shares of the Company’s common stock pursuant to the Company’s 2000 Long-Term Incentive Plan. On February 3, 2009, Mr. Siegel irrevocably and voluntarily cancelled the option.

Under Mr. Siegel’s previous employment agreement dated April 6, 2001, Mr. Siegel was due a payment of $350,000 by April 6, 2006. The Company did not make such payment by April 6, 2006. Pursuant to his current employment agreement, the amount was paid to Mr. Siegel, plus interest, in installments through January 1, 2008.

Upon execution of the employment agreement, the Company paid Mr. Siegel a signing bonus of $125,000.

The agreement also provides for other perquisites including Company paid automobile related expenses, the reimbursement of legal fees for financial, investment and/or tax advice, and the drafting of wills and trusts in connection with estate planning up to $10,000 during any twelve month period, reimbursement of legal fees related to the drafting of his employment agreement up to $20,000 and the reimbursement of insurance premiums paid by Mr. Siegel up to $60,000 per year plus a gross-up payment from the Company in an amount such that the net amount retained by Mr. Siegel, after the calculation and reduction for any Federal, state, and local income taxes and employment taxes on the gross-up payment, shall be equal to the additional life insurance policy income.

The agreement further provides for payments due to Mr. Siegel upon the termination of his employment as described under *Potential Payments Upon Termination or Change in Control*.

Ronald Shiftan

On October 17, 2005, the Company entered into an employment agreement with Ronald Shiftan whereby the Company employed Mr. Shiftan as its Vice Chairman and Chief Operating Officer for a five year term commencing on July 1, 2005, with automatic renewals for additional one year periods unless terminated by either the Company or Mr. Shiftan and annual increases based on changes in the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers for the New York Area. Effective January 1, 2007, Mr. Shiftan’s employment agreement was amended to increase his annual salary to $500,000.

The employment agreement provides for an annual cash bonus to be received by Mr. Shiftan equal to 6% of the annual increase in the Company’s income before income taxes (excluding items that appear on the audited financial statements as extraordinary items and items that the Board of Directors, in its sole discretion, determines are outside of the ordinary course of business) over the prior year.

Mr. Shiftan is presently engaged in negotiations with the Compensation Committee with respect to modifying the cash bonus provisions of his employment agreement. Mr. Shiftan has indicated the possibility of agreeing to cap or otherwise modify the amounts payable to him. There can be no assurance that any agreement will be reached with Mr. Shiftan with respect to modifying the cash bonus provisions of his employment agreements.

Upon signing of the agreement, the Board of Directors of the Company granted Mr. Shiftan an option to purchase 350,000 shares of the Company's common stock pursuant to the Company's 2000 Long-Term Incentive Plan. The option expires five years from the date of grant. Under the original terms of the option, 25% of the option vested and became exercisable on October 6, 2005 with the remaining 75% of the option vesting and becoming exercisable ratably each quarter thereafter commencing on December 31, 2005 through June 30, 2010. On December 22, 2005, the Board of Directors of the Company approved the acceleration of the vesting of all unvested outstanding employee stock options including Mr. Shiftan's option. As a result, Mr. Shiftan's option to purchase 262,500 common shares, which otherwise would have vested and become exercisable ratably on a quarterly basis beginning December 31, 2005 became fully vested and immediately exercisable as of December 22, 2005. The purpose of accelerating the vesting of the option was to reduce the non-cash compensation expense that would be recorded in future periods following the Company's adoption of Statement of Financial Accounting Standards No. 123(R) on January 1, 2006. In order to limit the personal benefit to Mr. Shiftan, as well as all other optionees, of fully vesting their options, the Board of Directors of the Company imposed restrictions on the sale or transfer of the shares underlying each of the options until the earlier of (a) the dates on which such option would have vested and become exercisable, without giving effect to such acceleration, or (b) the date of death of the optionee.

The agreement also provides for certain perquisites including Company paid automobile related expenses and the reimbursement of insurance premiums paid by Mr. Shiftan up to $20,000 per year.

The agreement further provides for payments due to Mr. Shiftan upon the termination of his employment as described under *Potential Payments Upon Termination or Change in Control*.

Craig Phillips

On September 1, 2007, the Company entered into an employment agreement with Craig Phillips whereby the Company employed Mr. Phillips as the Company's Senior Vice-President-Distribution. The agreement provided for an initial base annual salary of $275,000 and an annual bonus determined by the Compensation Committee of the Board of Directors, upon recommendation of the CEO's and COO's evaluation of Mr. Phillips' performance during each calendar year. The agreement also provides for certain perquisites including fringe benefits and Company paid automobile related expenses.

Mr. Phillip's employment agreement further provides for payments due to Mr. Phillips upon the termination of his employment as described under *Potential Payments Upon Termination or Change in Control.*

Laurence Winoker

On June 28, 2007, the Company entered into an employment agreement with Laurence Winoker, whereby the Company employed Mr. Winoker as the Company's Senior Vice-President of Finance, Treasurer and Chief Financial Officer for a three year term commencing on July 2, 2007 with automatic renewals thereafter for additional one year periods unless terminated by either Mr. Winoker or the Company. The agreement provides for a base salary of $300,000 with annual increases based on changes in the Bureau of Labor Statistics Consumer Price Index for New York-Northern New Jersey-Long Island, NY-NJ-CT-PA and an annual performance bonus, with a target of 40% of his base salary, based on performance objectives set forth in writing at the beginning of each calendar year during the term of the agreement.

In connection with the agreement, the Company also granted Mr. Winoker an option to purchase 75,000 shares of the Company's common stock pursuant to the Company's 2000 Long-Term Incentive Plan.

Mr. Winoker's employment agreement further provides for payments due to Mr. Winoker upon the termination of his employment as described under *Potential Payments Upon Termination or Change in Control*.

GRANTS OF PLAN BASED AWARDS FOR THE FISCAL YEAR

ENDED DECEMBER 31, 2008

The following table sets forth information regarding grants of stock based compensation to the NEOs for 2008:

Name	Grant date	Number of securities underlying options	Exercise or base price of option awards (1)	Grant date fair value of stock and option awards
Jeffrey Siegel	November 10, 2008	15,000(2)	$ 4.60	$1.26
Ronald Shiftan	November 10, 2008	15,000(3)	4.60	1.27
Craig Phillips	November 10, 2008	5,000(4)	4.60	1.32
Laurence Winoker				