LIFETIME BRANDS, INC
Form DEFM14A
January 24, 2018
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

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

Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials

Soliciting Material Pursuant to §240.14a11(c) or §240.14a

LIFETIME BRANDS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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:

Common Stock, par value $.01 per share, of Lifetime Brands, Inc.

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

5,638,000

(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):

$17.98

(4) Proposed maximum aggregate value of transaction:

$319,371,240[1]

(5) Total fee paid:

$39,761.72

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

[1] Includes $218 million of cash consideration.

Table of Contents

LIFETIME BRANDS, INC.

1000 Stewart Avenue

Garden City, New York 11530

January 24, 2018

Dear Fellow Stockholder:

Lifetime Brands, Inc., a Delaware corporation (the Company), entered into a merger agreement with Taylor Parent, LLC, a Delaware limited liability company (Taylor Parent) and the other parties thereto, dated as of December 22, 2017 (the Merger Agreement) providing for the acquisition of Taylor Holdco, LLC (dba Filament Brands), a Delaware limited liability company (Taylor), by the Company. If the acquisition contemplated by the Merger Agreement is consummated, Taylor will become a wholly-owned subsidiary of the Company and Taylor Parent will be entitled to receive (i) $27.5 million in cash (the Cash Consideration) and (ii) a number of shares of common stock of the Company (the Acquisition Shares and, together with the Cash Consideration, the Total Consideration), such that, following the consummation of the acquisition, Taylor Parent will own, by virtue of the issuance of the Acquisition Shares, 27% of the common stock of the Company on a fully diluted basis, including shares issuable upon the exercise of all vested and unvested in-the-money stock options and unvested restricted shares of common stock that will vest by June 22, 2018 pursuant to the terms of the agreements in which such shares were granted, determined as described in the attached proxy statement, following the consummation of the acquisition.

At a special meeting of our stockholders, you will be asked to consider and vote on a proposal to approve the issuance of the Acquisition Shares. After careful consideration, our Board of Directors has unanimously approved the Merger Agreement, the acquisition, the issuance of the Acquisition Shares and the other transactions contemplated by the Merger Agreement and determined that the acquisition and the issuance of the Acquisition Shares is fair to and in the best interests of the Company and its stockholders. **THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO APPROVE THE ISSUANCE OF THE ACQUISITION SHARES AT THE CONSUMMATION OF OUR PROPOSED ACQUISITION OF TAYLOR HOLDCO, LLC.**

The special meeting will be held at the Company s office at 1000 Stewart Avenue, Garden City, New York 11530 on February 28, 2018 at 10:30 a.m. (Eastern Time). Notice of the special meeting and the related proxy statement are enclosed.

The attached proxy statement provides you with detailed information about the special meeting, the acquisition, and the issuance of the Acquisition Shares. A copy of the Merger Agreement is attached as Annex A to the proxy statement. We encourage you to read the entire proxy statement and the Merger Agreement carefully. You may also obtain more information about the Company from documents we have filed with the Securities and Exchange Commission.

Your vote is very important regardless of the number of shares you own. While we are not seeking stockholder approval for the adoption of the Merger Agreement or the acquisition of Taylor, we cannot consummate the acquisition and the issuance of the Acquisition Shares unless the majority of the shares present in person or by proxy and entitled to vote at the special meeting vote in favor of the proposal to approve the issuance of the Acquisition Shares.

The consummation of the acquisition is also subject to the satisfaction of certain other conditions to closing as set forth in the Merger Agreement, which is attached to this proxy statement as Annex A.

Table of Contents

Whether or not you plan to attend the special meeting, please complete, sign, date, and return the enclosed proxy card as soon as possible to ensure your representation at the special meeting. We have provided a postage-paid envelope for your convenience. If you plan to attend the special meeting and prefer to vote in person, you may still do so even if you have already returned your proxy card.

If you are a stockholder of record (that is, if your stock is registered with us in your own name), then you may vote by telephone or electronically via the Internet by following the instructions included in the proxy statement and with your proxy card. If your shares are registered in the name of a broker or other nominee, your nominee may be participating in a program provided through Broadridge Financial Solutions, Inc. that allows you to vote by telephone or via the Internet. If so, the voting form that your nominee sends you will provide telephone and Internet instructions.

We look forward to seeing you at the special meeting. Thank you in advance for your cooperation and continued support.

Sincerely,

JEFFREY SIEGEL

Chairman of the Board of Directors

Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the issuance of the Acquisition Shares, passed upon the merits of the issuance of the Acquisition Shares or the fairness of the issuance of the Acquisition Shares or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The proxy statement is dated January 24, 2018, and is first being mailed to stockholders on or about, January 24, 2018.

Table of Contents

LIFETIME BRANDS, INC.

1000 Stewart Avenue

Garden City, New York 11530

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

January 24, 2018

A special meeting of stockholders of Lifetime Brands, Inc. (the Company) will be held at the Company s office at 1000 Stewart Avenue, Garden City, New York 11530, on February 28, 2018 at 10:30 a.m. (Eastern Time) for the following purposes:

1. to approve the issuance of a number of shares of common stock of the Company (the Acquisition Shares), pursuant to the merger agreement dated December 22, 2017 (the Merger Agreement), among the Company, Taylor Parent, LLC, a Delaware limited liability company (Taylor Parent), and the other parties thereto, providing for the acquisition by the Company of Taylor Holdco, LLC (dba Filament Brands), a Delaware limited liability company (Taylor), at the consummation of such acquisition, such that, following the consummation of the acquisition, Taylor Parent will own, by virtue of the issuance of the Acquisition Shares, 27% of the common stock of the Company on a fully diluted basis, including shares issuable upon the exercise of all vested and unvested in-the-money stock options and unvested restricted shares of common stock that will vest by June 22, 2018 pursuant to the terms of the agreements in which such shares were granted, determined as described in the attached proxy statement, following the consummation of the acquisition;

2. to consider and vote upon a proposal to approve, on a nonbinding advisory basis, the golden parachute compensation that may be payable to the Company s named executive officers, in connection with the acquisition as reported in the Golden Parachute Compensation table on page 83;

3. to transact any other business that may properly come before the special meeting or to approve the adjournment of the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve Proposal 1 described above.

The foregoing items of business are more fully described in the proxy statement.

We are not seeking stockholder approval for the adoption of the Merger Agreement or the acquisition of Taylor.

The Board of Directors has fixed the close of business on January 22, 2018 as the record date for the determination of stockholders entitled to notice of and to vote at the special meeting and at any adjournment or postponement thereof. A list of stockholders entitled to vote at the special meeting will be available for inspection at our offices 10 days before the special meeting.

After careful consideration, the Board of Directors unanimously recommends that you vote:

FOR the proposal to approve the issuance of the Acquisition Shares;

FOR the proposal to approve, on a nonbinding advisory basis, the golden parachute compensation set forth on page 83;

FOR any proposal to adjourn the special meeting in order to allow the Company to solicit additional proxies in favor of Proposal 1 set forth above in the event that there are insufficient proxies received to approve the proposal at the special meeting.

Table of Contents

This proxy statement is dated January 24, 2018, and is first being mailed to stockholders on or about January 24, 2018.

By order of the Board of Directors,

SARA SHINDEL

Secretary

Garden City, New York

Dated: January 24, 2018

All stockholders are cordially invited to attend the special meeting in person. Whether or not you expect to attend the special meeting, please complete, sign, date and return the enclosed proxy card as soon as possible to ensure your representation at the special meeting. A postage-paid return envelope is enclosed for your convenience. Stockholders of record may choose to vote those shares via the Internet at www.envisionreports.com/lcut or telephonically, within the United States and Canada, by calling toll free 1-800-652-VOTE (8683) within the USA, US territories and Canada on a touch tone telephone. Stockholders holding shares with a broker, bank or other nominee may also be eligible to vote via the Internet or telephonically if their broker, bank or other nominee participates in the proxy voting program provided by Broadridge Financial Solutions, Inc. (Broadridge). See Voting Shares Registered in the Name of a Broker, Bank or Other Nominee in the proxy statement for further details on the Broadridge program. Even if you have given your proxy, you may still vote in person if you attend the special meeting. Please note, however, that if a broker, bank or other nominee holds your shares of record and you wish to vote at the special meeting, then you must obtain from the record holder a proxy issued in your name.

Table of Contents

TABLE OF CONTENTS

Table of Contents

LIFETIME BRANDS, INC.

1000 Stewart Avenue

Garden City, New York 11530

PROXY STATEMENT FOR SPECIAL MEETING OF STOCKHOLDERS

GENERAL INFORMATION

The Board of Directors of Lifetime Brands, Inc., a Delaware corporation, is providing these proxy materials to you in connection with the solicitation of proxies for use at our special meeting of stockholders to be held at the Company s office at 1000 Stewart Avenue, Garden City, New York 11530 on February 28, 2018 at 10:30 a.m. (Eastern Time) or at any adjournment or postponement thereof, for the purposes stated herein. This proxy statement summarizes the information that you will need to know to vote in an informed manner.

SUMMARY TERM SHEET RELATING TO ISSUANCE OF ACQUISITION SHARES

This summary term sheet, together with the Questions and Answers About the Issuance of the Acquisition Shares and the Special Meeting of Stockholders, highlights selected information from this proxy statement and may not contain all of the information that is important to you. We urge you to read carefully the entire proxy statement, the annexes, and the other documents to which we refer or incorporate by reference in order to fully understand the acquisition and the related transactions. See Where You Can Find Additional Information on page 158. Each item in this summary refers to the page of this proxy statement on which that subject is discussed in more detail. Except as otherwise specifically noted in this proxy statement, the Company, we, our, us and similar words in this proxy statement refer to Lifetime Brands, Inc. and its subsidiaries.

Parties to the Acquisition

The Company

Lifetime Brands, Inc., a Delaware corporation, designs, sources and sells branded kitchenware, tableware and other products used in the home and markets its products under a number of widely-recognized brand names and trademarks, which are either owned or licensed by the Company, or through retailers private labels and their licensed brands. The Company s products, which are targeted primarily towards consumer purchases of moderately priced kitchenware, tableware and housewares, are sold through virtually every major level of trade.

Taylor

Taylor Holdco, LLC (dba Filament Brands), which we refer to herein as Taylor, is a Delaware limited liability company whose capital stock is privately held and is not traded on a public market. Taylor, through its subsidiaries, produces a wide variety of kitchen, bar, bath and grilling tools and equipment, including kitchen measurement tools, bath scales, weather instruments, wine and barware, portable drinkware and other cooking and baking accessories.

Stockholders of Taylor

Taylor Parent, LLC, a Delaware limited liability company, which we refer to herein as Taylor Parent, is the holder of all of the common equity interests of Taylor. Taylor also has outstanding preferred interests, which are redeemable by Taylor and which are held by an unaffiliated third party. These preferred interests will be redeemed by Taylor in connection with the Acquisition (as defined herein).

Table of Contents

The Acquisition

On December 22, 2017, we entered into a merger agreement (the Merger Agreement) with certain of our wholly-owned merger subsidiaries, Taylor, Taylor Parent and, solely for purposes of certain sections referenced therein, CP Taylor GP, LLC providing for the acquisition of Taylor by the Company (the Acquisition). If the Acquisition is consummated, Taylor will become a wholly-owned subsidiary of the Company and Taylor Parent will be entitled to receive a number of shares of common stock of the Company (the Acquisition Shares), such that, following the consummation of the Acquisition, Taylor Parent will own, by virtue of the issuance of the Acquisition Shares, 27% of the common stock of the Company on a fully diluted basis (rounded up to the nearest share).

The fully diluted basis shall be determined by, as of the time of determination, the sum of (a) the number of registered and unregistered shares of common stock of the Company issued and outstanding (excluding any unvested restricted shares of common stock of the Company), plus (b) the number of shares of common stock of the Company issuable upon the exercise of all vested and unvested in-the-money stock options of the Company (calculated using the treasury stock method, based on the average of the closing stock price of shares of common stock of the Company on the last 20 trading days prior to the day that is two business days prior to the closing date of the Acquisition, weighted for volume), plus (c) the number of shares of unvested restricted common stock of the Company that will vest by June 22, 2018 pursuant to the terms of the agreements in which such shares were granted. The value of the shares of common stock of the Company to be issued to Taylor Parent pursuant to the Merger Agreement will be determined based on the trading price of the Company common stock at the date of consummation of the Acquisition.

The Merger Agreement is included as **Annex A** to this proxy statement.

Board of Directors and Management of the Company Following the Acquisition; Stockholders Agreement

Following the consummation of the Acquisition, the Company s Board of Directors will be expanded to 13 directors, 10 of whom initially will be the current members of our Board of Directors, one of whom is expected to be Robert B. Kay, the current Chief Executive Officer of Taylor, and two of whom are expected to initially be Bruce Pollack and Michael Schnabel (as designated by Taylor Parent). Mr. Kay is expected to become Chief Executive Officer of the Company upon consummation of the Acquisition. In connection with the consummation of the Acquisition, the Company and Taylor Parent will enter into a stockholders agreement (the Stockholders Agreement) pursuant to which:

For so long as Taylor Parent beneficially owns at least 20% of the outstanding common stock on a Future Fully Diluted Basis (as defined herein), up to two persons designated by Taylor Parent will be nominated for election or appointment to the Board of Directors at each meeting of stockholders at which members of our Board of Directors are elected;

For so long as Taylor Parent beneficially owns less than 20%, but greater than 10% of the outstanding common stock on a Future Fully Diluted Basis, one person designated by Taylor Parent will be nominated for election or appointment to the Board of Directors at each meeting of stockholders at which members of our Board of Directors are elected;

If Taylor Parent beneficially owns less than 10% of the outstanding common stock on a Future Fully Diluted Basis, then Taylor Parent shall have no right to designate anyone for election or appointment to the Board of Directors;

Taylor Parent will agree not to nominate any person for election to our Board of Directors other than in accordance with the right to designate directors for nomination described above; and

Taylor Parent will agree not to initiate, propose or otherwise solicit, or participate in the solicitation of stockholders for the approval of, any stockholder proposals with respect to the Company.

Jeffrey Siegel will continue to serve the Company in a new role as the Company s Executive Chairman of the Board. Ronald Shiftan will continue to serve as the Company s Vice Chairman of the Board and Chief

Table of Contents

Operating Officer. A copy of the form of Stockholders Agreement is included as **Annex B** to this proxy statement.

Additional Governance Rights of Taylor Parent Following the Acquisition

The Stockholders Agreement will also provide that, for so long as Taylor Parent continues to beneficially own at least 50% of the Acquisition Shares, neither the Company nor any of its subsidiaries may take any of the following actions without the approval of the members of the Board of Directors designated by Taylor Parent, such approval not to be unreasonably withheld, conditioned or delayed:

Enter into any agreement for a transaction that would result in a change of control of the Company;

Consummate any transaction for the sale of all or substantially all of the Company s assets;

File for reorganization pursuant to Chapter 11, or for liquidation pursuant to Chapter 7, of the U.S. Bankruptcy Code;

Liquidate or dissolve the business and affairs of the Company;

Take any Board of Directors actions to seek an amendment to the Company Certificate of Incorporation or approve, or recommend that the Company s stockholders approve, an amendment to our Amended and Restated Bylaws, except as required by DE Law (as defined in the Merger Agreement) or other applicable law and other than amendments that would not materially and disproportionately affect Taylor Parent;

Incur additional debt in excess of $100 million in the aggregate, subject to certain exceptions;

Acquire or dispose of assets or a business, in each case with an individual value in excess of $100 million;

Terminate the employment of the Chief Executive Officer, other than for cause (in which case the Company shall consult in good faith with Taylor Parent on a replacement Chief Executive Officer); and

Adopt a stockholder rights plan that does not exempt as grandfathered persons the stockholders party to the Stockholders Agreement and their affiliates from being deemed acquiring persons due to their beneficial ownership of the common stock of the Company upon the public announcement of adoption of such stockholder rights plan (it being understood that no such plan shall restrict any stockholder party to the Stockholders Agreement or its affiliates from acquiring, in the aggregate, common stock up to the level of their aggregate percentage beneficial ownership as of the public announcement of the adoption of such stockholder rights plan).

Voting Agreement

In connection with the Merger Agreement, at the specific request of Taylor and Taylor Parent and as an inducement to their willingness to enter into the Merger Agreement, certain of our stockholders, including our Chief Executive Officer, Jeffrey Siegel, our Chief Operating Officer, Ronald Shiftan, our President, Daniel Siegel and our Executive Vice-President Global Supply Chain, Clifford Siegel (collectively, the Agreed Voting Persons) entered into a voting agreement (the Voting Agreement) with Taylor Parent, whereby each of the Agreed Voting Persons agreed, among other things, to vote all of the shares of our common stock beneficially owned (other than with respect to unexercised options held by such persons) by such Agreed Voting Persons in favor of the approval of the issuance of the Acquisition Shares. Further, the Agreed Voting Persons agreed during the term such person s respective voting restrictions under the Voting Agreement are in effect, not to, directly or indirectly, sell, transfer, assign, tender in any tender or exchange offer, pledge, encumber, hypothecate or similarly dispose of (by merger, by testamentary disposition, by operation of law or otherwise) any of the shares of our common stock beneficially owned by such Agreed Voting Person (a Transfer), or enter into any contract, option, or other arrangement or understanding providing for the Transfer of any of the shares of our common stock beneficially owned by such Agreed Voting Person, except for certain permitted Transfers as

Table of Contents

described in the Voting Agreement. As of the record date, the Agreed Voting Persons beneficially owned (excluding shares underlying unexercised options) approximately 12% of the total outstanding shares of our common stock. A copy of the form of Voting Agreement is included as **Annex C** to this proxy statement.

Debt Financing

Concurrent with the Acquisition, and pursuant to the Commitment Letter (the Commitment Letter), dated December 22, 2017, by and among the Company, JPMorgan Chase Bank, N.A. (JPMorgan) and Golub Capital LLC (Golub Capital), the Company expects to enter into (1) a credit agreement among JPMorgan, as administrative agent, the lenders from time to time party thereto, the Company, the foreign subsidiary borrowers from time to time party thereto, and certain of its other domestic and foreign subsidiaries from time to time party thereto (the ABL Credit Agreement) providing for a senior secured asset-based $150.0 million revolving credit facility with a maturity five years from the completion of the Acquisition (the ABL Credit Financing) and (2) a credit agreement among JPMorgan, as term loan administrative agent, Golub Capital, as lender, and the other lenders from time to time party thereto and the Company (the Term Loan Credit Agreement) providing for a $275.0 million term loan facility with a maturity seven years from the completion of the Acquisition and quarterly principal payments equal to 1% per annum of the original amount of the term loan facility (the Term Loan Credit Financing and together with the ABL Credit Financing, the Debt Financing).

The terms and condition of the Commitment Letter are more fully described in Proposal 1 To Approve the Issuance of the Acquisition Shares Debt Financing .

Basis of Stockholder Approval Requirement

Our common stock is listed on the NASDAQ Global Select Market, and we are subject to the NASDAQ listing standards set forth in its Listing Rules. Although we are not required to obtain stockholder approval under Delaware law in connection with the Acquisition, we are required under Listing Rule 5635(a)(1) and Listing Rule 5635(b) to seek stockholder approval of our proposed issuance of the Acquisition Shares at the consummation of the Acquisition.

Listing Rule 5635(a)(1) requires stockholder approval prior to the issuance of securities in connection with the acquisition of the stock or assets of another company, where due to the present or potential issuance of common stock (or securities convertible into or exercisable for common stock), other than a public offering for cash, the common stock to be issued (a) constitutes voting power in excess of 20% of the outstanding voting power prior to the issuance or (b) is or will be in excess of 20% of the outstanding common stock prior to the issuance. In addition, Listing Rule 5635(b) requires stockholder approval prior to the issuance of securities when such issuance or potential issuance will result in a change of control of a company. NASDAQ may deem a change of control to occur when, as a result of an issuance, an investor or a group would own, or have the right to acquire, 20% or more of the outstanding shares of common stock or voting power and such ownership or voting power would be the largest ownership position of the issuer.

The total shares proposed to be issued to Taylor Parent will equal 27% of our outstanding shares of common stock at the consummation of the Acquisition on a Closing Fully Diluted Basis (as defined herein).

In addition, under NASDAQ Listing Rule 5635(d), prior stockholder approval is required for the issuance, other than in a public offering, of securities convertible into common stock at a price less than the greater of book or market value of the common stock if the securities are convertible into 20% or more of a company s common stock. Because the Acquisition Shares will be issued in exchange for all of the common equity interests of Taylor, the deemed issuance price of the Acquisition Shares may be less than the greater of the book or market value of our common stock

immediately before the consummation of the Acquisition. If the proposal is approved, the issuance of the Acquisition Shares will exceed 20% of our common stock currently outstanding. Because the issuance price may be below the greater of the book or market value of our Common Stock

Table of Contents

immediately prior to the consummation of the Acquisition, the NASDAQ Listing Rules may require that we obtain stockholder approval of the issuance of the Acquisition Shares at the consummation of the Acquisition. Therefore, we are requesting stockholder approval for the issuance of the Acquisition Shares under the NASDAQ Listing Rules.

When the Acquisition is Expected to be Completed

We currently anticipate that the Acquisition will be consummated in the first half of 2018. However, there can be no assurances that the Acquisition will be consummated at all or, if consummated, that it will be consummated in the first half of 2018.

Date, Time and Place of the Special Meeting of Stockholders

The special meeting will be held at the Company s office at 1000 Stewart Avenue, Garden City, New York 11530 on February 28, 2018 at 10:30 a.m. (Eastern Time).

Record Date, Outstanding Shares and Quorum Requirement

You are entitled to vote at the special meeting if you owned shares of our common stock at the close of business on January 22, 2018, the record date for the determination of stockholders entitled to vote at the meeting. The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of our common stock issued and outstanding as of the close of business on the record date for the determination of stockholders entitled to vote at the meeting will constitute a quorum. On the record date, there were 14,897,152 shares of our common stock issued and outstanding.

Vote Required

Each share of our common stock outstanding on the record date for the determination of stockholders entitled to vote at the meeting will be entitled to one vote, in person or by proxy, on each matter submitted for the vote of stockholders. The approvals of the issuance of the Acquisition Shares, the golden parachute compensation and the adjournment of the special meeting require the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote at the special meeting.

Voting of Proxies

Any stockholder entitled to vote at the special meeting whose shares are registered in his, her or its name may submit a proxy by telephone or via the Internet in accordance with the instructions provided on the enclosed proxy card, or by returning the enclosed proxy card by mail, or may attend the special meeting and vote in person by appearing at the special meeting.

If your shares are held in street name by a broker, bank, or other nominee, you should advise your broker, bank, or other nominee how to vote your shares using the instructions provided by your broker, bank, or other nominee. If you do not provide your broker, bank, or other nominee with instructions, your shares will not be voted and will have no effect on the approval of the issuance of the Acquisition Shares, the golden parachute compensation and any proposal to adjourn the special meeting in order to solicit additional proxies in the event that there are insufficient proxies received to approve the issuance of the Acquisition Shares at the special meeting.

Quorum; Broker Non Votes

The proxy card indicates the number of shares of our common stock that you own. We will have a quorum to conduct the business of the special meeting if holders of a majority of the shares of our common stock are present, in person or by proxy. Abstentions and broker non-votes (i.e., shares of common stock held by a broker, bank, or other nominee that are represented at the special meeting, but that the broker, bank, or other nominee is

Table of Contents

not empowered to vote on a particular proposal) will be counted in determining whether a quorum is present at the special meeting. Brokers, banks, and other nominees typically do not have discretionary authority to vote on non-routine matters. Under the rules of the New York Stock Exchange (the NYSE), as amended (the NYSE Rules), which apply to all NYSE-licensed brokers, brokers have discretionary authority to vote on routine matters when they have not received timely voting instructions from the beneficial owner.

The proposal to approve the issuance of the Acquisition Shares (Proposal 1), the proposal to approve the golden parachute compensation (Proposal 2) and the proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the issuance of the Acquisition Shares (Proposal 3), are not routine matters and therefore a broker may not be entitled to vote shares held in street name on these proposals absent instructions from the beneficial holder of such shares. Consequently, if your shares are held in street name and you do not submit any voting instructions to your bank, broker or other nominee, your shares will not be voted on these proposals and will be considered a broker non vote. In order to minimize the number of broker non votes, we encourage you to provide voting instructions to the organization that holds your shares by carefully following the instructions provided in the Notice of Special Meeting of Stockholders.

Revocability of Proxies

As a stockholder of record, once you have submitted your proxy by mail, telephone or via the Internet, you may revoke it at any time before it is voted at the special meeting. You may revoke your proxy in any one of three ways:

- you may grant another proxy marked with a later date (which automatically revokes the earlier proxy) using any of the methods described above (and until the applicable deadline for each method);
- you may notify our Secretary in writing that you wish to revoke your proxy before it is voted at the special meeting at the following address: Corporate Secretary, Lifetime Brands, Inc., 1000 Stewart Avenue, Garden City, New York 11530; or
- you may vote in person at the special meeting.

Please note that if you hold your shares in street name through a broker, bank or other nominee and you have instructed your broker, bank or other nominee to vote your shares, the above-described options for changing your vote do not apply, and instead, you must follow the instructions received from your broker, bank or other nominee to change your vote.

Recommendation of Our Board of Directors as to the Issuance of the Acquisition Shares

After careful consideration, our Board of Directors unanimously recommends that you vote FOR the proposal to approve the issuance of the Acquisition Shares and FOR any proposal to adjourn the special meeting in order to allow the Company to solicit additional proxies in the event that there are insufficient proxies received to approve the proposal at the special meeting.

Interests of the Company s Executive Officers and Directors in the Acquisition

When considering the recommendation of the Company s Board of Directors, you should be aware that certain of our executive officers and directors have interests in the Acquisition other than their interests as stockholders generally, pursuant to individual agreements with certain officers and directors. These interests are different from your interests as a Company stockholder, however, the members of our Board of Directors have taken these additional interests into consideration.

Potential Accelerated Vesting of Awards Under the Company s Equity Incentive Plan

If the Acquisition were to qualify as a Change of Control for purposes of the Company s Amended and Restated 2000 Long-Term Incentive Plan (the LTIP), awards under the LTIP would be subject to accelerated

Table of Contents

vesting in the event of an award holder s subsequent termination of employment or service other than for Cause (not as a result of disability) or Good Reason (as defined in the LTIP) on or within 24 months following the Acquisition. Under the LTIP, performance stock units would also become fully vested upon such qualifying termination of employment or service as though target performance with respect to the performance conditions thereunder had been achieved. As more fully described under Proposal 1 Interests of the Company s Stockholders in the Acquisition, the Company s directors, executive officers and former directors and executive officers who have served in such positions since January 1, 2016 own an aggregate of 85,935 shares of restricted stock and 80,666 unvested options to purchase shares of our common stock, the vesting of which equity awards would accelerate if the Acquisition is a Change of Control for purposes of the LTIP and a qualifying termination of employment or service took place. Such directors, executive officers and former directors also own an aggregate of 61,500 performance stock units. The employment agreements with each of our executive officers already provide that the restrictions on such restricted stock and vesting of such options would accelerate in connection with a termination other than for Cause (not as a result of disability) or without Good Reason in the absence of a Change of Control (subject to the minimum vesting requirements in the LTIP which generally prohibit vesting within one year following the date of grant other than in connection with death, disability or a change of control), but such employment agreements do not provide for the acceleration of performance stock units or the deemed satisfaction of the applicable performance conditions.

For this purpose, a Change of Control includes the acquisition by any person of beneficial ownership of securities of the Company representing 30% or more of the combined voting power of the Company s then outstanding securities. As described elsewhere in this proxy statement, the Acquisition Shares will constitute 27% of the common stock of the Company on a fully diluted basis. The 30% threshold for a Change of Control is measured with a smaller denominator, the number of shares of common stock of the Company actually outstanding at the consummation of the Acquisition. The actual number of Acquisition Shares will depend, in part, upon the number of shares of common stock underlying in-the-money options as of the consummation of the Acquisition. Based upon the Company s trading price history as of the date of this proxy statement, the Company expects that the number of Acquisition Shares will constitute less than 30% of the number of shares of common stock outstanding upon the consummation of the Acquisition. Nevertheless, we cannot assure you that, if the trading price of the common stock increases between the date of this proxy statement and the consummation of the Acquisition, that such 30% threshold will not be exceeded, resulting in a Change of Control under the LTIP.

Opinion of Houlihan Lokey Capital, Inc.

On December 19, 2017, Houlihan Lokey Capital, Inc. (Houlihan Lokey) verbally rendered its opinion to our Board of Directors (which was subsequently confirmed in writing by delivery of Houlihan Lokey s written opinion to our Board of Directors dated December 19, 2017) as to the fairness, from a financial point of view, to the Company of the Total Consideration to be paid by the Company in the Acquisition pursuant to the Merger Agreement.

Houlihan Lokey s opinion was directed to our Board of Directors (in its capacity as such) and only addressed the fairness, from a financial point of view, to the Company of the Total Consideration to be paid by the Company in the Acquisition pursuant to the Merger Agreement and did not address any other aspect or implication of the Acquisition or any other agreement (including the Stockholders Agreement), arrangement or understanding. The summary of Houlihan Lokey s opinion in this proxy statement is qualified in its entirety by reference to the full text of its written opinion, which is attached as Annex D to this proxy statement and describes the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in connection with the preparation of its opinion. However, neither Houlihan Lokey s opinion nor the summary of its opinion and the related analyses set forth in this proxy statement are intended to be, and do not constitute, advice or a recommendation to our Board of Directors, any security holder of the Company or any other person as to how to act or vote with respect to any matter relating

to the Acquisition. See Proposal 1 Opinion of the Financial Advisor to Board of Directors.

Table of Contents

Our Conduct of Business Pending the Acquisition

As described below and set forth in the Merger Agreement, (i) we have agreed that, from December 22, 2017 through the consummation of the Acquisition, subject to certain exceptions, we will not take certain actions without Taylor Parent s prior written consent and (ii) Taylor and Taylor Parent have agreed that, from December 22, 2017 through the consummation of the Acquisition, subject to certain exceptions, Taylor and Taylor Parent will not take certain actions without our prior written consent.

Registration Rights

The Stockholders Agreement will provide Taylor Parent certain demand registration rights and the right to participate in registered public offerings we initiate, subject to certain limitations and exceptions. In the event that the managing underwriter advises us in writing that marketing factors require a limitation on the number of shares that can be included in the registration statement for an underwritten offering, the shares will be included in the registration statement in an agreed order of preference.

Lockup and Standstill

The Stockholders Agreement will provide that Taylor Parent may not sell, offer or agree to sell, or otherwise transfer, subject to certain customary exceptions, directly or indirectly, any of the Acquisition Shares through and including December 31, 2019. In addition, Taylor Parent and its affiliates will be prohibited from, without the express written approval of at least a majority of the disinterested members of our Board of Directors, acquiring and making certain transfers of common stock or other securities issued by the Company, entering into voting agreements or soliciting proxies with respect to our common stock and taking certain other actions. Our Board of Directors approved the Acquisition for purposes of Section 203 of the Delaware General Corporation Law and we have agreed to certain restrictions on the adoption of a stockholder rights plan following the consummation of the Acquisition that materially adversely affects Taylor Parent.

Restrictions on Solicitations of Other Offers and Change in Recommendation

The Merger Agreement restricts our ability to solicit or engage in discussions or negotiations with third parties regarding alternative transaction proposals of our Company. However, subject to specified conditions, we may furnish information to, or enter into discussions or negotiations with, a third party in response to an unsolicited transaction proposal from such third party if our Board of Directors determines in good faith (after consultation with its outside legal counsel) that failure to approve and cause the Company to take such action would be reasonably likely to be inconsistent with its exercise of fiduciary duties to stockholders of the Company.

Conditions That Must Be Satisfied or Waived for the Acquisition to Occur

As more fully described in this proxy statement and in the Merger Agreement, the consummation of the Acquisition depends on a number of conditions being satisfied or waived. These conditions include, among others, absence of any injunction prohibiting the consummation of the Acquisition and absence of any legal requirements enacted by any court or other governmental entity since the date of the Merger Agreement that remain in effect prohibiting consummation of the Acquisition.

Termination of the Merger Agreement

The Merger Agreement may be terminated and the Acquisition may be abandoned at any time prior to the consummation of the Acquisition in certain cases, by either the Company or by Taylor Parent.

Table of Contents

Termination Fee

We have agreed to pay Taylor Parent a termination fee of $9 million if one of the following occurs:

We or Taylor Parent, as applicable, terminate the Merger Agreement because:

the Board of Directors changes its recommendation that our stockholders vote FOR Proposal 1; or

the Board of Directors (i) after receipt by the Company of an unsolicited offer to effect an alternative transaction or (ii) as a result of an intervening event, determines in good faith, following consultation with outside legal counsel, that failing to terminate the Merger Agreement would be reasonably likely to be inconsistent with the Board of Directors s exercise of its fiduciary obligations to our stockholders, subject to certain other exceptions set forth in the Merger Agreement.

Taylor Parent terminates the Merger Agreement because:

we willfully and intentionally breached the exclusivity, proxy or stockholder meeting sections of the Merger Agreement.

In addition, if the Merger Agreement is terminated because of our failure to obtain the required stockholder approval, our breach of the Merger Agreement or the Acquisition was not consummated on or before June 20, 2018 and (i) at the time of such termination we received an alternative transaction proposal and (ii) we consummate any alternative transaction within nine months of the termination of the Merger Agreement, we have agreed to pay Taylor Parent a termination fee of $9 million (less any transaction expense fee previously paid).

If the Merger Agreement is terminated due to our failure to obtain the required stockholder approval (unless, at such time, Taylor Parent or the Company is in breach of the Merger Agreement such that we would have been entitled to terminate the Merger Agreement), then we have agreed to pay Taylor Parent up to $3 million of reasonable and documented out-of-pocket expenses, which amount of expense reimbursement will be deducted from any termination fee payable.

Material U.S. Federal Income Tax Consequences to Stockholders

We do not believe the consummation of the Acquisition or the issuance of the Acquisition Shares will have any material tax consequences on the holders of our existing shares of common stock.

Regulatory Approvals

Under the Hart-Scott-Rodino (HSR Act), parties to certain large mergers and acquisitions must file premerger notification and wait for government review. Early termination of the waiting period under the HSR Act was granted on January 8, 2018.

Market Price and Dividends

Our common stock is listed on the NASDAQ Global Select Market under the trading symbol LCUT. On December 21, 2017, which was the last trading day before we announced the transaction, our common stock closed at $17.10. On January 23, 2018, which was the last trading day before the date of this proxy statement, our common stock closed at $17.50.

Appraisal Rights

Under Delaware law, our stockholders do not have any dissenters rights or rights to an appraisal of the value of their shares in connection with the Acquisition or the issuance of the Acquisition Shares.

Table of Contents

Solicitation

We have engaged Georgeson to assist in the solicitation of proxies and provide related advice and informational support for a services fee and the reimbursement of customary disbursements that are not expected to exceed $8,500 in the aggregate.

Additional Information

You can find more information about the Company in the periodic reports and other information we file with the SEC. The information is available at the SEC s public reference facilities and at the website maintained by the SEC at www.sec.gov. For a more detailed description of the additional information available, see Where You Can Find Additional Information beginning on page 158 below.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE ISSUANCE OF THE ACQUISITION SHARES AND THE SPECIAL MEETING OF STOCKHOLDERS

The following questions and answers address briefly some questions you may have regarding the special meeting and the proposed Acquisition. These questions and answers may not address all questions that may be important to you as a stockholder of the Company. Please refer to the more detailed information contained elsewhere in this proxy statement, including the annexes and the documents we refer to in this proxy statement.

Q: Why am I receiving this proxy statement?

A: You are receiving this proxy statement because you have been identified as a stockholder of the Company as of the close of business on the record date for the determination of stockholders entitled to notice of the special meeting. This proxy statement contains important information about the Acquisition, the issuance of the Acquisition Shares, and the special meeting of stockholders. You should read this proxy statement carefully.

The Issuance of the Acquisition Shares and Related Transactions

Q: What is the proposed transaction for which I am being asked to vote?

A: You are being asked to consider and vote on a proposal to approve the issuance of the Acquisition Shares. On December 22, 2017, we entered into the Merger Agreement with Taylor, Taylor Parent and solely for purposes of certain sections set forth therein, CP Taylor GP, LLC providing for the acquisition of Taylor by the Company. If the Acquisition is consummated, Taylor will become a wholly-owned subsidiary of the Company and Taylor Parent will be entitled to receive a number of shares of common stock of the Company, such that, following the consummation of the Acquisition, Taylor Parent will own, by virtue of the issuance of the Acquisition Shares, 27% of the common stock of the Company on a Closing Fully Diluted Basis (rounded up to the nearest share).

We are not seeking stockholder approval for the adoption of the Merger Agreement or the acquisition of Taylor. However, we cannot consummate the Acquisition unless the holders of a majority of the shares present in person or by proxy and entitled to vote at the special meeting vote in favor of the proposal to approve the issuance of the Acquisition Shares.

Q: As a stockholder, what will I receive in the Acquisition?

A: Current stockholders of the Company will not receive anything in the Acquisition. As a result of the Acquisition, our stockholders existing share ownership will be diluted by the issuance of the Acquisition Shares, which will represent 27% of our outstanding shares of common stock outstanding at the consummation of the Acquisition on a Closing Fully Diluted Basis (rounded up to the nearest share).

Q: Is the Acquisition expected to be taxable to me?

A: We do not believe the consummation of the Acquisition or the issuance of the Acquisition Shares will have any material tax consequences on the holders of our existing shares of common stock.

Q: When is the Acquisition expected to be consummated?

A: We are working toward completing the Acquisition as promptly as reasonably possible, and we currently anticipate that the Acquisition will be consummated in the first half of 2018. However, there can be no assurances that the Acquisition will be consummated at all or, if consummated, that it will be consummated in the first half of 2018. Please refer to the section titled Risk Factors for more information on risks related to failure to completing the Acquisition or a delay in the consummation of the Acquisition. The exact timing and likelihood of consummation of the Acquisition cannot be predicted because the Acquisition is

Table of Contents

subject to certain conditions, including the receipt of regulatory approvals. Neither we nor Taylor or Taylor Parent are obligated to consummate the Acquisition unless and until the closing conditions in the Merger Agreement have been satisfied or waived.

Q: What effects will the proposed Acquisition have on the Company?

A: If the Acquisition is consummated, Taylor will become a wholly-owned subsidiary of the Company, and Taylor Parent will become a stockholder of the Company. In addition, we have agreed to increase the size of the Board of Directors of the Company from 10 directors to 13 directors at the consummation of the Acquisition, and it is expected that we will appoint Robert B. Kay and two directors designated by Taylor Parent to fill the newly created vacancies, who are initially expected to be Bruce Pollack and Michael Schnabel. Under the terms of the Merger Agreement, Mr. Kay is expected to serve as the Chief Executive Officer of the Company. In addition, Jeffrey Siegel will continue to serve the Company in a new role as the Executive Chairman of the Board of Directors of the Company and Ronald Shiftan will continue to serve as the Company s Vice Chairman of the Board of Directors and Chief Operating Officer.

Q: What happens if the Acquisition is not consummated?

A: If the issuance of the Acquisition Shares is not approved by our stockholders, or if the Acquisition is not consummated for any other reason, we will not issue the Acquisition Shares and Taylor will not become a wholly-owned subsidiary of the Company. Instead, Taylor will continue to be independently owned by Taylor Parent and its other preferred interest holders. We may also be required, under certain circumstances, to pay Taylor Parent a termination fee of $9 million or the reimbursement of certain expenses up to $3 million.

Q: Am I entitled to exercise appraisal or similar rights under Delaware law as a result of the Acquisition or the issuance of the Acquisition Shares?

A: No. Under Delaware law, our stockholders do not have any dissenters rights or rights to an appraisal of the value of their shares in connection with the Acquisition or the issuance of the Acquisition Shares.

The Special Meeting

Q: When and where is the special meeting?

A: The special meeting will be held at the Company s office at 1000 Stewart Avenue, Garden City, New York, 11530, on February 28, 2018 at 10:30 a.m. (Eastern Time).

Q: What other proposals are being presented at the special meeting?

A: In addition to the proposal to approve the issuance of the Acquisition Shares (Proposal 1), stockholders will be asked to vote to approve, on a nonbinding advisory basis, the golden parachute compensation set forth on page 83 (Proposal 2) and to approve the adjournment of the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the issuance of the Acquisition Shares (Proposal 3). Although we have included the disclosure regarding golden parachute compensation set forth on page 83 and are soliciting your approval for Proposal 2, none of the named executive officers are entitled to receive any payments or benefits solely as a result of the transactions contemplated by the Acquisition.

Q: How does the Board of Directors recommend that I vote?

A: Our Board of Directors unanimously recommends that you vote your shares:

FOR the proposal to approve the issuance of the Acquisition Shares (Proposal 1).

FOR the proposal to approve, on a nonbinding advisory basis, the golden parachute compensation set forth on page 83 (Proposal 2)

FOR the proposal to adjourn the special meeting, if necessary, to solicit additional proxies (Proposal 3).

Table of Contents

Q: Who is entitled to vote at the special meeting?

A: All stockholders of record as of the close of business on January 22, 2018, the record date for the determination of stockholders entitled to vote at the special meeting, are entitled to vote at the special meeting. On that date, 14,897,152 shares of our common stock were issued and outstanding.

As of the record date, our executive officers and directors held an aggregate of 3,266,476 shares of our common stock, which represents approximately 21% of all shares issued and outstanding on the record date.

Q: What vote is required to approve each proposal?

A: Proposal 1, the approval of the issuance of the Acquisition Shares, requires the affirmative vote of the holders of a majority of the shares of our common stock present in person or by proxy and entitled to vote on this proposal at the Special Meeting.

With respect to Proposal 1, if you do not submit a proxy or voting instructions or do not vote in person at the meeting, your shares will not be counted in determining the outcome of the proposal. If you **ABSTAIN** from voting on Proposal 1, the effect will be the same as a vote **AGAINST** that proposal.

Proposal 2, the approval, on a nonbinding advisory basis, of the golden parachute compensation that may be payable to the Company s named executive officers, in connection with the acquisition as reported in the Golden Parachute Compensation table on page 83, requires the affirmative vote of the holders of a majority of the shares of our common stock present in person or by proxy and entitled to vote on this proposal at the special meeting.

With respect to Proposal 2, if you do not submit a proxy or voting instructions or do not vote in person at the meeting, your shares will not be counted in determining the outcome of the proposal. If you **ABSTAIN** from voting on Proposal 2, the effect will be the same as a vote **AGAINST** that proposal.

Proposal 3, approval of the adjournment of the special meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the issuance of the Acquisition Shares, requires the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote at the special meeting.

With respect to Proposal 3, if you do not submit a proxy or voting instructions or do not vote in person at the meeting, your shares will not be counted in determining the outcome of the proposal. If you **ABSTAIN** from voting on Proposal 3, the effect will be the same as a vote **AGAINST** that proposal.

Q: Can I attend the special meeting? What do I need for admission?

A: You are entitled to attend the special meeting if you were a stockholder of record or a beneficial owner as of the close of business on January 22, 2018 or you hold a valid legal proxy for the special meeting. **If you are a stockholder of record, your name will be verified against the list of stockholders of record prior to your being admitted to the special meeting. If you are a beneficial owner, you will need to provide proof of beneficial ownership on the record date in order to be admitted to the special meeting, such as a brokerage**

account statement showing that you owned common stock of the Company as of the record date, a voting instruction form provided by your bank, broker or other nominee, or other similar evidence of ownership as of the record date, including a valid legal proxy from your bank, broker or other nominee. You should also be prepared to present photo identification for admission. If you do not provide photo identification or comply with the other procedures outlined above upon request, you may not be admitted to the special meeting.

Q: How can I vote my shares in person at the special meeting?

A: All stockholders, including stockholders of record and stockholders who hold their shares through banks, brokers or other nominees, as of the record date are invited to attend the special meeting and vote their shares in person.

Table of Contents

If your shares of our common stock are registered directly in your name with our transfer agent, Computershare, N.A., you are considered the stockholder of record with respect to those shares. If you are a stockholder of record as of the close of business on the record date for the determination of stockholders entitled to vote at the meeting, you have the right to vote your shares in person at the special meeting. If you choose to do so, you can vote at the special meeting using the written ballot that will be provided at the meeting or you can complete, sign and date the enclosed proxy card you received with this proxy statement and submit it at the special meeting.

If your shares are held in a stock brokerage account or by a bank, broker, or other nominee (that is, in street name) rather than directly in your own name with our transfer agent, you are considered a beneficial owner of your shares and this proxy statement is being forwarded to you by your bank, broker, or other nominee. As the beneficial owner, you may attend the special meeting and vote your shares in person at the special meeting only if you obtain a legal proxy from the bank, broker, or other nominee that holds your shares giving you the right to vote the shares at the meeting.

Even if you plan to attend the special meeting, we recommend that you submit your proxy or voting instructions in advance of the meeting as described below so that your vote will be counted if you later decide not to attend the special meeting.

Q: How can I vote my shares without attending the special meeting?

A: Whether you are a stockholder of record or a beneficial owner, you may direct how your shares are voted without attending the special meeting. If you are a stockholder of record, you may submit a proxy to authorize how your shares are voted at the special meeting. Your proxy can be submitted by mail by completing, signing, and dating the proxy card you received with this proxy statement and then mailing it in the enclosed prepaid envelope. Stockholders of record may also submit a proxy over the Internet or by telephone. If you are a stockholder of record, then you may go to www.envisionreports.com/lcut to vote your shares via the Internet. The votes represented by this proxy will be generated on the computer screen and you will be prompted to submit or revise your vote as desired. If you are using a touch-tone telephone and are calling from the United States or Canada, then you may vote your shares by calling toll free 1-800-652-VOTE (8683) within the USA, US territories and Canada on a touch tone telephone and following the recorded instructions. If you are a beneficial owner, you must submit voting instructions to your bank, broker or other nominee in order to authorize how your shares are voted at the special meeting. Please follow the instructions provided by your bank, broker or other nominee.

Submitting a proxy or voting instructions will not affect your right to vote in person should you decide to attend the special meeting, although beneficial owners must obtain a legal proxy from the bank, broker, or other nominee that holds their shares giving them the right to vote the shares at the special meeting in order to vote in person at the meeting.

Q: What does it mean if I received more than one set of proxy materials?

A: If you received more than one set of proxy materials, it means that you hold shares of our common stock in more than one account. For example, you may own your shares in various forms, including jointly with your spouse, as trustee of a trust, or as custodian for a minor. To ensure that all of your shares are voted, please provide a proxy

or voting instructions for each account for which you received proxy materials.

Q: How will my shares be voted if I do not provide specific voting instructions in the proxy or voting instruction form I submit?

A: If you submit a proxy or voting instructions but do not indicate your specific voting instructions on one or more of the proposals to be presented at the special meeting, your shares will be voted as recommended by our Board of Directors on those proposals and as the proxyholders may determine with respect to any other matter properly presented for a vote at the special meeting.

Table of Contents

Q: What is the deadline for voting my shares?

A: If you are a stockholder of record, your proxy must be received by telephone or the Internet by 11:59 p.m. (Eastern Time) on February 27, 2018 in order for your shares to be voted at the special meeting. However, if you are a stockholder of record, you may instead mark, sign, date, and return the enclosed proxy card, which must be received before the polls close at the special meeting, in order for your shares to be voted at the meeting. If you are a beneficial owner, please read the voting instructions provided by your bank, broker, or other nominee for information on the deadline for voting your shares.

Q: What is a quorum?

A: The presence at the special meeting, in person or by proxy, of the holders of a majority of the shares of our common stock outstanding at the close of business on the record date for the determination of stockholders entitled to vote at the meeting constitutes a quorum for the purposes of the special meeting. Abstentions and broker non-votes are counted as present for the purpose of determining whether a quorum is present.

Q: How will abstentions be counted?

A: If you **ABSTAIN** from voting on any proposal the effect will be the same as a vote **AGAINST** such proposal.

Q: Why is my vote important?

A: If you do not submit a proxy or voting instructions or vote in person at the special meeting, it will be more difficult for us to obtain the necessary quorum to hold the special meeting.

If you do not submit a proxy or voting instructions or do not vote in person at the meeting, your shares will not be counted in determining the outcome of each of the proposals at the special meeting.

Q: If my shares are held in street name by my broker, bank, or other nominee, will my broker, bank, or other nominee vote my shares for me if I do not submit voting instructions?

A: No. We do not expect that your broker, bank, or other nominee will have discretion to vote your shares on any of the matters listed in the notice of special meeting, except in accordance with your specific instructions. Therefore, if you hold your shares in street name through a brokerage account and do not submit voting instructions to your broker, bank, or other nominee, your broker, bank, or other nominee will not be able to vote your shares of common stock on any of the proposals at the special meeting.

Q: May I change my vote after I have submitted my proxy or voting instructions?

A: Yes. As a stockholder of record, once you have submitted your proxy by mail, telephone or via the Internet, you may revoke it at any time before it is voted at the special meeting. You may revoke your proxy in any one of three ways:

you may grant another proxy marked with a later date (which automatically revokes the earlier proxy) using any of the methods described above (and until the applicable deadline for each method);

you may notify our Secretary in writing that you wish to revoke your proxy before it is voted at the special meeting at the following address: Corporate Secretary, Lifetime Brands, Inc., 1000 Stewart Avenue, Garden City, New York 11530; or

you may vote in person at the special meeting.

Attendance at the special meeting in and of itself, without voting in person at the meeting, will not cause your previously granted proxy to be revoked.

Table of Contents

Please note that if you hold your shares in street name through a broker, bank, or other nominee and you have instructed your broker, bank, or other nominee to vote your shares, the above-described options for changing your vote do not apply, and instead, you must follow the instructions received from your broker, bank, or other nominee to change your vote.

Q: What happens if I transfer my shares of common stock after the record date?

A: Transferors of shares of our common stock after the record date but prior to the special meeting will retain their right to vote at the special meeting.

Q: What do I need to do now?

A: We urge you to read this proxy statement carefully, including its annexes and the documents we refer to in this proxy statement, and then mail your completed, dated, and signed proxy card or voting instruction form in the enclosed prepaid return envelope as soon as possible, or submit your proxy or voting instruction via the Internet or by phone in accordance with the instructions included with this proxy statement and the enclosed proxy card or voting instruction form, so that your shares can be voted at the special meeting.

Q: Who is paying for this proxy solicitation?

A: We will pay the costs of printing and mailing this proxy statement to stockholders and all other costs incurred in connection with the solicitation of proxies for the special meeting. In addition to the mailed proxy materials, our directors, officers, and other employees may also solicit proxies or votes in person, in writing, by telephone, e-mail, or other means of communication. Directors, officers, and other employees will not be paid any additional compensation for soliciting proxies. We will also reimburse banks, brokers, nominees, and other record holders for their reasonable expenses in forwarding proxy materials to beneficial owners of our common stock.

Q: Who can help answer my questions?

A: If you have any questions or need further assistance in voting your shares of our common stock, or if you need additional copies of this proxy statement or the proxy card, please contact David Cohn, Assistant Vice President-Investor Services, Computershare 201-222-5648 email: david.cohen@computershare.com or Gail James, Client Service Administrator Computershare, 201-680-2504 email: gail.james@computershare.com at Computershare Limited.

Table of Contents

RISK FACTORS

In addition to the other information included or incorporated by reference in this proxy statement, including the matters addressed in the section of the proxy statement entitled Cautionary Statement Concerning Forward-Looking Information, you should carefully consider the following risks before deciding how to vote on the proposals presented at the special meeting. The risk factors related to the Acquisition present the material risks directly related to the Acquisition and the integration of the two companies presently known to us. We have also included the material risks associated with the business of Taylor presently known to us, because these risks will also affect the Company following the consummation of the Acquisition. The risks below also include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements. See Cautionary Statement Concerning Forward-Looking Information beginning on page 25.

Risk Factors Related to the Acquisition

The number of Acquisition Shares will not be adjusted in the event of any change in our stock price.

Upon consummation of the Acquisition, Taylor Parent will receive a number of shares of our common stock equal to 27% of our outstanding common stock on a Closing Fully Diluted Basis (rounded up to the nearest share). This percentage will not be adjusted for changes in the market price of our common stock between the date of signing the Merger Agreement and consummation of the Acquisition. Increases in the price of our common stock prior to the consummation of the Acquisition will increase the value of the consideration we pay to Taylor Parent on the consummation of the Acquisition. The number and value of the Acquisition Shares are not limited to a range of maximums and minimums by a collar or any similar mechanism. Accordingly, the value of the Acquisition Shares may exceed the value of Taylor. For example, based on the range of closing prices of our common stock during the period from December 21, 2017, the last trading day before public announcement of the Acquisition, through January 23, 2018, the latest practicable trading date before the date of this proxy statement, the consideration represented a value ranging from a high of $323.0 million to a low of $311.4 million.

These variations in the price of our common stock could result from changes in our business, operations or prospects prior to or following the Acquisition, our stockholders perceptions of the Acquisition and Taylor, regulatory considerations, general market and economic conditions, and other factors both within and beyond our control. The Acquisition may be consummated a considerable period of time after the date of the special meeting of the stockholders. Therefore, at the time of the special stockholders meeting, our stockholders will not know with certainty the value of the consideration being paid to Taylor Parent.

Current stockholders will have reduced ownership and voting interests after the Acquisition.

We will issue 27% of our outstanding shares of common stock on a Closing Fully Diluted Basis (rounded up to the nearest share) to Taylor Parent in the Acquisition.

When the Acquisition occurs, Taylor Parent will become a stockholder of the Company. As a result, the percentage ownership of the Company held by each of our current stockholders will be smaller than such stockholder s percentage ownership of the Company prior to the Acquisition. Our current stockholders will, therefore, have proportionately less ownership and voting interests in the Company following the Acquisition than they have now. In addition, if the value of the Acquisition Shares is less than the value of Taylor, then our existing stockholders will experience dilution in the value of their shares of common stock.

The market price of our common stock may decline as a result of the Acquisition or the issuance of the Acquisition Shares.

We currently anticipate that the Acquisition will be accretive to earnings per share, after factoring in synergies and excluding costs to achieve synergies and other one-time costs related to the Acquisition. This

Table of Contents

expectation is based on preliminary estimates that are subject to change. We could also encounter additional transaction and integration-related costs, may fail to realize all of the benefits anticipated in the Acquisition, or be subject to other factors that affect preliminary estimates. Any of these factors could cause a decrease in our adjusted earnings per share or decrease the expected accretive effect of the Acquisition and contribute to a decrease in the price of our common stock.

In addition, we are unable to predict the potential effects of the issuance of the Acquisition Shares on the trading activity and market price of our common stock. We have granted certain registration rights to Taylor Parent for the resale of the shares of our common stock issued in connection with the Acquisition. These registration rights would facilitate the resale of such securities into the public market, and any such resale would increase the number of shares of our common stock available for public trading. Sales of a substantial number of shares of our common stock in the public market, or the perception that such sales might occur, could have a material adverse effect on the price of our common stock.

The Acquisition will result in changes to our Board of Directors that may affect the strategy and operations of the Company as compared to that of the Company and Taylor on a stand-alone basis.

If we consummate the Acquisition, the composition of our Board of Directors will change. Following the consummation of the Acquisition, our Board of Directors will increase from 10 to 13 directors and Robert B. Kay and two new directors designated for appointment to our Board of Directors by Taylor Parent, who shall initially be Bruce Pollack and Michael Schnabel, are expected to become members of our Board of Directors. This new composition of our Board of Directors may affect our business strategy and operating decisions following consummation of the Acquisition. In addition, there can be no assurances that the new Board of Directors will function effectively as a team and that there will not be any adverse effects on our business as a result.

Taylor Parent will have significant influence over us following the consummation of the Acquisition, and its interests may conflict with ours or yours in the future.

Immediately following the consummation of the Acquisition, Taylor Parent will beneficially own approximately 27% of our common stock on a fully diluted basis (rounded up to the nearest share). As a result, Taylor Parent will have significant influence over us. Going forward, Taylor Parent s degree of control will depend on, among other things, its level of ownership of our common stock and its ability to exercise certain rights under the terms of the Stockholders Agreement that we will enter into with Taylor Parent in connection with the Acquisition and Merger Agreement.

Under the Stockholders Agreement, for so long as Taylor Parent continues to beneficially own at least 50% of the Acquisition Shares, neither the Company nor any of its subsidiaries may take any of the following actions without the approval of the directors designated by Taylor Parent, such approval not to be unreasonably withheld: (i) enter into any agreement for a transaction that would result in a change of control of the Company; (ii) consummate any transaction for the sale of all or substantially all of the Company s assets; (iii) file for reorganization pursuant to Chapter 11, or for liquidation pursuant to Chapter 7, of the U.S. Bankruptcy Code; (iv) liquidate or dissolve the business and affairs of the Company; (v) take any Board of Directors action to seek an amendment to the Company Certificate of Incorporation or approve, or recommend that the Company s stockholders approve, an amendment to our Amended and Restated Bylaws, except as required by Delaware Law (as defined in the Merger Agreement) or other applicable law and other than amendments that would not materially and disproportionately affect Taylor Parent; (vi) incur additional debt in excess of $100 million in the aggregate, subject to certain exceptions; (vii) acquire or dispose of assets or a business, in each case with an individual value in excess of $100 million; (viii) terminate the employment of the Chief Executive Officer, other than for cause (in which case the Company shall consult in good faith with Taylor Parent on a replacement Chief Executive Officer); or (ix) adopt a stockholder rights plan that does

not exempt as grandfathered persons the stockholders party to the Stockholders Agreement and their affiliates from being deemed acquiring persons due to their beneficial ownership of the common stock of the Company upon the public announcement of adoption of such stockholder rights plan (it being understood that no such plan shall restrict any stockholder party to the

Table of Contents

Stockholders Agreement or its affiliates from acquiring, in the aggregate, common stock up to the level of their aggregate percentage beneficial ownership as of the public announcement of the adoption of such stockholder rights plan).

Accordingly, Taylor Parent s influence over us and the consequences of such control could have a material adverse effect on our business and business prospects and negatively impact the trading price of our common stock.

The Acquisition is subject to a number of conditions, including the receipt of consents and clearances from regulatory authorities that may not be obtained, may not be completed on a timely basis or may impose conditions that could have an adverse effect on us.

Consummation of the Acquisition is conditioned upon, among other matters, the receipt of certain governmental authorizations, consents, orders, clearances, or other approvals necessary to permit all parties to perform their obligations under the agreement and consummate the Acquisition. There can be no assurance that regulators will not impose conditions, terms, obligations, or restrictions and that such conditions, terms, obligations, or restrictions will not have the effect of delaying consummation of the Acquisition or imposing additional material costs on, or materially reducing the revenues of, the Company following the Acquisition. In addition, such conditions, terms, obligations, or restrictions may result in the delay or abandonment of the Acquisition.

Any delay in completing the Acquisition may reduce or eliminate the benefits expected to be achieved thereunder.

In addition to the required regulatory approvals and clearances, the Acquisition is subject to a number of other conditions beyond our control that may prevent, delay, or otherwise materially adversely affect its consummation, such as the failure to obtain third party financing and whether Taylor undergoes a material adverse event. We cannot predict whether and when these other conditions will be satisfied. Furthermore, the requirements for obtaining the required clearances and approvals could delay the consummation of the Acquisition for a significant period of time or prevent it from occurring. Any delay in completing the Acquisition could cause us not to realize some or all of the synergies and other benefits that we expect to achieve if the Acquisition is successfully consummated within its expected time frame.

Uncertainties associated with the Acquisition may cause a loss of management personnel and other key employees of Taylor or the Company which could adversely affect our future business and operations following the Acquisition.

We are dependent on the experience and industry knowledge of our officers and other key employees to execute our business plans. Our success after the Acquisition will depend in part upon our ability to retain key management personnel and other key employees of Taylor or the Company. Current and prospective employees of Taylor and the Company may experience uncertainty about their roles within the Company following the Acquisition or other concerns regarding our operations following the Acquisition, any of which may have an adverse effect on our ability to attract or retain key management and other key personnel. Accordingly, no assurance can be given that we will be able to attract or retain key management personnel and other key employees until the Acquisition is consummated or following the Acquisition to the same extent that we have previously been able to attract or retain such employees.

Failure to consummate the Acquisition could negatively impact our business, financial condition, results of operations or stock prices.

Consummation of the Acquisition is conditioned upon the satisfaction of certain closing conditions, including the approval of the issuance of the Acquisition Shares by our stockholders, as set forth in the Merger

19

Table of Contents

Agreement. The required conditions to closing may not be satisfied in a timely manner, if at all, or they may be waived. If the Acquisition is not consummated for these or any other reasons, our ongoing business may be adversely affected and will be subject to a number of risks and consequences, including the following:

- we may be required, under certain circumstances, to pay Taylor Parent a termination fee of $9 million or the reimbursement of certain expenses up to $3 million;
- we must pay the substantial fees and expenses we incurred related to the Acquisition, such as legal, accounting, printing and synergy planning fees and expenses, even if the Acquisition is not consummated and, except in certain circumstances, we may not be able to recover such fees and expenses from Taylor or Taylor Parent;
- under the Merger Agreement, we are subject to certain restrictions on the conduct of our business prior to completing the Acquisition, which restrictions could adversely affect our ability to realize certain of our business strategies, including our ability to enter into additional acquisitions or other strategic transactions;
- matters relating to the Acquisition may require substantial commitments of time and resources by our management, which could otherwise have been devoted to other opportunities that may have been beneficial to us;
- the market price of our common stock may decline to the extent that the current market price reflects a market assumption that the Acquisition will be consummated;
- we may experience negative reactions to the termination of the Acquisition from customers, clients, business partners, lenders and employees; and
- we would not realize any of the anticipated benefits of having consummated the Acquisition.

In addition, any delay in the consummation of the Acquisition, or any uncertainty about the consummation of the Acquisition, may adversely affect our future business, growth, revenue, and results of operations.

We may be unable to consummate the Debt Financing.

As of September 30, 2017, we and Taylor had outstanding indebtedness of $128.5 million and approximately $205.3 million (including redeemable preferred interest of approximately $26.3 million), respectively. In addition, we have obtained a commitment letter for up to $425 million of Debt Financing. We expect to use the net proceeds of the Debt Financing to pay the Cash Consideration. However, the entry into definitive documentation for the Debt Financing is subject to the satisfaction of certain conditions. If we are unable to satisfy such conditions, we may be unable to obtain the Debt Financing and may be unable to find alternative debt or equity capital on acceptable terms or at all. We cannot assure you that we will be able to obtain the Debt Financing or an alternative financing. Our inability to obtain financing may prevent us from fulfilling our obligations under the Merger Agreement to consummate the

Acquisition.

The Debt Financing will cause us to become highly leveraged and reduce the cash available and our flexibility to operate our business.

The Debt Financing will cause us to have substantial debt and we will become more highly leveraged, resulting in increased risk of default on our obligations and an increase in debt service requirements which will adversely affect our financial condition. If we consummate the Debt Financing, we will have aggregate indebtedness, on a consolidated basis, giving effect to the Acquisition of approximately $342.3 million. Although the Board considered the increase in debt due to the Acquisition and our ability to service the debt, we may incur additional indebtedness in the future. The amount of debt we incur may have important, adverse consequences to us and our stockholders, including:

- impairing our ability to meet one or more of the financial covenants contained in our debt agreements or to generate cash sufficient to pay interest or principal due under those agreements, which could result in an acceleration of some or all of our outstanding debt;

Table of Contents

limiting our ability to borrow money, dispose of assets or sell equity to fund our working capital, capital expenditures, dividend payments, debt service, strategic initiatives or other obligations or purposes;

limiting our flexibility in planning for, or reacting to, changes in the economy, the markets, regulatory requirements, our operations or our business;

making us more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;

making us more vulnerable to downturns in the economy or our business;

requiring a substantial portion of our cash flow from operations to make interest payments;

making it more difficult for us to satisfy other obligations;

increasing the risk of a future credit ratings downgrade of us, which could increase future debt costs and limit the future availability of debt financing; and

preventing us from borrowing additional funds as needed or taking advantage of business opportunities as they arise, pay cash dividends or repurchase common stock.

To the extent that we incur additional indebtedness, the risks described above could increase. In addition, our actual cash requirements in the future may be greater than expected. Our cash flow from operations may not be sufficient to service our outstanding debt or to repay the outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to service or refinance our debt.

The expected benefits of the Acquisition may not be realized.

To be successful after the Acquisition, we will need to combine and integrate the operations of the Company and Taylor. Integration will require substantial management attention and could detract attention from the day-to-day business of the Company. We could encounter difficulties in the integration process, such as difficulties offering products and services, the need to revisit assumptions about reserves, revenues, capital expenditures and operating costs, including synergies, the loss of key employees or customers or the need to address unanticipated liabilities. If we cannot integrate our business and Taylor s business successfully, we may fail to realize the expected benefits of the Acquisition. In addition, we cannot be assured that all of the goals and anticipated benefits of the Acquisition will be achievable, particularly as the achievement of the benefits are in many important respects subject to factors that we do not control. These factors would include such things as the reactions of third parties with whom we enter into contracts and do business and the reactions of investors and analysts.

Changes in our management team may adversely affect our operations.

Upon the consummation of the Acquisition, it is expected that Robert B. Kay is expected to become our new Chief Executive Officer. Our current Chief Executive Officer, Jeffrey Siegel, will remain with the Company in a new role as the Executive Chairman of the Board. We expect that other members of Taylor s senior management will become officers of the Company, as well. We may encounter challenges with the integration of new members of our management team. Although many of the new members of our management team have substantial experience managing companies in our industry, they lack experience managing public companies or companies of our size and scope. We cannot assure you that they will not require significant time to learn our business and become familiar with various aspects of our operations. The devotion of a significant portion of their time to the integration of our businesses and their lack of experience may adversely affect our operations.

Table of Contents

The obligations and liabilities of Taylor, some of which may be unanticipated or unknown, may be greater than we have anticipated, which may diminish the value of Taylor to us.

Taylor s obligations and liabilities, some of which may not have been disclosed to us or may not be reflected or reserved for in Taylor s historical financial statements, may be greater than we have anticipated. The obligations and liabilities of Taylor could have a material adverse effect on Taylor s business or Taylor s value to us or on our business, financial condition, or results of operations. We do not have indemnification recourse against Taylor Parent under the Merger Agreement with respect to obligations or liabilities of Taylor, whether known or unknown (other than in the case of fraud). Instead, we have bound a representation and warranty insurance policy which will be our sole recourse for recovery with respect to obligations or liabilities of Taylor under the Merger Agreement if we have an insurable claim. In the event that we are responsible for liabilities substantially in excess of any amounts recovered through such representation and warranty insurance policy, or any other applicable insurance, we could suffer severe consequences that would substantially reduce our earnings and cash flows or otherwise materially and adversely affect our business, financial condition, or results of operations.

Our future results following the Acquisition may differ materially from the unaudited pro forma financial information included in this document.

The unaudited pro forma combined financial information contained in this document is presented for purposes of presenting our historical consolidated financial statements with Taylor s historical consolidated financial statements as adjusted to give effect to the contemplated Acquisition and is not necessarily indicative of the financial condition or results of operations of the Company following the Acquisition. The unaudited pro forma combined financial information reflects adjustments, which are based upon preliminary estimates, to allocate the purchase price to Taylor s acquired assets and liabilities. The purchase price allocation reflected in this document is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of Taylor as of the date of the consummation of the Acquisition. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect our financial condition and results of operations following the Acquisition. Any change in our financial condition or results of operations may cause significant variations in the price of our common stock. See the section entitled *Unaudited Pro Forma Condensed Combined Financial Information* beginning on page 141 for more information.

We expect to incur substantial expenses related to the Acquisition and our integration of Taylor.

We expect to incur significant transaction costs and significant synergy planning and integration costs in connection with the Acquisition. We may have substantial expenses related to the Debt Financing and the Acquisition. While we have assumed that this level of expense will be incurred, there are many factors beyond our control that could affect the total amount or the timing of the Acquisition expenses, integration expenses and the Debt Financing expenses. Moreover, many of the expenses that will be incurred are, by their nature, difficult to estimate accurately. To the extent these Acquisition expenses, integration expenses and Debt Financing expenses are higher than anticipated, our future operating results and financial condition may be materially adversely affected and our ability to meet the covenants mandated by our credit obligations may be impaired.

We may be unable to integrate Taylor s business with our own successfully.

The Acquisition involves the combination of two companies that operate as independent companies. Following the Acquisition, we will be required to devote significant management attention and resources to integrating Taylor s business practices and operations with our own. Potential difficulties we may encounter as part of the integration process include the following:

the potential inability to successfully combine Taylor s business with our own in a manner that permits us to achieve the cost synergies expected to be achieved as a result of the consummation of the Acquisition and other benefits anticipated to result from the Acquisition;

Table of Contents

the potential inability to integrate Taylor s products and services;

challenges leveraging the customer information and technology of the two companies;

challenges effectuating the diversification strategy, including challenges achieving revenue growth from sales of each company s products and services to the clients and customers of the other company;

complexities associated with managing the combined businesses, including difficulty addressing possible differences in corporate cultures and management philosophies and the challenge of integrating complex systems, technology, networks, and other assets of each of the companies in a seamless manner that minimizes any adverse impact on customers, clients, employees, lenders, and other constituencies; and

potential unknown liabilities and unforeseen increased expenses or delays associated with the Acquisition.

In addition, the Company and Taylor have operated and, until the consummation of the Acquisition, will continue to operate independently. It is possible that the integration process could result in diversion of the attention of each company s management which could adversely affect each company s ability to maintain relationships with customers, clients, employees, and other constituencies or our ability to achieve the anticipated benefits of the Acquisition, or could reduce each company s operating results or otherwise adversely affect our business and financial results following the Acquisition.

Our future results and reputation will suffer if we do not effectively manage our expanded operations following the Acquisition.

Following the Acquisition, the size of our business will increase substantially. Our future success depends, in part, upon our ability to manage this expanded business, which will pose substantial challenges for our management, including challenges related to the management and monitoring of new operations, significantly increased foreign operations, and associated increased costs and complexity. There can be no assurances that we will be successful following the Acquisition.

The Acquisition may result in a loss of customers, clients and strategic alliances.

As a result of the Acquisition, some of the customers, clients, potential customers or clients or strategic partners of the Company or Taylor may terminate their business relationship with the Company following the Acquisition. Potential clients or strategic partners may delay entering into, or decide not to enter into, a business relationship with us because of the Acquisition. If customer or client relationships or strategic alliances are adversely affected by the Acquisition, our business and financial performance following the Acquisition would suffer.

The market price of our common stock may be affected by factors different from those affecting the shares of our common stock prior to consummation of the Acquisition.

Our historical business differs from that of Taylor. Accordingly, the results of operations of the combined company and the market price of our common stock may be affected by factors that differ from those that previously affected the independent results of operations of each of the Company and Taylor.

If we are unable to effectively manage Taylor s and our Internet business, our reputation and operating results may be harmed.

The success of Taylor s and our Internet business depends, in part, on factors over which we may have limited control. We must successfully respond to changing consumer preferences and buying trends relating to Internet usage. We are also vulnerable to certain additional risks and uncertainties associated with the Internet,

Table of Contents

including: changes in required technology interfaces; website downtime and other technical failures; costs and technical issues as we upgrade our website software; computer viruses; changes in applicable federal and state regulations; security breaches; and consumer privacy concerns. In addition, we must keep up to date with competitive technology trends, including the use of improved technology, creative user interfaces and other Internet marketing tools such as paid search, which may increase our costs and which may not succeed in increasing sales or attracting customers. Our failure to successfully respond to these risks and uncertainties might adversely affect the sales in our Internet business, as well as damage our reputation and brands.

We will be subject to additional laws and regulations governing the Internet and e-commerce due to Taylor s strong online presence and may be subject to future laws and regulations governing the Internet and e-commerce, which could have a material adverse effect on our operations.

We will be subject to additional laws and regulations governing the Internet and e-commerce due to Taylor s substantial online presence. These existing and future laws and regulations may impede the growth of the Internet or other online services. These regulations and laws may cover taxation, user privacy, data protection, pricing, content, copyrights, distribution, electronic contracts and other communications, consumer protection, the provision of online payment services, broadband residential Internet access and the characteristics and quality of products and services. It is not clear how existing laws governing issues such as property ownership, sales and other taxes, and personal privacy apply to the Internet and e-commerce. Unfavorable resolutions of these issues would harm our business. This could, in turn, diminish the demand for our products on the Internet and increase our cost of doing business.

We face a number of additional risks related to the operations of our business.

You should carefully consider each of the risk factors set forth in our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 in evaluating our business and prospects. The risks and uncertainties described in this proxy statement are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. If any of the risks actually occur, our business and financial results could be harmed. In that case the trading price of our common stock could decline.

Table of Contents

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement and the documents to which we refer you in this proxy statement contain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995 that involve risks, uncertainties, and assumptions that are difficult to predict. These forward-looking statements include information concerning the Company s plans, objectives, goals, strategies, future events, future revenues, performance, capital expenditures, financing needs and other information that is not historical information. When used in this proxy statement and the documents to which we refer you in this proxy statement, the words estimates, expects, anticipates, projects, plans intends, believes, may, should, seeks, and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, the Company s examination of historical operating trends, are based upon the Company s current expectations and various assumptions. The Company believes there is a reasonable basis for its expectations and assumptions, but there can be no assurance that the Company will realize its expectations or that the Company s assumptions will prove correct.

In addition to other factors and matters contained or incorporated in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- the occurrence of any event, change, or other circumstances that could give rise to the termination of the Merger Agreement and the possibility that we could be required to pay a fee (and reimburse certain expenses, as applicable) to Taylor Parent in connection with therewith;
- risks that the regulatory approvals required to consummate the Acquisition will not be obtained in a timely manner, if at all;
- the inability to consummate the Acquisition due to the failure to obtain stockholder approval of the issuance of the Acquisition Shares or failure to satisfy any other conditions to the consummation of the Acquisition;
- business uncertainty and contractual restrictions during the pendency of the Acquisition;
- adverse outcomes of pending or threatened litigation or governmental investigations;
- the failure of the Acquisition to be consummated for any other reason;
- the amount of the costs, fees, expenses and charges related to the Acquisition;
- diversion of management s attention from ongoing business concerns;

the effect of the announcement of the Acquisition on our and Taylor s business and customer relationships, operating results, and business generally, including the ability to retain key employees;

risks that the Acquisition disrupts current plans and operations;

the possible adverse effect on our business and the price of our common stock if the Acquisition is not consummated in a timely fashion or at all;

risks that we may be unable to successfully integrate Taylor s business and personnel with our own;

risks that the expected benefits of the Acquisition may not be realized; and

other risks and uncertainties applicable to our business set forth in our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. See Where You Can Find Additional Information beginning on page 158.

Many of the factors that will determine our future results are beyond our ability to control or predict. We cannot guarantee any future results, levels of activity, performance, or achievements. In light of the significant uncertainties inherent in the forward-looking statements, readers should not place undue reliance on forward-

Table of Contents

looking statements, which speak only as of the date on which the statements were made and it should not be assumed that the statements remain accurate as of any future date.

You should carefully consider the cautionary statements contained or referred to in this section in connection with any subsequent forward-looking statements that may be issued by us or persons acting on our behalf.

Table of Contents

SELECTED HISTORICAL FINANCIAL INFORMATION OF TAYLOR

(in thousands)	Six Months Ended September 30,		Year Ended March 31,				
Statement of Operations Data	**2017**	**2016**	**2017**	**2016**	**2015** [1]	**2014** [2]	**2013**
	Unaudited	*Unaudited*				*Unaudited*	*Unaudited*
Net sales	$ 74,812	$ 75,012	$ 173,706	$ 179,689	$ 135,010	$ 97,547	$ 76,264
Cost of goods sold	43,609	41,913	98,987	106,324	76,819	57,002	46,824
Gross profit	31,203	33,099	74,719	73,365	58,191	40,545	29,440
Selling, general and administrative expenses	25,216	25,804	55,897	53,047	39,975	27,647	19,328
Acquisition-related expenses					2,444	2,755	5,329
Impairment charges			2,100	4,300	10,854	1,240	
Change in fair value of contingent consideration	42		646	1,123	(4,390)		
Gain on sale of China factory					(715)		
Total operating expenses	25,258	25,804	58,643	58,470	48,168	31,642	24,657
Income from operations	5,945	7,295	16,076	14,895	10,023	8,903	4,783
Interest expense	(7,691)	(7,914)	(15,487)	(16,475)	(14,134)	(10,152)	(6,405)
Redeemable preferred interest	(1,932)	(1,668)	(3,338)	(2,880)	(2,486)	(2,146)	(1,524)
Other, net	(51)	(59)	11	(588)	(514)	(516)	(762)
Total other expense	(9,674)	(9,641)	(18,814)	(19,943)	(17,134)	(12,814)	(8,691)
Loss before income tax benefit	(3,729)	(2,346)	(2,738)	(5,048)	(7,111)	(3,911)	(3,908)
Income tax benefit	1,169	162	622	1,652	3,039	690	914
Net loss	(2,560)	(2,184)	(2,116)	(3,396)	(4,072)	(3,221)	(2,994)
Foreign currency translation adjustments						23	(4)
Comprehensive loss	$ (2,560)	$ (2,184)	$ (2,116)	$ (3,396)	$ (4,072)	$ (3,198)	$ (2,998)

(in thousands)	As of September 30,	As of March 31,				
Balance Sheet Data	**2017**	**2017**	**2016**	**2015** [1]	**2014** [2]	**2013**
	Unaudited				*Unaudited*	*Unaudited*
Current assets	$ 75,637	$ 71,139	$ 59,306	$ 59,299	$ 38,653	$ 24,122
Current liabilities	61,512	31,736	20,155	22,095	13,238	7,477
Working capital	14,125	39,403	39,151	37,204	25,415	16,645
Total assets	288,932	289,721	291,384	310,050	244,259	154,630
Contingent consideration payable	8,351	8,309	7,663	7,290	5,890	
Current portion of long-term debt	1,911	3,586	614	2,066	4,678	
Long-term debt	176,988	180,106	186,006	198,060	163,310	84,380
Mandatorily redeemable preferred units	26,306	24,374	21			