ONEIDA LTD
Form 10-Q
September 10, 2001

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 28, 2001

Commission file number 1-5452

ONEIDA LTD.
(Exact name of Registrant as specified in its charter)

NEW YORK	15-0405700
(State or other jurisdiction of incorporation or organization)	I.R.S. Employer Identification Number

ONEIDA, NEW YORK	13421
(Address of principal executive offices)	(Zip code)

(315) 361-3636
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of September 7, 2001: 16,488,687.

ONEIDA LTD.
FORM 10-Q
FOR THE THREE AND SIX MONTHS ENDED JULY 28, 2001

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ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

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

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits: None

(b) During the quarter ended July 28, 2001 no Reports on Form 8-K were filed by the registrant.

SIGNATURES

ONEIDA LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(Thousands except per share amounts)	FOR THE THREE MONTHS ENDED JUL 28, 2001	FOR THE THREE MONTHS ENDED JUL 29, 2000	FOR THE SIX MONTHS ENDED JUL 28, 2001	FOR THE SIX MONTHS ENDED JUL 29, 2000
NET SALES......................	$119,428	$104,010	$246,234	$222,211
COST OF SALES..................	77,652	66,090	162,932	138,536
INVENTORY WRITEDOWN (NOTE 4) ...		24,000		24,000
GROSS MARGIN...................	41,776	13,920	83,302	59,675
OPERATING REVENUES.............	333	1,270	740	1,532
	42,109	15,190	84,042	61,207
OPERATING EXPENSES:				
Selling, distribution and administrative expenses......	34,134	29,777	68,100	61,026
Restructuring and unusual Charges (NOTE 4)		8,000		8,000
INCOME (LOSS) FROM OPERATIONS...	7,975	(22,587)	15,942	(7,819)
OTHER INCOME (EXPENSE)..........	672	(114)	534	(133)
INTEREST EXPENSE................	5,939	4,089	13,060	6,948
INCOME (LOSS) BEFORE INCOME TAXES	2,708	(26,790)	3,416	(14,900)
PROVISION (CREDIT)FOR INCOME TAXES	1,005	(9,973)	1,273	(5,551)
NET INCOME (LOSS)........	$ 1,703	$(16,817)	$ 2,143	$(9,349)
EARNINGS PER SHARE OF COMMON STOCK:				
Net income (loss):				
Basic......................	$.10	$(1.04)	$ .13	$(.58)
Diluted (NOTE 5)............	.10	(1.04)	.13	(.58)
SHARES USED IN PER SHARE DATA:				
Basic......................	16,459	16,209	16,433	16,286
Diluted (NOTE 5)............	16,553	16,209	16,519	16,286
CASH DIVIDENDS DECLARED.........	$.05	$.10	$.10	$.20

See notes to consolidated financial statements.

ONEIDA LTD.
CONSOLIDATED BALANCE SHEETS

JULY 28, 2001 AND JANUARY 27, 2001
(Unaudited)

	(Dollars in Thousands) JULY 28, 2001	JAN 27, 2001
ASSETS		
CURRENT ASSETS:		
Cash	$ 2,671	$ 2,163
Accounts receivable, net of allowance for doubtful. accounts of $2,536 and $3,072	84,675	87,721
Other accounts and notes receivable	3,145	2,272
Inventories:		
Finished goods	175,831	194,806
Goods in process	11,767	11,018
Raw materials and supplies	9,206	10,064
Other current assets	14,636	19,141
Total current assets	301,931	327,185
PROPERTY, PLANT AND EQUIPMENT-At cost:		
Property, plant and equipment	250,242	245,558
Less accumulated depreciation	140,184	135,508
Property, plant and equipment-net	110,058	110,050
OTHER ASSETS:		
Intangible assets - net	136,287	139,695
Deferred income taxes	23,217	22,833
Other assets	11,518	10,810
TOTAL	$583,011	$610,573

See notes to consolidated financial statements.

ONEIDA LTD.
CONSOLIDATED BALANCE SHEETS
JULY 28, 2001 AND JANUARY 27, 2001
(Unaudited)

	(Dollars in Thousands) JULY 28, 2001	JAN 27, 2001
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt................................	$ 9,706	$ 8,046
Accounts payable...............................	32,832	33,097
Accrued liabilities............................	37,431	55,582
Accrued income taxes...........................	3,362	4,153
Dividends payable..............................	1,748	2,522
Current installments of long-term debt........	8,614	9,239
Total current liabilities.................	93,693	112,639
LONG-TERM DEBT.................................	280,144	282,815
OTHER LIABILITIES:		
Accrued postretirement liability..............	56,996	56,108
Accrued pension liability.....................	16,233	15,557
Other liabilities.............................	13,068	19,146
Total other liabilities...................	86,297	90,811
STOCKHOLDERS' EQUITY:		
Cumulative 6% preferred stock; $25 par value; authorized 95,660 shares, issued 86,037 and 86,698 shares, callable at $30 per share...................	2,151	2,167
Common stock $1 par value; authorized 48,000,000 shares, issued 17,787,419 and 17,702,666 shares.......................	17,787	17,703
Additional paid-in capital....................	83,741	82,956
Retained earnings.............................	57,888	57,495
Accumulated other comprehensive loss..........	(14,335)	(11,423)
Less cost of common stock held in treasury; 1,300,666 and 1,314,508 shares.....	(24,355)	(24,590)
Stockholders' Equity.......................	122,877	124,308
TOTAL....................................	$583,011	$610,573

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES
IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED JULY 28, 2001
(Unaudited)

	Comp. Income	Common Shares	Common Stock	Pref'd Stock	Add'l Paid-in Capital	Retained Earnings
Balance at April 28, 2001		17,722	$17,722	$2,167	$83,103	$57,081
Stock plan activity, net.		65	65		638	
Purchase/retirement of Treasury stock, net......				(16)		
Cash dividends declared ($.05 per share)......						(896)
Net income...............	$ 1,703					1,703
Other comprehensive loss.................	(227)					
Comprehensive income....	$ 1,476					
Balance at July 28, 2001.		17,787	$17,787	$2,151	$83,741	$57,888

	Accum. Other Comp Income (Loss)	Treasury Stock	Unallocated ESOP
Balance at April 28, 2001	$(14,108)	$(24,355)	
Stock plan activity, net.			
Purchase/retirement of Treasury stock, net......			
Cash dividends declared ($.05 per share)......			
Net loss.................			
Other comprehensive loss.................	(227)		
Balance at July 28, 2001.	$(14,335)	$(24,355)	

See notes to consolidated financial statements

ONEIDA LTD.
CONSOLIDATED STATEMENT OF CHANGES
IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED JULY 29, 2000
(Unaudited)

	Comp. Income	Common Shares	Common Stock	Pref'd Stock	Add'l Paid-in Capital	Retained Earnings
Balance at April 29, 2000		17,630	$17,630	$2,171	$82,315	$70,446
Stock plan activity, net.		34	34		324	
Purchase/retirement of Treasury stock, net......						
Cash dividends declared ($.10 per share)......						(1,659)
Net loss................	$(16,817)					(16,817)
Other comprehensive income...............	(1,031)					
Comprehensive loss......	$(17,848)					
Balance at July 29, 2000		17,664	$17,664	$2,171	$82,639	$51,970

	Accum. Other Comp Income (Loss)	Treasury Stock	Unallocated ESOP
Balance at April 29, 2000	$(11,705)	$(24,825)	($1,486)
Stock plan activity, net.			
Purchase/retirement of Treasury stock, net......		(622)	
Cash dividends declared ($.10 per share)......			
Net loss.................			
Other comprehensive loss..................	(1,031)		
Allocation of ESOP shares			769
Balance at July 29, 2000	$(12,736)	$(25,447)	($717)

See notes to consolidated financial statements.

ONEIDA LTD.
CONSOLIDATED STATEMENT OF CHANGES
IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JULY 28, 2001
(Unaudited)

	Comp. Income	Common Shares	Common Stock	Pref'd Stock	Add'l Paid-in Capital	Retained Earnings
Balance at Jan 27, 2001..		17,703	$17,703	$2,167	$82,956	$57,495
Stock plan activity, net.		84	84		785	
Purchase/retirement of Treasury stock, net......				(16)		
Cash dividends declared ($.10 per share)......						(1,750)
Net income..............	$ 2,143					2,143
Other comprehensive loss.................	(2,912)					
Comprehensive loss......	$ (769)					
Balance at July 28, 2001.		17,787	$17,787	$2,151	$83,741	$57,888

	Accum. Other Comp Income (Loss)	Treasury Stock	Unallocated ESOP
Balance at Jan 27, 2001..	$(11,423)	$(24,590)	
Stock plan activity, net.			
Purchase/retirement of Treasury stock, net......		235	
Cash dividends declared ($.05 per share)......			
Net Income..............			
Other comprehensive loss.................	(2,912)		
Balance at July 28, 2001.	$(14,335)	$(24,355)	

See notes to consolidated financial statements.

ONEIDA LTD.
CONSOLIDATED STATEMENT OF CHANGES
IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JULY 29, 2000
Unaudited)

	Comp. Income	Common Shares	Common Stock	Pref'd Stock	Add'l Paid-in Capital	Retained Earnings
Balance at Jan 29, 2000..		17,603	$17,603	$2,175	$81,887	$64,630
Stock plan activity, net.		61	61		752	
Purchase/retirement of Treasury stock, net......				(4)		
Cash dividends declared ($.20 per share)......						(3,311)
Net loss.................	$ (9,349)					(9,349)
Other comprehensive loss................	(946)					
Comprehensive loss	$(10,295)					
Balance at July 29, 2000.		17,664	$17,664	$2,171	$82,639	$51,970

	Accum. Other Comp Income (Loss)	Treasury Stock	Unallocated ESOP
Balance at Jan 29, 2000..	$(11,790)	$(19,712)	($1,486)
Stock plan activity, net.			
Purchase/retirement of Treasury stock, net......		(5,735)	
Cash dividends declared ($.20 per share)......			
Net loss.................			
Other comprehensive loss..................	(946)		
Allocation of ESOP shares			769
Balance at July 29, 2000	$(12,736)	$(25,447)	($717)

See notes to consolidated financial statements.

ONEIDA LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JULY 28, 2001 AND JULY 29, 2000
(Unaudited)
(In Thousands)

	FOR THE SIX MONTHS ENDED JULY 28, 2001	JULY 29, 2000
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income (loss)..................................	$ 2,143	$ (9,349)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization.....................	9,366	7,574
Provision for impairment of inventory and long-term assets...........................		29,000
Deferred taxes and other non-cash charges and credits...........................	(2,264)	1,476
Decrease (increase) in operating assets:		
Receivables.......................................	2,173	6,150
Inventories.......................................	18,705	(37,262)
Other current assets............................	4,785	(1,983)
Other assets......................................	(3,470)	(1,517)
Increase (decrease) in accounts payable...........	(265)	747
Decrease in accrued liabilities...................	(19,034)	(18,379)
Net cash provided (used) by operating activities	12,139	(23,543)
CASH FLOW FROM INVESTING ACTIVITIES:		
Property, plant and equipment expenditures-net...... .	(5,726)	(6,215)
Purchase of subsidiaries, net of cash acquired.....		(60,496)
Other, net...	(12)	(191)
Net cash used in investing activities..........	(5,738)	(66,902)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock..............	868	813
Issuance (purchase) of treasury stock...............	219	(5,739)
(Decrease) increase in short-term debt-net..........	1,660	(28,201)
Payment of long-term debt..........................	(3,296)	(64,802)
Proceeds from issuance of long-term debt...........		193,720
Dividends paid.....................................	(2,432)	(3,311)

Allocation of ESOP shares--net		769
Net cash (used) provided by financing activities	(2,981)	93,249
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(2,912)	(946)
NET INCREASE IN CASH	508	1,858
CASH AT BEGINNING OF YEAR	2,163	3,899
CASH AT END OF PERIOD	$ 2,671	$ 5,757

See notes to consolidated financial statements.

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ONEIDA LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Thousands)

1. The consolidated financial statements for the three and six months ended July 28, 2001 and July 29, 2000 are unaudited; in the opinion of the Company such unaudited consolidated financial statements include all adjustments (which comprise only normal recurring accruals) necessary for a fair presentation of the results of such periods.

The results of operations for the three and six months ended July 28, 2001 are not necessarily indicative of the results of operations to be expected for the year ending January 26, 2002. The consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes for the years ended in January 2001 and 2000 included in the Company's January 27, 2001 Annual Report to the Securities and Exchange Commission on Form 10-K and the Company's Form 8-K that was filed with the Securities and Exchange Commission on August 9, 2000.

2. The provision for income taxes is based on pre-tax income for financial statement purposes with an appropriate deferred tax provision to give effect to changes in temporary differences between the financial statements and tax bases of assets and liabilities. The temporary differences arise principally from restructuring charges, postretirement benefits, depreciation and other employee benefits.

3. On June 13, 2000, the Company purchased all of the stock of Viners of Sheffield, Ltd. (Viners), a London based marketer of flatware and cookware in the United Kingdom, for approximately $25,000 in cash. On June 30, 2000, the Company acquired all of the net assets of Sakura, Inc. (Sakura) a domestic importer of consumer dinnerware, for approximately $40,000 in cash. On August 9, 2000, the Company completed the acquisition of the stock of Delco International Ltd. (Delco), a leading foodservice tableware supplier for $60,000 in cash.

The above three acquisitions were recorded using the purchase method of accounting and accordingly, their operating results have been included in the Company's consolidated financial statements since their respective acquisition dates. Excess purchase price over the net fair value of assets acquired (including certain acquisition costs) totaled $113,346. These intangibles, primarily goodwill, are being amortized over forty years using the straight line method.

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ONEIDA LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Thousands)

4. During the year ended January 27, 2001, the Company recorded restructuring and unusual charges totaling $39,000. Included in this total was an inventory writedown of $24,000 related to product rationalization as a result of recent acquisitions as well as significant other stock keeping unit reductions. The Company established a $24,000 inventory reserve in the second quarter of 2000, approximately half of which was utilized through the most recent year end. In the second quarter and first half of the current year, $3,400 and $8,300,respectively, of the reserve was utilized to dispose of excess and discontinued product.

The remainder of the restructuring and unusual costs accrued of $15,000 related primarily to the consolidation of sales, marketing, logistics and administrative functions, realignment of product lines, "make versus buy" decisions and the impairment of certain manufacturing and procurement assets. All assets identified as impaired were written down by $5,000 to their net realizable value in the prior year. Other restructuring payments made to date totaled $8,700, of which $1,200 and $2,200 were paid in the current quarter and year to date.

There were no significant adjustments made to the original accruals for restructuring and unusual charges.

5. Basic and diluted earnings per share are presented for each period in which a statement of operations is presented. Basic earnings per share is computed by dividing income less preferred stock dividends by the weighted average shares actually outstanding for the period. Diluted earnings per share includes the potentially dilutive effect of shares issuable under the employee stock purchase and incentive stock option plans.

The following is a reconciliation of basic earnings per share to diluted earnings per share for the three months ended July 28, 2001 and July 29, 2000:

	Net Income (Loss)	Preferred Stock Dividends	Adjusted Net Income (Loss)	Average Shares	Earnings Per Share

2001:					
Basic earnings per share..............	$1,703	$(32)	$1,671	16,459	$.10
Effect of stock options.				94	
Diluted earnings per share..............	1,703	(32)	1,571	16,553	.10
2000:					
Basic earnings(loss) per share..............	$(16,817)	(33)	(16,850)	16,209	$(1.04)
Effect of stock options.				0	
Diluted earnings(loss) per share..............	(16,817)	(33)	(16,850)	16,209	$(1.04)

ONEIDA LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Thousands)

The following is a reconciliation of basic earnings per share to diluted earnings per share for the six months ended July 28, 2001 and July 29, 2000:

	Net Income (Loss)	Preferred Stock Dividends	Adjusted Net Income (Loss)	Average Shares	Earnings Per Share
2001:					
Basic earnings per share..............	$2,143	$(64)	$2,079	16,433	$.13
Effect of stock options.				86	
Diluted earnings per share..............	2,143	(64)	2,079	16,519	.13
2000:					
Basic earnings (loss) per share..............	$(9,349)	(65)	(9,414)	16,286	$(.58)
Effect of stock options.				0	
Diluted earnings (loss) per share..............	(9,349)	(65)	(9,414)	16,286	(.58)

6. Included in the long-term debt caption on the balance sheet are various senior notes. The note agreements relating thereto contain provisions which,

among other things require maintenance of certain financial ratios related to levels of indebtedness, minimum net worth and interest coverage levels. The covenants limit certain types of payments including dividends and investments. At July 28, 2001, the maximum amount available for payment of dividends was $3,269.

During the first quarter of 2001, the Company and its lenders negotiated revised covenant levels and entered into a security agreement collateralizing the Company's debt with all of the domestic assets (excluding real estate holdings) of the Company and certain of its material domestic subsidiaries, as well as a majority of its investment in Oneida UK Limited. The Company is currently in compliance with all financial covenants.

7. The Company's operations and assets are in one principal industry; tableware products. The Company's reportable segments are grouped around the manufacture and distribution of three major product categories: metal tableware, china dinnerware and glass tabletop products. The Company also distributes a variety of other tabletop accessories. These products are sold directly to a broad base of retail outlets including department stores, mass merchandisers, Oneida Home stores and chain stores. Additionally, these products are sold to special sales markets, which include customers who use them as premiums, incentives and business gifts. The Company also sells directly or through distributors to foodservice operations worldwide, including hotels, restaurants, airlines,

ONEIDA LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Thousands)

cruise lines, schools and healthcare facilities. The Company's operations are located in the United States, Canada, Mexico, Italy, Australia, The United Kingdom and China.

Sales by reportable segment for the second quarter and first half of 2001 and 2000 were as follows:

			(000)		
Second Quarter	Metal	Dinnerware	Glass	Other	Total
2001 Net Sales	$78,400	$32,800	$7,200	$1,028	$119,428
2000 Net Sales	$64,800	$28,900	$8,000	$2,310	$104,010

Year to date	Metal	Dinnerware	Glass	Other	Total

2001 Net Sales	$161,900	$66,700	$15,100	$2,534	$246,234
2000 Net Sales	$144,400	$58,000	$16,300	$3,511	$222,211

8. In June 2001, the Financial Accounting Standards Board approved Statements of Financial Accounting Standards No. 141 "Business Combinations" ("SFAS 141") and No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142") which are effective June 30, 2001 and December 31, 2001 respectively, for the Corporation. SFAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Under SFAS 142, amortization of goodwill, including goodwill recorded in past business combinations, will discontinue upon adoption of this standard. In addition, goodwill recorded as a result of business combinations completed during the six-month period ending December 31, 2001 will not be amortized. All goodwill and intangible assets will be tested for impairment in accordance with the provisions of the Statement. The Corporation is currently reviewing the provisions of SFAS 141 and SFAS 142 and assessing the impact of adoption.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Quarter ended July 28, 2001 compared with
the quarter ended July 29, 2000
(In Thousands)

Operations
Net Sales by Product Line:

	Three Months Ended July		
	2001	2000	%Change
Metal products.......	$ 78,400	$64,800	21.0
Dinnerware Products..	32,800	28,900	13.5
Glass products.......	7,200	8,000	(10.0)
Other Products.......	1,028	2,310	(55.5)
Total..............	$119,428	$104,010	14.8

Quarterly Review
Consolidated net sales for the quarter ended July 28, 2001 increased $15,418 over the same period a year ago. The increase in metal and dinnerware product sales is attributable to the acquisition of the Delco flatware offering in the second half of 2000 and the Viners flatware and Sakura dinnerware product lines in June of 2000. The slowdown in consumer spending negatively affected domestic sales through consumer channels, which decreased by 5.8% from the same quarter last year. Sales in domestic foodservice markets increased 30.6% over the second

quarter of 2000, primarily attributable to the Delco acquisition. Domestic foodservice sales totaled 49.1% of the Company's sales in the current quarter. During the same period, international sales grew by 25.1%, primarily due to the Viners acquisition, accounting for 17.3% of the Company's total second quarter sales.

Gross margin as a percentage of net sales was 35.0% in the second quarter of 2001 as compared to 36.5% for the same period of 2000. The decrease in gross margin this quarter is due to product mix changes related to the above referenced downturn in consumer sales in 2001. To meet the lower demand, the Company's manufacturing plants operated at a lower capacity in the current quarter, generating unfavorable variances.

Total operating expenses increased by $4,358, or 14.6%, from the same quarter last year due to the inclusion of the three acquisitions that took place in the late second and third quarters of 2000. As a percentage of sales, operating expenses remained flat with the same quarter last year at 28.6%.

During the second and third quarters of 2000, the Company recorded restructuring and unusual charges totaling $39,000. Included in this total was an inventory writedown of $24,000 related to product rationalization as a result of recent acquisitions as well as significant other stock keeping unit reductions. The Company established a $24,000 inventory reserve in the second quarter of 2000, approximately half of which was utilized through the most recent year end. In the second quarter of the current year, another $3,400 of the reserve was utilized to dispose of excess and discontinued product.

The remainder of the restructuring costs accrued of $15,000 related primarily to the consolidation of sales, marketing, logistics and administrative functions, realignment of product lines, "make versus buy" decisions and the impairment of certain manufacturing and procurement assets. All assets identified as impaired were written down by $5,000 to their net realizable value in the prior year. Other restructuring payments made to date totaled $8,700, of which $1,200 was paid in the current quarter.

There were no significant adjustments made to the original accruals for restructuring and unusual charges.

Interest expense, prior to capitalized interest, was $6,065 for the quarter ended July 28, 2001, an increase of $1,715 from the second quarter of 2000. This increase is due to higher average borrowings incurred in the current quarter. The increase in debt levels is attributable to the funding of the acquisitions made by the Company in 2000.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Six Months ended July 28, 2001 compared with
the six months ended July 29, 2000
(In Thousands)

Operations
Net Sales by Product Line:

	Six Months Ended July		
	2001	2000	%Change
Metal products.......	$161,900	$144,400	12.1
Dinnerware Products..	66,700	58,000	15.0
Glass products.......	15,100	16,300	(7.4)
Other Products.......	2,534	3,511	(27.8)
Total...............	$246,234	$222,211	10.4

Year to date review
Consolidated net sales for the six months ended July 28, 2001 increased $24,023 over the same period a year ago. The increase in metal and dinnerware product sales is attributable to the acquisition of the Delco flatware offering in the second half of 2000 and the Viners flatware and Sakura dinnerware product lines in June of 2000. Increases from the Company's 2000 acquisitions were somewhat offset by declines in the Company's core businesses, particularly in all consumer product markets. Year to date, sales of domestic consumer products have declined 11.3% over the same period last year. Due to the Delco acquisition, domestic foodservice sales now account for slightly less than one-half of the Company's 2001 sales. Sales to domestic foodservice customers have increased by 30.4% over the first half of 2000. International sales increased by 23.6%, to $42,444 from the same period last year, primarily due to the Viners acquisition.

Gross margin as a percentage of net sales for the first six months of the current year was 33.8% as compared to 37.7% for the same period of 2000. This decrease in gross margin is primarily related to a slowdown in consumer product sales in 2001. These products tend to yield a higher gross margin than foodservice sales. In addition, to match the lower demand while still decreasing inventories, the Company's production facilities have been operating at a lower capacity than in 2000, thus generating negative manufacturing variances.

Total operating expenses increased by $7,074, or 11.6%, over the first six months of the prior year due to the inclusion of the three acquisitions that took place in the late second and third quarters of 2000. As a percentage of sales, operating expenses were 27.7% in the current year to date, compared to 27.5% in 2000. The Company completed the integration of the Delco operations into its existing foodservice operations in the first quarter of 2001. This has lowered fixed operating costs and should continue to do so over the course of the rest of this year.

During the second and third quarters of 2000, the Company recorded restructuring and unusual charges totaling $39,000. Included in this total was an inventory writedown of $24,000 related to product rationalization as a result of recent acquisitions as well as significant other stock keeping unit reductions. The Company established a $24,000 inventory reserve in the first half of 2000, approximately half of which was utilized through the most recent year end. In the current year, another $8,300 of the reserve was utilized to dispose of excess and discontinued product.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Six Months ended July 28, 2001 compared with
the six months ended July 29, 2000
(In Thousands)

The remainder of the restructuring costs accrued of $15,000 related primarily to the consolidation of sales, marketing, logistics and administrative functions, realignment of product lines, "make versus buy" decisions and the impairment of certain manufacturing and procurement assets. Of these costs, $8,000 were expensed in first half of 2000. All assets identified as impaired were written down by $5,000 to their net realizable value in the prior year. Other restructuring payments made to date totaled $8,700, of which $2,200 was paid in the current year. There were no significant adjustments made to the original accruals for restructuring and unusual charges.

Interest expense, prior to capitalized interest, was $13,277 for the six months ended July 28, 2001, an increase of $5,852 from the second quarter of 2000. This increase is due to higher average borrowings outstanding in 2001, attributable to the funding of the acquisitions made by the Company in 2000.

Liquidity & Financial Resources

A prime objective of the Company in 2001 is to strengthen its balance sheet and reduce debt. During the first half of 2001, continual significant progress has been made toward attaining these goals. Year to date, inventories has been reduced by $19,000, while debt and current liabilities have declined by $21,600. The Company spent approximately $5,700 on capital projects focused primarily on its manufacturing facilities and retail fixturing. Capital spending for the remainder of 2001 is anticipated to be approximately $3,500.

Included in the long-term debt caption on the balance sheet are various senior notes. The note agreements relating thereto contain provisions which, among other things require maintenance of certain financial ratios related to levels of indebtedness, minimum net worth and interest coverage levels. The covenants limit certain types of payments including dividends and investments. At July 28, 2001, the maximum amount available for payment of dividends was $3,269.

During the first quarter of 2001, the Company was not in compliance with certain of its debt covenants. The lenders waived violation of these covenants and amended the covenants to agreed upon levels. The Company collateralized its debt with all domestic assets (excluding real estate holdings) and a majority of its investment in Oneida UK. The Company is currently in compliance with all financial covenants.

Management believes there is sufficient liquidity to support the Company's ongoing funding requirements from future operations as well as the availability of bank lines of credit. Working capital was $208,238 as of July 28, 2001.

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New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board approved Statements of Financial Accounting Standards No. 141 "Business Combinations" ("SFAS 141") and No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142") which are effective June 30, 2001 and December 31, 2001 respectively, for the Corporation. SFAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Under SFAS 142, amortization of goodwill, including goodwill recorded in past business combinations, will discontinue upon adoption of this standard. In addition, goodwill recorded as a result of business combinations completed during the six-month period ending December 31, 2001 will not be amortized. All goodwill and intangible assets will be tested for impairment in accordance with the provisions of the Statement. The Corporation is currently reviewing the provisions of SFAS 141 and SFAS 142 and assessing the impact of adoption.

Forward Looking Information
With the exception of historical data, the information contained in this Form 10-Q, as well as those other documents incorporated by reference herein, is forward-looking. For the purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the Company cautions readers that changes in certain factors could affect the Company's future results and could cause the Company's future consolidated results to differ materially from those expressed herein. Such factors include, but are not limited to: general economic conditions in the Company's markets; difficulties or delays in the development, production and marketing of new products; the impact of competitive products and pricing; certain assumptions related to consumer purchasing patterns; significant increases in interest rates or the level of the Company's indebtedness; major slowdowns in the retail, travel or entertainment industries; the loss of several of the Company's major customers; under utilization of the Company's plants and factories; the amount and rate of growth of the Company's selling, general and administrative expenses.

ONEIDA LTD

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

JULY 28, 2001

SIGNATURES

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

ONEIDA LTD
(Registrant)

Date: September 10, 2001

/s/ GREGG R. DENNY

Gregg R. Denny
Chief Financial Officer