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ONEIDA LTD  
Form 10-Q/A  
April 03, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

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

For the quarterly period ended July 27, 2002

Commission file number 1-5452

ONEIDA LTD.

(Exact name of Registrant as specified in its charter)

NEW YORK  
(State or other jurisdiction of  
incorporation or organization)

15-0405700  
I.R.S. Employer  
Identification Number

ONEIDA, NEW YORK  
(Address of principal executive offices)

13421  
(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  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of September 9, 2002: 16,543,420

ONEIDA LTD.  
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FOR THE THREE AND SIX MONTHS ENDED JULY 27, 2002

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ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None.

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None.

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None.

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None.

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

99.2. Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.3. Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) During the quarter ended July 27, 2002 no Reports on Form 8-K were filed by the registrant.

SIGNATURES

CERTIFICATIONS

## Explanatory Note

Oneida Ltd. hereby amends its Quarterly Report on Form 10-Q for the quarter ended July 27, 2002, filed with the Securities and Exchange Commission on September 10, 2002. The purpose of this amendment is to restate portions of the Form 10-Q, including Management's Discussion and Analysis, the Consolidated Statements of Operations, the Consolidated Balance Sheets, the Consolidated Statements of Changes in Stockholders' Equity, Consolidated Statements of Cash Flows and the Notes to the Consolidated Financial Statements as of and for the quarters July 27, 2002 and July 28, 2001, as set forth in the original filing. The restatement is related to adjustments made to the purchase accounting for the August 2000 acquisition of Delco International, Ltd. and its subsequent operations.

In order to preserve the nature and character of the disclosures set forth in such items as originally filed, this report continues to speak as of the date of the original filing, and, unless otherwise stated to the contrary, the Company has not updated the disclosures in this report to speak as of a later date.

ONEIDA LTD.  
CONSOLIDATED STATEMENT OF OPERATIONS  
(Unaudited)

	FOR THE		FOR THE	
	THREE MONTHS ENDED		SIX MONTHS ENDED	
	RESTATED (NOTE 1) JUL 27, 2002	RESTATED (NOTE 1) JUL 28, 2001	RESTATED (NOTE 1) JUL 27, 2002	RESTATED (NOTE 1) JUL 28, 2001
(Thousands except per share amounts)				
NET SALES .....	\$111,239	\$119,428	\$226,246	\$246,234
COST OF SALES .....	74,015	77,890	151,516	164,126
GROSS MARGIN .....	37,224	41,538	74,730	82,108
OPERATING REVENUES .....	311	333	679	740
	37,535	41,871	75,409	82,848
OPERATING EXPENSES:				
Selling, distribution and administrative expenses .....	31,738	34,528	63,265	68,906

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INCOME FROM OPERATIONS .....	5,797	7,343	12,144	13,942
OTHER INCOME - NET .....	2,638	672	3,004	534
INTEREST EXPENSE .....	3,790	5,939	7,877	13,060
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES .....	4,645	2,076	7,271	1,416
PROVISION FOR INCOME TAXES .....	1,730	775	2,708	533
	-----	-----	-----	-----
NET INCOME .....	\$ 2,915	\$ 1,301	\$ 4,563	\$ 883
	=====	=====	=====	=====
EARNINGS PER SHARE OF COMMON STOCK:				
Net income:				
Basic .....	\$ .17	\$ .08	\$ .27	\$ .05
Diluted (NOTE 3) .....	.17	.08	.27	.05
SHARES USED IN PER SHARE DATA:				
Basic .....	16,540	16,459	16,535	16,433
Diluted (NOTE 3) .....	16,608	16,553	16,575	16,519
CASH DIVIDENDS DECLARED (Common) .....	\$ .02	\$ .05	\$ .04	\$ .10

See notes to consolidated financial statements.

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ONEIDA LTD.  
CONSOLIDATED BALANCE SHEET  
JULY 27, 2002 AND JANUARY 26, 2002  
(Unaudited)

(Dollars in Thousands)

	RESTATED (NOTE 1) JULY 27, 2002	RESTATED (NOTE 1) JAN 26, 2002
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash .....	\$ 2,654	\$ 11,112
Accounts receivable, net of allowance for doubtful .. accounts of \$4,141 and \$3,475 .....	71,532	78,420
Other accounts and notes receivable .....	4,661	2,524
Inventories:		
Finished goods .....	149,986	147,097
Goods in process .....	13,495	13,112
Raw materials and supplies .....	9,295	9,314
Other current assets .....	14,487	17,687
	-----	-----
Total current assets .....	266,110	279,266
	-----	-----
PROPERTY, PLANT AND EQUIPMENT-At cost:		
Property, plant and equipment .....	256,319	252,306
Less accumulated depreciation .....	151,083	143,772

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Property, plant and equipment-net .....	105,236	108,534
OTHER ASSETS:		
Goodwill-net .....	132,871	131,796
Deferred income taxes .....	21,601	21,567
Other assets .....	8,250	4,390
TOTAL .....	\$534,068	\$545,553

See notes to consolidated financial statements.

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ONEIDA LTD.  
CONSOLIDATED BALANCE SHEET  
JULY 27, 2002 AND JANUARY 26, 2002  
(Unaudited)

(Dollars in Thousands)

	RESTATED (NOTE 1) JULY 27, 2002	RESTATED (NOTE 1) JAN 26, 2002
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt .....	\$ 9,347	\$ 11,430
Accounts payable .....	30,130	24,848
Accrued liabilities .....	36,870	39,199
Accrued income taxes .....	12,029	5,145
Dividends payable .....	363	363
Current installments of long-term debt .....	5,922	3,956
Total current liabilities .....	94,661	84,941
LONG-TERM DEBT .....	228,754	256,170
OTHER LIABILITIES:		
Accrued postretirement liability .....	57,918	56,410
Accrued pension liability .....	15,026	15,206
Other liabilities .....	8,659	8,725
Total .....	81,603	80,341
STOCKHOLDERS' EQUITY:		
Cumulative 6% preferred stock; \$25 par value; authorized 95,660 shares, issued 86,036 shares, callable at \$30 per share ...	2,151	2,151
Common stock \$1 par value; authorized		

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48,000,000 shares, issued 17,827,866 and 17,809,235 shares .....	17,828	17,809
Additional paid-in capital .....	84,138	83,965
Retained earnings .....	64,474	60,638
Accumulated other comprehensive loss .....	(15,407)	(16,328)
Less cost of common stock held in treasury; 1,285,679 shares .....	(24,134)	(24,134)
Stockholders' Equity .....	129,050	124,101
TOTAL .....	\$534,068	\$545,553
	=====	=====

See notes to consolidated financial statements

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ONEIDA LTD.  
CONSOLIDATED STATEMENT OF CHANGES  
IN STOCKHOLDERS' EQUITY  
FOR THE SIX MONTHS ENDED JULY 27, 2002  
(Unaudited)

	Comp. Income	Common Shares	Common Stock	Pref'd Stock	Add'l Paid-in Capital	Retained Earnings
	-----	-----	-----	-----	-----	-----
Balance at Jan 26, 2002						
Restated (Note 1) .....		17,809	\$17,809	\$2,151	\$83,965	\$60,638
Stock plan activity, net....		19	19		173	
Purchase/retirement of Treasury stock, net .....						
Cash dividends declared (\$ .04 per share) .....						(727)
Net income .....	\$4,563					4,563
Other comprehensive Loss .....	921					
Comprehensive income .....	\$5,484					
	=====					
Balance at July 27, 2002						
Restated (Note 1) ....		17,828	\$17,828	\$2,151	\$84,138	\$64,474
		=====	=====	=====	=====	=====
	Other Comp Income (Loss)	Treasury Stock	Unallocated ESOP			
	-----	-----	-----			

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Balance at Jan 26, 2002			
Restated (Note 1) .....	\$ (16,328)	\$ (24,134)	
Other comprehensive loss.....	921		
	-----	-----	-----
Balance at July 27, 2002			
Restated (Note 1) .....	\$ (15,407)	\$ (24,134)	
	=====	=====	=====

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						
Restated (Note 1) .....		17,703	\$17,703	\$2,167	\$82,956	\$55,693
Stock plan activity, net...		84	84		785	
Purchase/retirement of Treasury stock, net .....				(16)		
Cash dividends declared (\$ .10 per share) .....						(1,750)
Net income (loss) .....	\$ 883					883
Other comprehensive Loss .....	(2,912)					
Comprehensive income .....	\$ (2,029)					
	=====					
		-----	-----	-----	-----	-----
Balance at July 28, 2001						
Restated (Note 1) .....		17,787	\$17,787	\$2,151	\$83,741	\$54,826
		=====	=====	=====	=====	=====

	Other Comp Income (Loss)	Treasury Stock	Unallocated ESOP
	-----	-----	-----
Balance at Jan 27, 2001			
Restated (Note 1) .....	\$ (11,423)	\$ (24,590)	
Treasury stock, net .....		235	

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Other comprehensive loss.....	(2,912)		
	-----	-----	-----
Balance at July 28, 2001			
Restated (Note 1) .....	\$ (14,335)	\$ (24,355)	
	=====	=====	=====

See notes to consolidated financial statements.

ONEIDA LTD.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JULY 27, 2002 AND JULY 28, 2001  
(Unaudited)  
(In Thousands)

	FOR THE SIX MONTHS ENDED	
	RESTATED (NOTE 1) JULY 27, 2002	RESTATED (NOTE 1) JULY 28, 2001
	-----	-----
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net income .....	\$ 4,563	\$ 883
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization .....	7,950	9,366
Deferred taxes and other non-cash charges and credits .....	(528)	(2,226)
Decrease (increase) in operating assets:		
Receivables .....	4,752	2,173
Inventories .....	(3,253)	17,833
Other current assets .....	(5,199)	4,398
Other assets .....	(3,902)	(3,470)
Increase (decrease) in accounts payable .....	5,282	(265)
Increase (decrease) in accrued liabilities .....	4,554	(16,391)
	-----	-----
Net cash provided (used) by operating activities ...	14,219	12,301
	-----	-----
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Property, plant and equipment expenditure-net .....	(3,981)	(5,888)
Proceeds from sale of marketable securities .....	8,399	
Other, net .....	51	(12)
	-----	-----
Net cash used in investing activities .....	4,469	(5,900)
	-----	-----
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of common stock .....	192	868



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Issuance of treasury stock .....	219	
(Decrease)/Increase in short-term debt-net .....	(2,083)	1,660
Decrease in long-term debt-net .....	(25,450)	(3,296)
Dividends paid .....	(726)	(2,432)
	-----	-----
Net cash provided by financing activities .....	(28,067)	(2,981)
	-----	-----
EFFECT OF EXCHANGE RATE CHANGES ON CASH .....	921	(2,912)
	-----	-----
NET (DECREASE) INCREASE IN CASH .....	(8,458)	508
CASH AT BEGINNING OF YEAR .....	11,112	2,163
	-----	-----
CASH AT END OF PERIOD .....	\$ 2,654	\$ 2,671
	=====	=====

See notes to consolidated financial statements.

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

1. The statements for the three months ended July 27, 2002 and July 28, 2001 are unaudited; in the opinion of the Company such unaudited 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 months ended July 27, 2002 are not necessarily indicative of the results of operations to be expected for the year ending January 25, 2003. The consolidated financial statements and notes thereto should be read in conjunction with the financial statements and notes for the years ended in January 2002 and 2001 included in the Company's January 26, 2002 Annual Report to the Securities and Exchange Commission on Form 10-K/A.

### Restatement

In November, 2002 the company announced that it would restate financial results for its accounting for the August 2000 acquisition of Delco International Ltd. The company concluded that adjustments were needed to its initial purchase price allocation to record compensation related to employment agreements, and inventory and repacking, moving and temporary warehousing related to inventory and other period costs previously recorded as goodwill, and to appropriately recognize the deferred tax effects of the acquisition. In addition, reclassifications were made between various balance sheet accounts, including inventory, receivables, fixed assets, goodwill, other assets, and accrued liabilities to properly classify fair value and other adjustments associated with the acquisition. The cumulative effect of these restatements results in the recognition from August 2000 through July 2002 of additional compensation expense, integration expenses, and tax expense totaling \$3.4 million as compared to what was previously reported. "On December 5, 2002, the Company announced in a press release that it intended to file the restatement, and by letter dated December 13, 2002, the SEC notified the Company that it was conducting an informal inquiry regarding the restatement. The Company is fully cooperating with the SEC in the informal inquiry.

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CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE THREE MONTHS ENDED JULY 27, 2002

	As Prev. Reported	Increase (Decrease)	Restated
Selling, distribution and administrative expenses ...	\$31,652	\$ 86	\$31,738
Provision for income taxes .....	1,762	(32)	1,730
Net income .....	2,969	(54)	2,915
Earnings per share (basic and diluted).....	\$ .18	\$.01	\$ .17

Net income for the quarter ended July, 2002 decreased from \$2,969 and \$.18 per share as previously reported to \$2,915 and \$.17 per share as restated. This reduction results from recognition of additional compensation expense of \$86, net of an associated income tax benefit of \$32.

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CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE THREE MONTHS ENDED JULY 28, 2001

	As Prev. Reported	Increase (Decrease)	Restated
Cost of Sales .....	\$77,652	\$ 238	\$77,890
Selling, distribution and administrative expenses ...	34,134	394	34,528
Provision for income taxes .....	1,009	(234)	775
Net income (loss) .....	1,699	(398)	1,301
Earnings per share (basic and diluted).....	\$ .10	\$(.02)	\$ .08

Net income for the three month period ended July 2001 decreased from \$1,699 and \$.10 per share as previously reported to \$1,301 and \$.08 per share as restated as a result of the recognition of additional compensation expense of \$109, cost of sales of \$238, integration costs of \$285, less an income tax benefit of \$234.

CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE SIX MONTHS ENDED JULY 27, 2002

	As Prev. Reported	Increase (Decrease)	Restated
--	----------------------	------------------------	----------

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Selling, distribution and administrative expenses ...	\$63,093	\$ 172	\$63,265
Provision for income taxes .....	2,772	(64)	2,708
Net income .....	4,671	(108)	4,563
Earnings per share (basic and diluted).....	\$ .28	\$ .01	\$ .27

Net income for the six months ended July, 2002 decreased from \$4,671 and \$.28 per share as previously reported to \$4,563 and \$.27 per share as restated. This reduction results from recognition of additional compensation expense of \$172, net of an associated income tax benefit of \$64.

CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE SIX MONTHS ENDED JULY 28, 2001

	As Prev. Reported -----	Increase (Decrease) -----	Restated -----
Cost of Sales .....	\$162,932	\$ 1,194	\$164,126
Selling, distribution and administrative expenses ...	68,100	806	68,906
Provision for income taxes .....	1,273	(740)	533
Net income (loss) .....	2,143	(1,260)	883
Earnings per share (basic and diluted).....	\$ .13	\$ (.08)	\$ .05

Net income for the six month period ended July 2001 decreased from \$2,143 and \$.13 per share as previously reported to \$883 and \$.05 per share as restated as a result of the recognition of additional compensation expense of \$448, cost of sales of \$1,194, integration costs of \$358, less an income tax benefit of \$740.

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BALANCE SHEET AT JULY 27, 2002

	As Prev. Reported -----	Increase (Decrease) -----	Restated -----
Other current assets .....	\$ 15,340	\$ (853)	\$ 14,487
Property, plant & equipment ...	256,157	162	256,319
Goodwill - net .....	135,148	(2,277)	132,871
Deferred income taxes .....	19,253	2,348	21,601
Accrued liabilities .....	35,449	1,421	36,870
Accrued income taxes .....	10,682	1,347	12,029
Retained earnings .....	67,862	(3,388)	64,474

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The consolidated balance sheet as of July 2002 has been restated to reflect the effects of the adjustments described above. Retained earnings has been decreased \$3.4 million from \$67.9 million as previously reported to \$64.5 million as restated to recognize the cumulative effect of increased compensation expense of \$1.2 million, increased cost of sales of \$1.2 million, increased integration costs of \$500, reduced goodwill amortization of \$640, and increased income tax expense of \$1.1 million. Goodwill has been restated downward from \$135.1 million as previously reported to \$132.9 million as restated principally to reflect the reversal of compensation and integration costs included in the purchase price allocation approximating \$3.2 million, reclassify \$2.2 million of fair value adjustments and exit costs from accrued liabilities into goodwill, to increase net deferred tax assets related to the acquisition of \$1.9 million, and to reduce accumulated amortization of goodwill by \$640. The remaining changes to other current assets, property, plant and equipment, deferred income taxes, accrued liabilities and accrued income taxes were the result of balance sheet reclassifications as part of the restatement process.

### BALANCE SHEET AT JANUARY 26, 2002

	As Prev. Reported	Increase (Decrease)	Restated
	-----	-----	-----
Other current assets .....	\$ 18,540	\$ (853)	\$ 17,687
Property, plant & equipment ...	252,144	162	252,306
Goodwill - net .....	134,073	(2,277)	131,796
Deferred income taxes .....	19,181	2,386	21,567
Accrued liabilities .....	37,950	1,249	39,199
Accrued income taxes .....	3,696	1,449	5,145
Retained earnings .....	63,918	(3,280)	60,638

The consolidated balance sheet as of January 2002 has been restated to reflect the effects of the adjustments described above. Retained earnings has been decreased \$3.3 million from \$63.9 million as previously reported to \$60.6 million as restated to recognize the cumulative effect of increased compensation expense of \$1.0 million, increased cost of sales of \$1.2 million, increased integration costs of \$500, reduced goodwill amortization of \$640, and increased income tax expense of \$1.2 million. Goodwill has been restated downward from \$134.1 million as previously reported to \$131.8 million as restated principally to reflect the reversal of compensation and integration costs included in the purchase price allocation approximating \$3.2 million, reclassify \$2.2 million of fair value adjustments and exit costs from accrued liabilities into goodwill, to increase net deferred tax assets related to the acquisition of \$1.9 million, and to reduce accumulated amortization of goodwill by \$640. The remaining changes to other current assets, property, plant and equipment, deferred income taxes, accrued liabilities and accrued income taxes were the result of balance sheet reclassifications as part of the restatement process.

Due to the restated financial results for the 2001 fiscal year, the company was not in compliance with certain of its loan covenants with respect to its senior notes and revolving credit agreement. Waivers for the non-compliance have been

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obtained from the company's lenders.

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. 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 27, 2002 and July 28, 2001:

	Net Income	Preferred Stock Dividends	Adjusted Net Income	Average Shares	Earnings Per Share
	-----	-----	-----	-----	-----
2002 Restated (Note 1):					
Basic earnings					
per share .....	\$2,915	\$(32)	\$2,883	16,540	\$.17
Effect of stock options.				68	
Diluted earnings					
per share .....	2,915	(32)	2,883	16,608	.17
	-----	-----	-----	-----	-----
2002 As Reported:					
Basic earnings					
per share .....	\$2,969	\$(32)	\$2,937	16,540	\$.18
Effect of stock options.				68	
Diluted earnings					
per share .....	2,969	(32)	2,937	16,608	.18
	-----	-----	-----	-----	-----
2001 Restated (Note 1):					
Basic earnings					
per share.....	\$1,301	\$(32)	\$1,269	16,459	\$.08
Effect of stock options.				94	
Diluted earnings					
per share .....	1,301	(32)	1,269	16,553	.08
	-----	-----	-----	-----	-----
2001 As Reported:					
Basic earnings					
per share .....	\$1,703	\$(32)	\$1,671	16,459	\$.10
Effect of stock options.				94	
Diluted earnings					
per share .....	1,703	(32)	1,671	16,553	.10
	-----	-----	-----	-----	-----

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The following is a reconciliation of basic earnings per share to diluted earnings per share for the six months ended July 27, 2002 and July 28, 2001:

	Net Income -----	Preferred Stock Dividends -----	Adjusted Net Income -----	Average Shares -----	Earnings Per Share -----
2002 Restated:					
Basic earnings per share .....	\$4,563	\$(64)	\$4,499	16,535	\$.27
Effect of stock options .....				40	
Diluted earnings per share.....	4,563	(64)	4,499	16,575	.27
	-----	----	-----	-----	----
2002 As Reported:					
Basic earnings per share .....	\$4,671	\$(64)	\$4,607	16,535	\$.28
Effect of stock options .....				40	
Diluted earnings per share .....	4,671	(64)	4,607	16,575	.28
	-----	----	-----	-----	----
2001 Restated:					
Basic earnings per share .....	\$ 883	\$(64)	\$ 819	16,433	\$.05
Effect of stock options .....				86	
Diluted earnings per share .....	883	(64)	819	16,519	.05
	-----	----	-----	-----	----
2001 As Reported:					
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
	-----	----	-----	-----	----

4. 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, capital expenditures, intercompany indebtedness and letters of credit. Under the provisions of the amended note agreements, at July 27, 2002, the Company was able to declare dividends of up to \$375 per quarter.

5. 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,

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

Sales and operating income by reportable segment for the second quarter and first half of 2002 and 2001 were as follows:

	(000)				
Second Quarter	-----				
-----	Metal	Dinnerware	Glass	Other	Total
	-----	-----	-----	-----	-----
2002 Net Sales	\$69,900	\$32,300	\$ 7,300	\$1,739	\$111,239
2001 Net Sales	78,400	32,800	7,200	1,028	119,428
2002 Operating Income					
Restated (Note 1)	\$ 3,131	\$ 2,783	\$ (100)	\$ (17)	\$ 5,797
2002 Operating Income					
As Reported	\$ 3,200	\$ 2,800	\$ (100)	\$ (17)	\$ 5,883
2001 Operating Income					
Restated (Note 1)	4,494	3,174	(200)	(125)	7,343
2001 Operating Income					
As Reported	5,000	3,300	(200)	(125)	7,975
Year to date	-----				
-----	Metal	Dinnerware	Glass	Other	Total
	-----	-----	-----	-----	-----
2002 Net Sales	\$139,500	\$68,500	\$14,400	\$3,846	\$226,246
2001 Net Sales	161,900	66,700	15,100	2,534	246,234
2002 Operating Income					
Restated (Note 1)	\$ 5,162	\$ 7,266	\$ (200)	\$ (84)	\$ 12,144
2002 Operating Income					
As Reported	\$ 5,300	\$ 7,300	\$ (200)	\$ (84)	\$ 12,316
2001 Operating Income					
Restated (Note 1)	7,900	6,700	(400)	(258)	13,942
2001 Operating Income					
As Reported	9,500	7,100	(400)	(258)	15,942

6. In June 2001, the Financial Accounting Standards Board approved Statement of Financial Accounting Standards No. 142 "goodwill and other Intangible Assets" ("SFAS 142"). We adopted SFAS 142 effective January 27, 2002. Under this standard, amortization of goodwill and certain intangible assets, including certain intangibles recorded as a result of past business combinations, is to be discontinued upon adoption of SFAS 142. The new standard requires that goodwill and intangible assets be tested for impairment on an annual basis. The Company will be performing the tests of goodwill and indefinite lived intangible assets in the second fiscal quarter of 2002. No material impact on the earnings or financial position of the Company is expected due to the adoption of SFAS 142.

The following is a reconciliation assuming goodwill and other intangible assets had been accounted for in accordance with the provisions of SFAS 142 in the six

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months ended July 28, 2001. The net income is restated as discussed in Note 1.

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	FOR THE THREE MONTHS ENDED		FOR THE SIX MONTHS ENDED	
	RESTATED (NOTE 1) JULY 27, 2002	RESTATED (NOTE 1) JULY 28, 2001	RESTATED (NOTE 1) JULY 27, 2002	RESTATED (NOTE 1) JULY 28, 2001
Reported net income	\$2,915	\$1,301	\$4,563	\$ 883
Adjustments (net of income taxes):				
Goodwill amortization		511		1,087
Adjusted net income	\$2,915 =====	\$1,812 =====	\$4,563 =====	\$1,970 =====
Earnings per share:				
Basic:				
Net income	\$ .17	\$ .08	\$ .27	\$ .05
Adjusted net income	.17	.11	.27	.12
Diluted:				
Net income	\$ .17	\$ .08	\$ .27	\$ .05
Adjusted net income	.17	.11	.27	.12

7. Other income (expense) for the six months ended July 27, 2002 was principally generated from insurance proceeds of \$3,000 and gain on the sale of the remaining shares of Prudential stock of \$1,300.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
Quarter ended July 27, 2002 compared with  
the quarter ended July 28, 2001  
(In Thousands)

The Management's Discussion and Analysis of Financial Condition and Results of Operations presented below reflects the impact of the restatements to the Company's previously reported Consolidated Financial Statements as further discussed below.

Restatement



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In November, 2002 the company announced that it would restate financial results for its accounting for the August 2000 acquisition of Delco International Ltd. The company concluded that adjustments were needed to its initial purchase price allocation to record compensation related to employment agreements, and inventory and repacking, moving and temporary warehousing related to inventory and other period costs previously recorded as goodwill, and to appropriately recognize the deferred tax effects of the acquisition. In addition, reclassifications were made between various balance sheet accounts, including inventory, receivables, fixed assets, goodwill, other assets, and accrued liabilities to properly classify fair value and other adjustments associated with the acquisition. The cumulative effect of these restatements results in the recognition from August 2000 through July 2002 of additional compensation expense, integration expenses, and tax expense totaling \$3.4 million as compared to what was previously reported. On December 5, 2002, the Company announced in a press release that it intended to file the restatement, and by letter dated December 13, 2002, the SEC notified the Company that it was conducting an informal inquiry regarding the restatement. The Company is fully cooperating with the SEC in the informal inquiry.

Net income for the quarter ended July, 2002 decreased from \$2,969 and \$.18 per share as previously reported to \$2,915 and \$.17 per share as restated. This reduction results from recognition of additional compensation expense of \$86, net of an associated income tax benefit of \$32.

Net income for the three month period ended July 2001 decreased from \$1,699 and \$.10 per share as previously reported to \$1,301 and \$.08 per share as restated as a result of the recognition of additional compensation expense of \$109, cost of sales of \$238, integration costs of \$285, less an income tax benefit of \$234.

Net income for the six months ended July, 2002 decreased from \$4,671 and \$.28 per share as previously reported to \$4,563 and \$.27 per share as restated. This reduction results from recognition of additional compensation expense of \$172, net of an associated income tax benefit of \$64.

Net income for the six month period ended July 2001 decreased from \$2,143 and \$.13 per share as previously reported to \$883 and \$.05 per share as restated as a result of the recognition of additional compensation expense of \$448, cost of sales of \$1,194, integration costs of \$358, less an income tax benefit of \$740.

The consolidated balance sheet as of July 2002 has been restated to reflect the effects of the adjustments described above. Retained earnings has been decreased \$3.4 million from \$67.9 million as previously reported to \$64.5 million as restated to recognize the cumulative effect of increased compensation expense of \$1.2 million, increased cost of sales of \$1.2 million, increased integration costs of \$500, reduced goodwill amortization of \$640, and increased income tax expense of \$1.1 million. Goodwill has been restated downward from \$135.1 million as previously reported to \$132.9 million as restated principally to reflect the reversal of compensation and integration costs included in the purchase price allocation approximating \$3.2 million, reclassify \$2.2 million of fair value adjustments and exit costs from accrued liabilities into goodwill, to increase net deferred tax assets related to the acquisition of \$1.9 million, and to reduce accumulated amortization of goodwill by \$640. The remaining changes to other current assets, property, plant and equipment, deferred income taxes, accrued liabilities and accrued income taxes were the result of balance sheet

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reclassifications as part of the restatement process.

The consolidated balance sheet as of January 2002 has been restated to reflect the effects of the adjustments described above. Retained earnings has been decreased \$3.3 million from \$63.9 million as previously reported to \$60.6 million as restated to recognize the cumulative effect of increased compensation expense of \$1.0 million, increased cost of sales of \$1.2 million, increased integration costs of \$500, reduced goodwill amortization of \$640, and increased income tax expense of \$1.2 million. Goodwill has been restated downward from \$134.1 million as previously reported to \$131.8 million as restated principally to reflect the reversal of compensation and integration costs included in the purchase price allocation approximating \$3.2 million, reclassify \$2.2 million of fair value adjustments and exit costs from accrued liabilities into goodwill, to increase net deferred tax assets related to the acquisition of \$1.9 million, and to reduce accumulated amortization of goodwill by \$640. The remaining changes to other current assets, property, plant and equipment, deferred income taxes, accrued liabilities and accrued income taxes were the result of balance sheet reclassifications as part of the restatement process.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
 OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
 Quarter ended July 27, 2002 compared with  
 the quarter ended July 28, 2001  
 (In Thousands)

Operations  
 Net Sales by Product Line:

	Three Months Ended July		
	2002	2001	%Change
Metal products .....	\$ 69,900	\$ 78,400	(10.8)
Dinnerware Products ..	32,300	32,800	(1.5)
Glass products .....	7,300	7,200	1.4
Other Products .....	1,739	1,028	69.2
Total .....	\$111,239	\$119,428	(6.9)

Quarterly Review

Consolidated net sales for the quarter ended July 27, 2002 decreased \$8,189 over the same period a year ago. Sales through Consumer channels were 3.3% higher than the same period last year due to a strong quarter in the Encore supermarket division. Sales in foodservice markets decreased 15.0% over the second quarter of 2001 as the airline and hotel industries continue to be soft. Domestic foodservice sales totaled 44.8% of the Company's sales in the current quarter. During the same period, International sales decreased by 3.5%. The International division accounted for 17.9% of the Company's total second quarter sales.

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Gross margin as a percentage of net sales was 33.5% in the second quarter of 2002 as compared to 34.8% for the same period of 2001. The decrease in gross margin this quarter is due to unfavorable factory variances as the Company's manufacturing plants operated at a lower capacity due to reduced demand.

Total operating expenses decreased by \$2,790, or 8.1%, from the same quarter last year. This decrease is attributable to the reduction of goodwill amortization of \$851, in accordance with the adoption of FAS #142, and continued efforts to reduce operating costs. As a percentage of sales, operating expenses were slightly lower than the same quarter last year at 28.5% compared to 28.9%.

Other income was \$2,638 for the quarter as compared to \$672 for the second quarter of 2001 (See Note 7).

Interest expense, prior to capitalized interest, was \$3,819 for the quarter ended July 27, 2002, a decrease of \$2,246 from the same period last year. This decrease is due to significantly lower average borrowings and lower prevailing interest rates throughout the current quarter.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
Six Months ended July 27, 2002 compared with  
the six months ended July 28, 2001  
(In Thousands)

Operations  
Net Sales by Product Line:

	Six Months Ended July		
	2002	2001	%Change
Metal products.....	\$139,500	\$161,900	(13.8)
Dinnerware Products..	68,500	66,700	2.7
Glass products.....	14,400	15,100	(4.6)
Other Products.....	3,846	2,534	51.8
<b>Total.....</b>	<b>\$226,246</b>	<b>\$246,234</b>	<b>(8.1)</b>

Year to date review

Consolidated net sales for the six months ended July 27, 2002 decreased \$19,988 over the same period a year ago, reflecting continuing softness in the overall economy. Year to date, sales of consumer products have declined less than 1% over the same period last year due to a strong first half in the Encore supermarket division, which increased 68.5% over the first six months of 2001. All other Consumer channels were down a combined 6.6% in that same period. Foodservice sales, which represent 44.9% of the Company's total 2002 sales to date, decreased \$14,515, or 12.5%, from the same period last year. International sales decreased \$4,817, or 11.3% from the six months ended July 28, 2001. Sales

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in the International division represent 16.6% of the Company's total through six months of 2002.

Gross margin as a percentage of net sales for the first six months of the current year was 33.0% as compared to 33.3% for the same period of 2001. The low gross margin in both 2002 and 2001 is primarily the result of unfavorable factory variances as the Company's manufacturing plants operated at a lower capacity due to reduced demand.

Total operating expenses decreased by \$5,641, or 8.2%, compared to the first six months of the prior year. This decrease is attributable to the reduction of goodwill amortization of \$1,732, in accordance with the adoption of FAS #142, and continued efforts to reduce operating costs. As a percentage of sales, year to date operating expenses were 28.0% in both 2002 and 2001.

Other income for the period was \$3,004 compared to \$534 for the six months ended July 28, 2001 (See Note 7).

Interest expense, prior to capitalized interest, was \$7,931 for the six months ended July 27, 2002, a decrease of \$5,346 from the same period in 2001. This decrease is due to significantly lower average borrowings and lower prevailing interest rates throughout the current year.

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### Liquidity & Financial Resources

A prime objective of the Company since mid-2000 has been to strengthen its balance sheet and reduce debt. During the first half of 2002, continued progress was made toward these goals. Debt was reduced by approximately \$28,000 in the six-month period. Cash flow generated from operations for the six months ended July 27, 2002 was \$14,219, as compared to \$12,139 for the same period in 2001. During the first half of 2002, the Company received approximately \$8,000 from the sale of marketable equity securities. These proceeds were directly applied to pay down debt. The Company spent approximately \$4,400 in the first six months on capital projects focused primarily on its manufacturing facilities. Capital spending for the remaining six months of the fiscal year is anticipated to be approximately \$4,600.

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, capital expenditures, intercompany indebtedness and letters of credit. Under the provisions of the amended note agreements, at July 27, 2002, the Company was able to declare dividends of \$375 per quarter.

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 \$171,449 as of July 27, 2002 as compared to \$194,325 at January 26, 2002.

Due to the restated financial results for the 2001 fiscal year, the company was not in compliance with certain of its loan covenants with respect to its senior notes and revolving credit agreement. Waivers for the non-compliance have been

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obtained from the company's lenders.

### Critical Accounting Policies

The company's accounting policies are more fully described in Footnote 1 of the Notes to Consolidated Financial Statements in its Annual Report for the years ended January 2002 and 2001 included in the January 26, 2002 Annual Report to the Securities and Exchange Commission on Form 10-K filed in April, 2002. As disclosed in Note 1, the preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying footnotes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results occasionally will differ from those estimates, and such differences may be material to the Consolidated Financial Statements.

The most significant accounting estimates inherent on the preparation of the company's financial statements includes estimates as to the recovery of accounts receivable, inventory, goodwill, other long-lived assets and deferred tax assets. Various assumptions and other factors underlie the determination of these significant estimates. The process of determining significant estimates is fact specific and takes into account factors such as historical experience, current and expected economic conditions, product mix and actuarial determinations. The Company re-evaluates these significant factors as facts and circumstances dictate. Historically, actual results have not differed significantly from those determined using the estimates described above.

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The valuation of the company's pension, other post-retirement plans and self insured workers compensation plan require the use of assumptions and estimates that are used to develop actuarial valuations of expenses and assets/liabilities. These assumptions include discount rates, investment returns, projected salary increases and benefits, and mortality rates. The actuarial assumptions used in the company's pension reporting are reviewed annually and compared with external benchmarks to help assure that they actuarially account for the company's future pension and other post-retirement obligations. Changes in assumptions and future investment returns could potentially have a material impact on pension expense and related funding requirements.

The company offers various sales discounts and co-op advertising incentives to a broad base of customers. These discounts and incentives, along with net freight costs, are recorded as a reduction of sales. The company records accruals for these discounts and incentives as sales occur. Management regularly reviews the adequacy of the accruals based on current customer purchases. The amounts due to customers are paid or deducted from accounts receivable balances throughout the year.

### Forward Looking Information

With the exception of historical data, the information contained in this Form10-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

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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.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The company's market risk is impacted by changes in interest rates and foreign currency exchange rates. Pursuant to the company's policies, the company does not hold or issue any significant derivative financial instruments.

The company's primary market risk is interest rate exposure in the United States. Historically, the company manages interest rate exposure through a mix of fixed and floating rate debt. The majority of the company's debt is currently at floating rates. Based on floating rate borrowings outstanding at October 2002, a 1% change in the rate would result in a corresponding change in interest expense of \$2.3 million.

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There have been no other material changes to the Company's disclosures related to certain market risks as reported under Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," in the Annual Report of the Company to the U.S. Securities and Exchange Commission on Form 10-K for the year ended January 26, 2002.

### ITEM 4. Controls and Procedures.

#### Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and our Chief Financial Officer have carried out an evaluation, with the participation of the company's management, of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) within 90 days of the date of this report. That evaluation included consideration of those controls in light of the just completed review of the Company's financial statements for the prior 8 quarters. Based upon that evaluation, each has concluded that the Company's "disclosure controls and procedures" are effective to insure that information required to be disclosed in the reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and regulations.

#### Changes in Internal Controls

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls, nor any significant deficiencies or material weaknesses in such controls requiring corrective actions, subsequent to the date of their evaluation.

SIGNATURES

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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: April 2, 2003

/s/ GREGG R. DENNY

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Gregg R. Denny  
Chief Financial Officer

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### CERTIFICATION

I, Peter J. Kallet certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Oneida Ltd.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons

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performing the equivalent functions):

- a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weakness in internal controls; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

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- 6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 2, 2003

By: /s/ PETER J. KALLET

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Peter J. Kallet  
Chairman of the Board, President and  
Chief Executive Officer

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CERTIFICATION

I, Gregg R. Denny certify that:

- 1. I have reviewed this quarterly report on Form 10-Q/A of Oneida Ltd.;
- 2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
- 4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as



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defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

- b) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weakness in internal controls; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

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6. The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 2, 2003

By: /s/ GREGG R. DENNY

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Gregg R. Denny  
Chief Financial Officer

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