

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934 (AMENDMENT NO.1)

Filed by the Registrant /x/

Filed by a Party other than the Registrant / /

Check the appropriate box:

/x/ Preliminary Proxy Statement

/ / Definitive Proxy Statement

/ / Definitive Additional Materials

/ / Soliciting Material Pursuant to Section 240.14a-11(c) or  
Section 240.14a-12

ACME UNITED CORPORATION

-----  
(Name of Registrant as Specified In Its Charter)

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

/x/ \$125 per Exchange Act Rules 0-11(c)(1)(ii), or 14a-6(i)(1) or  
Item 22(a)(2) of Schedule 14A

/ / \$500 per each party to the controversy pursuant to Exchange Act Rule  
14a-6(i)(3)

/ / Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:  
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(2) Aggregate number of securities to which transaction applies:  
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(3) Per unit price of 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):  
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(4) Proposed maximum aggregate value of transaction:  
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(5) Total fee paid:  
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/ / 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:  
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(4) Date Filed:  
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March 26, 1997

Dear Fellow Shareholder:

On behalf of your Board of Directors and Management, I cordially invite you to attend the Annual Meeting of Shareholders of Acme United Corporation scheduled to be held on Monday, April 28, 1997 at 11:00 a.m., local time at People's Bank, Bridgeport Center (Multipurpose Room), 850 Main Street, Bridgeport, Connecticut. This will be my second Annual Meeting since appointment as your Company's President and Chief Executive Officer, and I particularly look forward to greeting personally those shareholders able to attend.

At the Meeting, shareholders will be asked to elect eight directors to serve for a one year term; approve an Amendment to the Company's 1996 Non-Employee Director Stock Option Plan; and ratify the appointment of Coopers and Lybrand as the Company's independent auditors for the current fiscal year. Information regarding these matters is set forth in the accompanying Notice of Annual Meeting and Proxy Statement to which you are urged to give your prompt attention.

It is important that your shares be represented and voted at the Meeting. Whether or not you plan to attend, please take a moment to sign, date and promptly mail your proxy in the enclosed prepaid envelope. This will not limit your right to vote in person should you attend the meeting.

On behalf of your Board of Directors, thank you for your continued support and interest in Acme United Corporation.

Sincerely,

Walter C. Johnsen  
President and Chief Executive Officer

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Acme United Corporation  
75 KINGS HIGHWAY CUTOFF  
FAIRFIELD, CONNECTICUT 06430

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON APRIL 28, 1997

Notice is hereby given that the Annual Meeting of Shareholders of Acme United Corporation will be held at People's Bank, Bridgeport Center (Multipurpose Room), 850 Main Street, Bridgeport, Connecticut, on Monday, April 28, 1997, at 11:00 A.M., for the following purposes:

1. To elect eight Directors of the Company to serve until the next Annual Meeting and until their successors are elected.
2. To consider and vote upon an amendment to the 1996 Non-Employee Director Stock Option Plan.
3. To consider and vote upon the appointment of Coopers and Lybrand as Auditors for the Company for the year 1997.
4. To transact such other business as may properly come before the meeting.

Shareholders of record at the close of business on March 10, 1997, will be entitled to vote at the meeting and at any adjournment thereof.

March 26, 1997

/s/ Cheryl L. Kendall

Fairfield, Connecticut

-----  
Cheryl L. Kendall, Vice President -  
Chief Financial Officer, Secretary and  
Treasurer

YOUR VOTE IS IMPORTANT

You are urged to date, sign and promptly return your proxy so that your shares may be voted in accordance with your wishes and in order that the presence of a quorum may be assured. The prompt return of your signed proxy, regardless of the number of shares you hold, will aid the Company in reducing the expense of additional proxy solicitation. The giving of such proxy does not affect the right to vote in person in the event you attend the meeting.

Enclosure: The Annual Report of the Company for the year 1996.

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Acme United Corporation  
75 KINGS HIGHWAY CUTOFF  
FAIRFIELD, CONNECTICUT 06430

ANNUAL MEETING OF SHAREHOLDERS  
APRIL 28, 1997  
PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Directors of Acme United Corporation (hereinafter called the "Company") to be used at the Annual Meeting of Shareholders of the Company, to be held April 28, 1997, or at any adjournment thereof. The purposes are set forth in the accompanying Notice of Annual Meeting of Shareholders and in this Proxy Statement. Any proxy given may be revoked by a shareholder orally or in writing at any time prior to the voting of the proxy.

The approximate date on which this Proxy Statement and the enclosed Proxy is first sent or given to shareholders is March 26, 1997.

Only holders of Common Stock of record at the close of business on March 10, 1997 will be entitled to vote at the meeting. Each holder of the 3,325,500 issued and outstanding shares of \$2.50 par value Common Stock is entitled to one vote per share. The holders of a majority of the outstanding shares present in person or by proxy will constitute a quorum for the transaction of business at the meeting.

The affirmative vote of a majority of the outstanding Common Stock entitled to vote thereon, is required for approval of the Amendment to the Certificate of Incorporation. Where a quorum is present, the affirmative vote of a majority of the votes present, in person or by proxy, at the meeting and entitled to vote will decide other questions voted upon, including the election of Directors. Abstentions and broker non-votes are counted only for the purpose of determining whether a quorum is present at the meeting.

PRINCIPAL SHAREHOLDERS

The following information is given with respect to any person who, to the knowledge of the Company's Board of Directors, owns beneficially more than 5% of the Common Stock of the Company (exclusive of treasury shares) as of February 10, 1997 (except as noted):

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Shareholder	Type of Ownership	Shares Owned on February 10, 1997	Percent of Class
Henry C. Wheeler 149 Lansdowne	Direct	434,844	12.83

Westport, CT 06880

-----  
Henry C. Wheeler and Fleet      Direct (1)      103,740      3.06  
National Bank  
777 Main Street,  
MSN 321, Hartford, CT 06115  
Trustees for Henry C. Wheeler  
-----

Fleet National Bank      Direct      23,033      .68  
777 Main Street  
MSN 321, Hartford, CT 06115  
Executor of the Estate of  
Phyllis S. Wheeler  
-----

Walter C. Johnsen      Direct      190,200      5.61  
75 Kings Highway Cutoff  
Fairfield, CT 06430  
-----

Dimensional Fund      Indirect (2)      181,538      5.35  
Advisors Inc.  
1299 Ocean Avenue  
11th Floor  
Santa Monica, CA 90401  
-----

The persons shown above have sole voting power in these shares except that in the trust marked (1) the fiduciaries share voting and dispositive power, and as noted in (2) below.

(2) Dimensional Fund Advisors Inc. ("Dimensional"), a registered investment advisor, is deemed to have beneficial ownership of 181,538 shares, all of which are held in portfolios of DFA Investment Dimensions Group Inc. ("Fund"), a registered open-end investment company, or in series of The DFA Investment Trust Company ("Trust"), a Delaware business trust, or the DFA Group Trust and DFA Participation Group Trust, investment vehicles for qualified employee benefit plans, all of which Dimensional serves as investment manager. Dimensional has sole voting power over 142,831 shares and sole dispositive power over 181,538 shares. Persons who are officers of Dimensional also serve as officers of the Fund and the Trust. In their capacity as such officers, they have the right to vote 28,707 additional shares which are owned by the Fund and 10,000 shares which are owned by the Trust and all of which shares are included in the 181,538 shares disclosed. Dimensional disclaims beneficial ownership of such shares.

#### SECURITY OWNERSHIP OF MANAGEMENT

The following table indicates, as to each named executive officer, director and nominee, and as to all directors and executive officers as a group, the number of shares and percentage of the Company's Common Stock beneficially owned as of February 10, 1997. The persons shown have sole voting power in these shares except as shown in the footnotes below.

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Common Stock  
Beneficially Owned as of  
February 10, 1997  
-----

	Number of Shares (1)		Percent
	-----		-----
David W. Clark, Jr. ....	36,803	(2)	1.01
George R. Dunbar ....	5,026		*
Walter C. Johnsen ....	340,200	(3)	9.36
Newman M. Marsilius ....	8,553	(4)	*
Wayne R. Moore ....	6,888		*
Gary D. Penisten ....	43,000		1.18
James L.L. Tullis ....	15,000	(5)	*
Dwight C. Wheeler II ....	5,505	(6)	*
Henry C. Wheeler ....	538,584	(7)	14.82
Executive Officers and Directors as a Group (13 persons) .....	1,031,059	(8)	28.38

\*Less than 1.0%

(1) Based on a total of 3,390,120 outstanding shares as of February 10, 1997 and 243,125 shares issuable upon exercise of outstanding options exercisable within 60 days of February 10, 1997.

(2) Mr. Clark is Trustee of the John E. Clark Trust with 7,894 shares and has voting and dispositive power on those shares. Mr. Clark is Co-Trustee with Margaret L. Clark of the David W. Clark, Jr. Trust with 19,867 shares and shares voting and dispositive power on these shares.

(3) Includes 150,000 shares issuable upon exercise of outstanding options within 60 days of February 10, 1997.

(4) Marie K. Marsilius, wife of Newman M. Marsilius, owns 632 shares in which Mr. Marsilius disclaims any beneficial interest.

(5) Includes 10,000 shares issuable upon exercise of outstanding options exercisable with 60 days of February 10, 1997.

(6) Dwight C. Wheeler II is a son of Henry C. Wheeler.

(7) Henry C. Wheeler is Co-Trustee with Fleet National of 103,740 shares and shares voting and dispositive power on these shares. See Principal Shareholders for details.

(8) Includes 189,000 shares issuable upon exercise of outstanding options exercisable within 60 days of February 10, 1997.

#### ELECTION OF DIRECTORS

Each of the following persons has been nominated as a Director until the next Annual Meeting of Shareholders and until his successor is chosen and qualified. The proxies in the enclosed form which are executed and returned will be voted (unless otherwise directed) for the election as Directors of the following nominees, all of whom are now members of the Board of Directors.

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Nominees	Principal Occupation	Director Since
----- Walter C. Johnsen (age 46)	----- President and Chief Executive Officer as of November 30, 1995; Executive Vice President from January 24, 1995 to November 29, 1995. Formerly served as Vice Chairman and a principal of Marshall Products, Inc. a medical supply distributor based in Lincolnshire, Ill., which he and his associates acquired in a leveraged acquisition. The firm grew from \$18 million to \$40 million in annual revenues in a period of four years when it was sold to a Japanese company. Previously, Mr. Johnsen held various venture capital positions at Smith Barney and was Managing Partner of the firm's West Coast activities. Earlier in his career, he worked at Pfizer, Inc.	----- 1995
Gary D. Penisten (age 65)	Chairman of the Board since February 27, 1996. He is a Director of D.E. Foster & Partners L.P., an executive search firm, and Food Court	1994

Entertainment Network, Inc., a shopping mall advertising entertainment venture. From 1977 to 1988, he was Senior Vice President of Finance, Chief Financial Officer and a Director of Sterling Drug Inc. in New York City. From 1974 to 1977 he served in the U.S. government as assistant Secretary of the Navy for Financial Management. Prior to that, he was employed by General Electric.

David W. Clark, Jr. (age 59)	Managing Director of Pryor & Clark Company, an investment company. From July 1988 to June 1992, Mr. Clark was President of Corcap, Inc., which was spun out of Lydall, Inc. in July 1988. Mr. Clark joined Lydall in 1972 as Vice President-Treasurer and Director. He became Executive Vice President in 1977 and President in 1986. Until July of 1992, Mr. Clark was also Chairman of the Board of CompuDyne Corporation of which he remains a Director. He is also a Director of Checkpoint Systems, Inc., Thorofare, NJ; and SSC Technologies, Bloomfield, CT.	1980
George R. Dunbar (age 73)	President of Dunbar Associates, a municipal management consulting firm. Former Chief Administrative Officer for the City of Bridgeport. President (1972-87), Bryant Electric division of Westinghouse Electric Corporation, manufacturer of electrical distribution and utilization products, Bridgeport, CT. Mr. Dunbar is also a Director of People's Bank, Bridgeport, CT.	1977
Newman M. Marsilius (age 79)	Chairman of the Board (1978-1986), The Producto Machine Company, manufacturer of special machine tools and tooling products, Bridgeport, CT.	1956
Wayne R. Moore (age 66)	President and Chief Executive Officer of The Moore Special Tool Company (1974-93). Mr. Moore was Chairman of the Board of The Moore Special Tool Company and The Producto Machine Company (1993-96), and is presently a Director and Chairman Emeritus. He was Chairman of the Association for Manufacturing Technology/U.S. Machine Tool Builders (1985-86) and Committee Member of U.S. Eximbank (1984).	1976
James L.L. Tullis (age 49)	Chairman and Chief Executive Officer of of Tullis-Dickerson & Co., Inc., Greenwich, Connecticut, a venture capital firm. From 1972 to 1983, he was a securities analyst researching	1996



independently on numerous projects for the Company.

There is an Audit Committee of the Board of Directors which is composed of Mr. Penisten as Chairman and Messrs. Dunbar, Marsilius and Moore. During 1996, this committee met two times with the Company's independent auditors. The function of the Audit Committee is to maintain a direct and separate line of communications between the Board of Directors and the Company's independent auditors.

The functions of a Nominating Committee are performed by the whole Board. The Board will consider nominees for Directors recommended by shareholders, and such recommendations may be made by submitting in writing to the Board, care of the Secretary at Company's principal executive office, the name, address, telephone number and resume of his or her business and educational background along with a written statement by the shareholder as to why such person should be considered for election to the Board of Directors.

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#### EXECUTIVE COMPENSATION

##### Executive Compensation Committee and Insider Participation

The Company's executive compensation program is administered by the Compensation Committee of the Board of Directors. During 1996 the Committee was composed of certain non-employee members of the Board of Directors, which include George R. Dunbar as Chairman and David W. Clark, Jr., Wayne R. Moore and James L.L. Tullis. The Committee had five meetings during 1996.

#### COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee is committed to a strong, positive link between business, performance and strategic goals, and compensation and benefit programs.

#### OVERALL EXECUTIVE COMPENSATION POLICY

Our compensation policy is designed to support the overall objective of enhancing value for our shareholders by:

- Attracting, developing, rewarding and retaining highly qualified and productive individuals.
- Directly relating compensation to both Company and individual performance.
- Ensuring compensation levels that are externally competitive and internally equitable.

Following is a description of the elements of the Company's executive compensation program and how each relates to the objectives and policy outlined above.

#### BASE SALARY

The Committee reviews each executive officer's salary annually. In determining appropriate salary levels, we consider level and scope of responsibility, experience, company and individual performance, internal equity, as well as pay practices of other companies relating to executives of similar responsibility.

Salary increases in 1996 were reduced or delayed to reflect the performance of the Company.

#### ANNUAL INCENTIVES

Annual incentive award opportunities are made to executives to recognize and reward corporate and individual performance. The plan in effect for 1996 provided for an incentive bonus based on the achievement of corporate profitability goals set for each individual, based upon his area of responsibility. The bonuses



would range from 5% to 40% of base salary, provided a minimum goal were reached. The amount individual executives may earn under the bonus plan is directly dependent upon the individual's position, responsibility and ability to impact our financial success. Only one incentive bonus was granted for 1996.

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In 1997, a new goal-related plan has been implemented.

#### STOCK OPTION INCENTIVES

The Company's stock option compensation program is administered by the Compensation Committee of the Board of Directors. The purpose of the Company's Amended and Restated Stock Option Plan for employees is to promote the interests of the Company by enabling its key employees to acquire an increased proprietary interest in the Company and thus to share in the future success of the Company's business. Accordingly, the plan is intended as a means not only of attracting and retaining outstanding management personnel but also of promoting a closer identity of interests between employees and stockholders. Since the employees eligible to receive options under the plan will be those who are in a position to make important and direct contributions to the success of the Company, the Committee believes that the grant of the options under the plan will be in the best interests of the Company.

The following options were granted in 1996:

Options for 75,000 shares were granted to Walter C. Johnsen on January 23, 1996 of which 25,000 shares vested on January 23, 1996, 25,000 on July 24, 1996 and 25,000 on January 1, 1997.

The Committee also granted 52,000 shares for other executive officers with staggered vesting dates through 1999.

#### RATIONALE FOR CEO COMPENSATION

Walter C. Johnsen was designated President and Chief Executive Officer of the Company effective on November 30, 1995. His compensation package was designed to encourage performance in line with the interests of our shareholders. We believe Mr. Johnsen's total compensation was competitive in the external marketplace and reflective of Company and individual performance.

Mr. Johnsen's compensation was \$150,000 per annum prior to his becoming Chief Executive Officer, and was not changed as a result of his new position. The factors which the Committee considered in determining Mr. Johnsen's base salary for fiscal 1996 were those mentioned above for other executive officers.

#### COMPENSATION COMMITTEE

George R. Dunbar, Chairman  
David W. Clark, Jr.  
Wayne R. Moore  
James L.L. Tullis

The Compensation Committee Report on Executive Compensation shall not be deemed incorporated by reference by any general statement incorporating by reference in this proxy statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

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#### SUMMARY COMPENSATION TABLE

The following sets forth information concerning the compensation of the Company's Chief Executive Officer and each of the two other most highly compensated executive officers of the Company at the end of the last completed fiscal year earning more than \$100,000 in salary and bonuses. No information is given as to any person for any fiscal year during which such person was

not an executive officer of the Company.

ANNUAL COMPENSATION

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation (1)	All Other Compensation
Walter C. Johnsen	1996	\$150,000	\$ -0-	\$2,000	
President & Chief Executive Officer (2)	1995	\$143,750	\$ -0-	\$1,000	
Dwight C. Wheeler II,	1996	\$112,500	\$ -0-	\$ 671	\$435,000 (3)
Vice Chairman until	1995	\$177,500	\$ -0-	\$ 972	
September 19, 1996 (4)	1994	\$180,000	\$ -0-	\$ 697	
Andrew T. Harrison,	1996	\$125,016	\$ -0-	\$ -0-	\$15,000 (5)
Senior Vice	1995	\$125,000	\$ -0-	\$ 797	
President (6)	1994	\$120,000	\$ -0-	\$ 951	

(1) Does not include the value of perquisites and other personal benefits because the aggregate amount of such compensation, if any, does not exceed the lesser of \$50,000 or ten (10%) percent of the total amount of annual salary and bonus for any named individual. Amounts shown represent certain reimbursements for taxes.

(2) Walter C. Johnsen also served as Chief Financial Officer from March 26, 1996 to June 30, 1996.

(3) Dwight C. Wheeler received \$435,000 in severance payments in 1996.

(4) Dwight C. Wheeler also served as Secretary from March 26, 1996 to September 19, 1996 and Treasurer from April 23, 1990 to September 19, 1996.

(5) Andrew T. Harrison received \$15,000 in consulting fees in 1996.

(6) Andrew T. Harrison retired as of December 31, 1996.

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OPTION GRANTS IN LAST FISCAL YEAR  
AND POTENTIAL REALIZABLE VALUES

The following table provides information concerning each option granted during the last fiscal year to each of the named executive officers and the potential realizable value of such options at certain assumed rates of stock appreciation.

Name (1)	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
	Number of Shares Underlying Options Granted	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price	Expiration Date	5%	10%
Walter C. Johnsen	75,000	50%	\$3.75	January 23,	\$177,000	\$448,000

	shares		per share	2006		
Dwight C. Wheeler	- 0 -	0%	\$0	---	\$0	\$0
Andrew T. Harrison	- 0 -	0%	\$0	---	\$0	\$0

(1) Includes President and Chief Executive Officer and the two other most highly compensated executive officers as measured by salary and bonus.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR  
END OPTION VALUES

The following table provides information concerning each option exercised during the last fiscal year by each of the named executive officers and the value of unexercised options held by such executive officers at the end of the fiscal year.

	Shares Acquired on exercise (#)	Value Realized	Number of Securities Underlying Unexercised Option/SARs at Fiscal Year End (#) (1) Exercisable / Unexercisable	Value of Unexercised In-the-Money Option SARs at Fiscal Yr End (\$ (1) (2) Exercisable / Unexercisable
Walter C. Johnsen	-0-	-0-	150,000/-0-	\$271,875/-0-
Dwight C. Wheeler II	50,000	\$68,750	-0-/-0-	\$0/-0-
Andrew T. Harrison	-0-	-0-	16,000/-0-	\$21,000/-0-

(1) The Company has no unexercised SARs.

(2) Values stated are based on the closing price per share of the Company's Common Stock on the American Stock Exchange on December 31, 1996, the last trading day of the fiscal year.

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ACME UNITED CORPORATION RETIREMENT PLANS

In December 1995, the Board of Directors adopted a resolution to freeze the defined benefit pension plan resulting in no further benefit accruals after February 1, 1996. The life annuity annual benefit at age 65, was zero for Walter C. Johnsen, \$18,187 for Dwight C. Wheeler, and \$28,961 for Andrew T. Harrison. These amounts are not subject to a deduction for estimated Social Security benefits, and do not include benefits which would result from the transfer by a retiring employee of his accrued profit-sharing account balance to the pension plan.

CHANGE-IN-CONTROL ARRANGEMENTS AND SEVERANCE PAY PLAN

The Company has a Salary Continuation Plan in effect covering officers of the Company employed in the United States at the level of Vice President or above, under the age of 65 and having at least one (1) year of Company service. Amongst others, this plan covers Walter C. Johnsen, and is designed to retain key employees and provide for continuity of management in the event of an actual or threatened change in control of the Company and/or the sale of its Medical Products Division. First, the plan provides that in the event of such a change in control and/or sale of the Medical Products Division each such key employee would have specific rights and receive certain benefits if, within one year after such change in control and/or sale (two years for officers who like Mr. Johnsen are also Directors), either the employee's employment is terminated by the Company

involuntarily, his responsibility, status or compensation is reduced, or if he is transferred to a location unreasonably distant from his current location. In such circumstances the compensation which the employee would be entitled to receive would be a lump sum payment equal to a specific number of months' compensation based upon the level of his non-deferred compensation in effect immediately preceding such disposition. Secondly, any such key employee resigning within six (6) months after the disposition of the Company or the Medical Products Division (one year for certain officers who like Mr. Johnsen are also Directors) would be entitled to a similar payment. Under the first scenario Mr. Johnsen would be entitled to thirty (30) months' compensation; under the second scenario, Mr. Johnsen would be entitled to twenty-four (24) months' compensation.

The Company has a Severance Pay Plan in effect covering officers of the Company employed in the United States at the level of Vice President or above, under the age of 65 and having at least one (1) year of Company service. Amongst others, this Plan covers Mr. Johnsen and is designed to enable the Company to attract and retain key employees. The Plan provides that in the event the key employee's employment is terminated by the Company involuntarily, his responsibility, status or compensation is reduced or if he is transferred to a location unreasonably distant from his current location, he shall be entitled to benefits under the Plan. In such circumstances the compensation which the employee would be entitled to receive would be a lump sum payment equal to a specific number of months compensation based upon the level of his non-deferred compensation in effect immediately preceding such termination. Under the Plan Mr. Johnsen would be entitled to six (6) months' compensation upon such severance. This plan applies only if the Salary Continuation Plan does not apply. Mr. Dwight C. Wheeler resigned on September 19, 1996, and was paid a severance of \$435,000 under this Plan representing twenty nine (29) months of compensation of his salary in effect on November 30, 1995.

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PERFORMANCE GRAPH

The following Performance Graph shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

The graph compares the yearly cumulative total stockholder return on the Company's Common Stock with the yearly cumulative total return of (a) the AMEX Market Index and (b) a peer group of companies that, like the Company, (i) are currently listed on the American Stock Exchange, and (ii) have a market capitalization of \$10 million to \$20 million. The peer group includes the following companies: Acme United Corporation, Aerosonic Corp, Aircoa Hotel Partnr (LP), Alba-Waldensian Inc, Alfin Inc, AM International Inc, America First Prep 2 LP, American Real Estate Inv, American Restaurants PRT, Arizona Land Income Corp, Arrhythmia Research Tech, Arrow Automotive Ind, Aurora Electronics Inc, B&H Ocean Carriers LTD, Bank of Southington, Barrister Info Sysys CP, Beard Co, Bentley Pharmaceutical, Biscayne Apparel Inc, Blackrock CA INV QMT, Blackrock FL IQMT, Blackrock NJ IQMT, Blackrock NY IQMT, Bowmar Instrument Corp, Brandywine Realty Trust, Buffton Corp, Calton Inc, Carematrix Corporation, Chicago Rivet & Machine, Citadel Holding Corp, Citisave Financial Corp, Coast Distribution Sysys, Cognitronics Corp, Computrac Inc, Core Material, Cornerstone Bank, Dewolfe Copanies Inc, Driver-Harris Co, Editek Inc, Engex Inc, Environmental Tectonics, Espey Mfg & Electronics, ETS International Inc, EXX Inc CL A, Farmstead Telehone GR, FFP Partners L.P., First Central Financial, First West VA Bancorp, Foodarama Supermarkets, FPA Corp, Frontier Adjustr of Amer, Gamma Biologicals Inc, General Automation Inc, Global Ocean Carriers, Globalink Inc, Hastings Manufacturing, Heartland Partners L.P., Hein-Werner Corp, Heist C.H. Corporation, Income Opportun Rlty

Inv, Independent Bankshares, Intelligent Systems Corp, Jaclyn Inc, Jalate LTD, Joule Inc, KBK Capital Corp, Kentucky First Bancorp, Kit Manufacturing Co, Marlton Technologies Inc, Matec Corp, Measurement Specialties, Media Logic Inc, Merrimac Industries Inc, Midsouth Bancorp, Milwaukee Land Co, Morgan Group Inc CL A, Movie Star Inc, MSR Exploration LTD, NFC PLC ADR, O'Okiep Copper Co, Ohio Art Co, One Liberty Props Inc, Pacific Gateway Props, Pamida Holdings Corp, PC Quote Inc, Pinnacle Bancshares Inc, Pittsbg & WV Railroad, Plymouth Rubber Inc CL A, Polk Audio Inc, Professional Bancorp Inc, Richton Internat Corp, Scandinavia Co, Servotronics Inc, Silverado Foods Inc, Sloans Supermarkets, Southern Banc Co Inc, Southfirst Bancshares, Sterling Cap CP, Sunbelt Nursery Group, Team Inc, Thermwood Corp, Three Rivers Fin, Tolland Bank CT, Town & Country Corp, Trans Lux Corp, Triton Group LTD, United Guardian Inc, Unitel Video Inc, Van Kampen AM CAP OH VMI, Versar Inc, Vitronics Corp, Wellco Enterprises Inc, Wells-Gardner Electronic, Winston Resources Inc, Xytronyx Inc.

The Company does not believe it can reasonably identify a peer group of companies on an industry or line-of-business basis for the purpose of developing a comparative performance index. While the Company is aware that some other publicly-traded companies market products in one of the Company's two lines-of-business, none of these other companies provide most or all of the products offered by the Company, and many offer other products or services as well. Moreover, some of these other companies that engage in one of the Company's two lines-of-business do so through divisions or subsidiaries that are not publicly-traded. Furthermore, many of the other companies are substantially more highly capitalized than the Company. For all of these reasons, any such comparison would not, in the opinion of the Company, provide a meaningful index of comparative performance.

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The comparisons in the graph below are based on historical data and are not indicative of, or intended to forecast, the possible future performance of the Company's Common Stock.

(Printer: Insert Graph)

#### PROPOSAL FOR AMENDMENT TO 1996 NON-EMPLOYEE DIRECTOR STOCK OPTION PLAN

On February 27, 1997, the Board of Directors, subject to approval of the Shareholders, amended and restated the 1996 Non-Employee Director Stock Option Plan and renamed the plan the Non-Salaried Director Stock Option Plan ("Plan"). The following description of the Plan as amended is qualified in its entirety by reference to the text of the Plan, a copy of which has been filed with the SEC.

#### PURPOSE

The purpose of the Plan is to provide long-term incentive supplemental compensation for members of the Board of Directors of the Company who are not salaried employees of the Company through the ownership of the Company's Common Stock, thereby further aligning their interest with the interests of shareholders. Stock option plans for such directors have served other companies and their shareholders well by directly relating incentive compensation to the building of long-term shareholder values. Last year a plan was proposed for the first time for directors to provide equity-related compensation for this important group as well. Such plans are increasingly common throughout American industry and are found in other companies with which the Company competes for the services of qualified individuals to serve as directors. Approximately one year after the Plan was approved by the shareholders in 1996 it became apparent that, while the Plan was the correct action, certain adjustments were necessary.

#### ADMINISTRATION OF THE PLAN

The Plan is administered by the Compensation Committee of the

Board of Directors composed of certain non-employee directors (the "Committee"). The Committee, however, has no discretion affecting the timing, price or amount of any grants, all of which are determined in the Plan.

#### SHARES OF STOCK SUBJECT TO THE PLAN

As approved in 1996, the aggregate number of shares subject to options during the term of the Plan was limited to 50,000 shares of the Common Stock of the Company. It is now proposed that the number of shares subject to options be increased from 50,000 to 60,000. This limit may not be increased during the term of the Plan except by the shareholders or by equitable adjustment following recapitalization, stock splits, stock dividends or any similar adjustment in the number of shares subject to outstanding options, and in the related option exercise price. If the shareholders approve this Plan amendment, additional shares (which can be authorized but unissued shares or treasury shares or a combination thereof) will be set aside for the award of options.

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ELIGIBILITY

New Directors of the Company who are first elected to the Board at the 1996 Annual Meeting or at subsequent Annual Meetings and, at the time of receiving any grant, are not salaried employees of the Company are eligible to receive benefits under the Plan. Directors who were first elected to the Board prior to the 1996 Annual Meeting and who are not salaried employees of the Company are eligible to receive benefits under the Plan after being elected at the 1997 Annual Meeting. The only non-employee director to have received stock options to date is Mr. Tullis and he will not be eligible for additional grants as a result of the proposed amendment. Directors who are elected in the future will be eligible for option grants only to the extent options previously granted are terminated or surrendered.

#### DURATION OF THE PLAN

No awards of stock options may be made after 2006, but termination will not affect the rights of any participant with respect to any grants made prior to termination.

#### OPTION

The Plan as adopted in 1996 provides that an option to purchase 10,000 shares of the Common Stock of the Company be granted to each new director on April 22, 1996, and for each additional new director added each year thereafter (beginning with 1997) on the date of the Annual Meeting for that calendar year to each Director who, at the adjournment of that meeting, is an eligible Director.

The Plan as adopted in 1996 provides that directors elected prior to the 1996 Annual Meeting would be granted shares only after aggregate earnings of \$0.50 per share has been earned over a period of four consecutive quarters. Thereafter, grants would be made at a rate of 2,500 shares annually until a total 10,000 shares of options had been granted. In retrospect this approach failed to create an immediate incentive and thus failed to create the motivation intended by the Plan. Therefore it is proposed that, subject to shareholder approval, all current directors who are not salaried employees be granted an option to purchase 10,000 shares on the date shareholder approval occurs. Vesting of the option shares granted on April 28, 1997 to each participant would be as follows:

2,500 on April 29, 1997  
2,500 on April 29, 1998  
2,500 on April 29, 1999  
2,500 on April 29, 2000

The grant to Mr. Tullis after the 1996 Annual Meeting will vest on April 23, 1997.

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EXERCISE PRICE

The exercise price with respect to an option awarded under the Plan is 100% of the fair market value of the Common Stock as of the date the option is granted. It will be paid for in full, in cash or in any other medium and manner satisfactory to the Company at the time the option is exercised. The optionee must satisfactorily provide for the payment of any taxes which the Company is obligated to collect or withhold before the Common Stock is transferred to the optionee.

#### PROVISIONS RELATING TO OPTIONS

Options may not be exercised until vested as described above and not after ten years from the date of the grant, except in the case of death of the grantee in the final year prior to expiration of the 10-year term. In that case, stock options may be exercised for a period of eleven years from the date of grant. The Committee may make provision for exercises within the 10-year terms of a grant but following termination of Board membership. Recipients will have no rights as stockholders until the date of exercise in the case of an exercise involving receipt of stock. Options may not be transferred except upon the death of the grantee, in certain other instances as provided by law, and for the benefit of immediate family members if permitted by law and under uniform standards adopted by the Committee.

#### AMENDMENT TO THE PLAN

The Board of Directors on recommendation of the Committee may amend or terminate the Plan, except that no amendment shall affect the timing, price or amount of any grants to eligible Directors. In addition, shareholders must approve any change (i) increasing the numbers of shares subject to the Plan (except as described under "Shares of stock subject to the Plan") or (ii) changing the eligibility for grant. Provisions of the Plan may not be amended more than once every six months, other than to comply with provisions of applicable law.

#### FEDERAL INCOME TAX CONSEQUENCES

##### Granting of options and rights

A recipient of options incurs no income tax liability as a result of having been granted those options or rights.

##### Exercise of Options

The exercise by an individual of a stock option normally results in the immediate realization of income by the individual of the difference between the market value of the stock which is being purchased on the date of exercise and the price being paid for such stock. The amount of such income also is deductible by the Company.

##### Sale of Stock

Under current law an individual who sells stock which was acquired upon the exercise of options will receive long-term capital gains or loss treatment, if he or she has held such stock for longer than one year following the date of such exercise, on gain or loss equal to the difference between the price for which such stock was sold and the market value of the stock on the date of the exercise. If the individual has held the stock for one year or less the gain or loss will be treated as short-term capital gain or loss.

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PLAN BENEFITS

Upon approval of the amendment to the Plan by the shareholders and upon their election as Directors at the 1997 Annual Meeting, all directors who are not salaried employees of the Company and who have not previously received a stock option grant, namely Messrs. Clark, Dunbar, Marsilius, Moore and Penisten, will be granted options for 10,000 shares each under the terms of the

amended Plan.

#### VOTE REQUIRED

The Plan amendment described requires the affirmative vote of a majority of the shares of Common Stock of the Company present in person or by proxy at the meeting. If the amendment is not approved by shareholders, it will not become effective.

The Board of Directors recommends a vote FOR approval of the amendment to the 1996 Non-Employee Director Stock Option Plan.

#### SELECTION OF AUDITORS

The shareholders will be asked to approve the appointment of Coopers & Lybrand, auditors for the Company since 1969, as auditors for 1997. The Company knows of no direct or material indirect financial interest in the Company or of any connection with the Company by this accounting firm except the professional relationship between auditor and client.

Representatives of Coopers & Lybrand are expected to be present at the 1997 Annual Meeting with the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

#### COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's common stock, to file with the SEC and the American Stock Exchange reports of ownership and changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than 10% shareholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on review of copies of such reports furnished to the Company or written representations that no other reports were required, the Company believes that, during the 1996 fiscal year, all filing requirements applicable to its officers, directors and greater than 10% beneficial owners were complied with, except as follows:

- The filing of Form 3 with the SEC by Ms. Cheryl L. Kendall was not made within ten (10) days of her becoming employed by the Company on July 1, 1996. Her Form 3 was filed with the SEC on or about August 1, 1996.

- The filing of Form 3 with the SEC by Mr. James L.L. Tullis was not made within ten (10) days of his becoming a director of the Company on April 22, 1996. His Form 3 was filed with the SEC on or about May 3, 1996.

- The filing of Form 4 with the SEC by Mr. Wayne R. Moore was not made within ten (10) days after the end of month of purchase of company stock on August 29, 1996. The Form 4 was filed with the SEC on or about September 16, 1996.

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#### SHAREHOLDER PROPOSALS

To allow sufficient time for preparation of the proxy and proxy statement, shareholder proposals for presentation at the Annual Meeting scheduled for April 27, 1998 must be received by the Secretary of the Company no later than November 27, 1997.

In addition, the Company's by-laws provide that any shareholder wishing to make a nomination for the office of Director at the 1998 Annual Meeting must give the Company at least sixty (60) days' advance notice, and that notice must meet certain requirements set forth in the by-laws. Shareholders may request a copy of the by-laws from the Secretary of the Company.



Notices and requests should be addressed to Secretary, Acme United Corporation, 75 Kings Highway Cutoff, Fairfield, Connecticut 06430.

OTHER BUSINESS

Management does not know of any matters to be presented, other than those described herein, at the Annual Meeting. If any other business should come before the meeting, the persons named in the enclosed proxy will have discretionary authority to vote all proxies in accordance with their best judgment.

Solicitation of proxies is being made by management through the mail, in person and by telephone and telegraph. The Company will be responsible for costs associated with this solicitation.

By Order of the Board of Directors  
Cheryl L. Kendall, Vice President -  
Chief Financial Officer, Secretary  
and Treasurer  
Acme United Corporation  
75 Kings Highway Cutoff  
Fairfield, Connecticut 06430  
March 26, 1997