

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM S-8
Registration Statement
Under the Securities Act of 1933

Acme United Corporation
(Exact name of Registrant as specified in its charter)

Connecticut
(State or other jurisdiction of
incorporation or organization)

06-0236700
(I.R.S. Employer
Identification Number)

1931 Black Rock Turnpike
Fairfield, Connecticut 06825
(Address of principal executive offices, including zip code)

Acme United Corporation 2005 Non-Salaried Director Stock Option Plan
Acme United Corporation 2002 Employee Stock Option Plan, as amended
(Full Title of the Plans)

Paul Driscoll
Chief Financial Officer
1931 Black Rock Turnpike
Fairfield, Connecticut 06825
(Name and address of agent for service)

(203) 332-7330
(Telephone number, including area code, of agent for service)

copy to:
Merritt A. Cole, Esq.
Dilworth Paxson LLP
3200 Mellon Bank Center
1735 Market Street
Philadelphia, Pennsylvania 19103
Phone (215) 575-7000
Fax (215) 575-7200

CALCULATION OF REGISTRATION FEE

Title of Securities To Be Registered	Amount Being Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$2.50 per share.....	151,938	\$17.99(2)	\$2,733,365(2)	\$321.72
Common Stock, par value \$2.50 per share.....	171,500	\$17.02(3)	\$1,826,508(3)	\$214.98
Common Stock, par value \$2.50 per share.....	7,500	\$15.15(4)	\$113,625(4)	\$13.37
TOTAL	330,938			\$550.07

<FN>

- (1) Pursuant to Rule 416 under the Securities Act of 1933, as amended, the number of shares of the issuer's Common Stock registered hereunder will be adjusted in the event of stock splits, stock dividends or similar transactions.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rules 457 (c) and 457 (h) under the Securities Act of 1933, as amended (the "Securities Act"), based upon the average of the high and low prices for a share of Common Stock reported on the American Stock Exchange as of July 1, 2005.
- (3) Calculated pursuant to Rule 457 (h)(1) under the Securities Act; the 171,500 shares are issuable upon exercise of outstanding options granted under the 2002 Employee Stock Option Plan, which options have exercise prices in the range of \$3.35 - \$17.02 per share.
- (4) Calculated pursuant to Rule 457 (h)(1) under the Securities Act; the 7,500 shares are issuable upon exercise of outstanding options granted under the 2005 Non-Salaried Director Stock Option Plan, which options have an exercise price of \$15.15 per share.

</FN>

Part I
INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

The documents containing the information specified in Part I of Form S-8 will be sent or given to participants as specified by Rule 428(b)(1) promulgated under the Securities Act of 1933, as amended (the "Securities Act"). Such documents need not be filed with the Securities and Exchange Commission (the "Commission") either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424. These documents and the documents incorporated herein by reference pursuant to Item 3 of Part II of this Registration Statement, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act (the "Prospectus").

Explanatory Note.

This Registration Statement on Form S-8 is being filed for the purpose of registering:

- (i) 50,000 shares of common stock, par value \$2.50 per share (the "Common Stock") of Acme United Corporation (the "Company") which may be issued pursuant to the Company's 2005 Non-Salaried Director Stock Option Plan (the "Director Plan"); and
- (ii) 280,938 shares of Common Stock which may be issued pursuant to the Company's 2002 Employee Stock Option Plan (the "Employee Plan").

Pursuant to Rule 416 under the Securities Act, an indeterminate amount of additional shares of Common Stock, which may become issuable pursuant to the anti-dilution or other adjustment provisions of the option plans referred to above, are also being registered hereunder.

In February 2002, the Board of Directors of the Company approved the Employee Plan, subject to stockholder approval. Stockholder approval of the Employee Plan was received at the Annual Meeting of Stockholders held on April 22, 2002. In February 2005, the Board of Directors of the Company approved the Director Plan as well as an amendment to the Employee Plan to increase the number of shares of Common Stock which may be issued pursuant to the Employee Plan from 150,000 shares to 300,000 shares, both subject to stockholder approval. Stockholder approval of the Director Plan and of the amendment to the Employee Plan was received at the Annual Meeting of Stockholders held on April 25, 2005. (Options to purchase a total of 19,062 shares of Common Stock under the Employee Plan have been previously exercised and such 19,062 shares are not being registered hereunder.)

Part II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents previously filed with the Commission are incorporated by reference and made a part of this prospectus.

- |X| our Annual Report on Form 10-K for the year ended December 31, 2004;
- |X| our Quarterly Report on Form 10-Q for the quarter ended March 31, 2005;
- |X| our Current Reports on Form 8-K filed February 9, 2005, March 3, 2005, March 11, 2005, March 30, 2005, March 31, 2005, and April 21, 2005; and
- |X| the description of our Common Stock contained in the Form 8-K filed on July 8, 2005 including any amendment to that form that we may have filed in the past, or may file in the future, for the purpose of updating the description of our common stock.

All documents we have filed pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934 subsequent to the effective date of this Registration Statement, prior to the filing of a post-effective amendment which indicates that all securities offered by this prospectus have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this prospectus and to be a part of this prospectus from the date of filing of such documents. Any statement contained herein or in any document incorporated or deemed to be incorporated by reference shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained in any other subsequently filed document which also is or is deemed to be incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed to constitute a part of this Registration Statement, except as so modified or superseded.

Item 4. Description of Securities.

Not Applicable.

Item 5. Interest of Named Experts and Counsel.

None.

Item 6. Indemnification of Directors and Officers.

Connecticut General Statutes Sections ("CGS") 33-771 through 33-778 provide for mandatory, permissive and court-ordered indemnification of directors who are parties to a proceeding. For purposes of these indemnification statutes a "proceeding" is defined as any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal.

The Company's Restated Certificate of Incorporation provides that the Company shall indemnify an individual who is a party to a proceeding because he is a director or officer of the corporation against liability in the proceeding if:

(1) (A) he conducted himself in good faith; (B) he reasonably believed (i) in the case of conduct in his official capacity, that his conduct was in the best interests of the corporation; and (ii) in all other cases, that his conduct was at least not opposed to the best interests of the corporation; and (C) in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful; or

(2) such liability arises from any action taken, or any failure to take any action, as a director or officer, except liability that (A) involved a knowing and culpable violation of law by the director or officer; (B) enabled the director, officer or an associate (as defined in the CGS) to receive an improper personal gain; (C) showed a lack of good faith and a conscious disregard for the duty of the director or officer to the corporation under circumstances in which the director or officer was aware that his conduct or omission created an unjustifiable risk of serious injury to the corporation; (D)

constituted a sustained and unexcused pattern of inattention that amounted to an abdication of the director's or officer's duty to the corporation; or (E) created liability under the CGS for the illegal payment of dividends.

The Registrant has obtained directors' and officers' reimbursement and liability insurance against certain liabilities.

Item 7. Exemption from Registration Claimed.

Not Applicable.

Item 8. Exhibits.

The following exhibits are filed as part of this Registration Statement:

Exhibit No.	Identification of Exhibit
4.1	Restated Certificate of Organization(a)
4.2	Bylaws of the Company(b)
4.3	Specimen Common Stock Certificate(c)
4.4	2005 Non-Salaried Director Stock Option Plan(d)
4.5	2002 Employee Stock Option Plan, as amended
4.6	Form of Option Agreement
5.1	Opinion of Brody, Wilkinson and Ober, P.C.
23.1	Consent of Brody, Wilkinson and Ober, P.C. (included in Exhibit 5.1)
23.2	Consent of Ernst & Young LLP, independent registered public accounting firm

(a) Incorporated by reference to Exhibit 3(i) to the Company's Form 8-K filed on July 8, 2005.

(b) Incorporated by reference to Exhibit 3(ii) to the Company's Annual Report on Form 10-K for year ended December 31, 2004.

(c) Incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on July 8, 2005.

(d) Incorporated by reference to Exhibit B to the Company's definitive proxy statement on Schedule 14A filed on March 29, 2005.

Item 9. Undertakings

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(a) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(b) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of a prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(c) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement; provided, however, that paragraphs (1)(a) and (1)(b) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration

statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Fairfield, State of Connecticut, on the 8th day of July, 2005.

ACME UNITED CORPORATION

By: /s/ Walter C. Johnsen

Walter C. Johnsen, President and Chief
Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Walter C. Johnsen and Paul Driscoll, or either of them, as true and lawful attorneys-in-fact and agents with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities to sign the Registration Statement filed herewith and any or all amendments to said Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, the Securities and Exchange Commission granting unto said attorney-in-fact and agents the full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the foregoing, as to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents or any of them, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Walter C. Johnsen ----- Walter C. Johnsen	President, Chief Executive Officer and Director	July 8, 2005
/s/ Paul Driscoll ----- Paul Driscoll	Vice President and Chief Financial Officer	July 8, 2005
/s/ Gary D. Penisten ----- Gary D. Penisten	Chairman of the Board	July 8, 2005
/s/ Wayne R. Moore ----- Wayne R. Moore	Director	July 8, 2005
/s/ George R. Dunbar ----- George R. Dunbar	Director	July 8, 2005
/s/ Richmond Y. Holden, Jr. ----- Richmond Y. Holden, Jr.	Director	July 8, 2005
/s/ Brian S. Olschan ----- Brian S. Olschan	Director	July 8, 2005
/s/ Stevenson E. Ward III ----- Stevenson E. Ward III	Director	July 8, 2005
/s/ Susan H. Murphy ----- Susan H. Murphy	Director	July 8, 2005

Exhibit Index

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4.5	2002 Employee Stock Option Plan, as amended

4.6 Form of Option Agreement
5.1 Opinion of Brody, Wilkinson and Ober, P.C.
23.1 Consent of Brody, Wilkinson and Ober, P.C. (included in
Exhibit 5.1)
23.2 Consent of Ernst & Young LLP, independent registered public
accounting firm

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- (a) Incorporated by reference to Exhibit 3(i) to the Company's Form 8-K filed on July 8, 2005.
 - (b) Incorporated by reference to Exhibit 3(ii) to the Company's Annual Report on Form 10-K for year ended December 31, 2004.
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ACME UNITED CORPORATION
EMPLOYEE STOCK OPTION PLAN

1. PURPOSE

The purpose of this plan (the "Plan") is to promote the interests of Acme United Corporation (the "Corporation") by enabling its key employees to acquire an increased proprietary interest in the Corporation and thus to share in the future success of the Corporation'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 Corporation, the Directors believe that the grant of the Options under the Plan will be in the best interests of the Corporation.

2. DEFINITIONS

Unless the context clearly indicates otherwise, the following terms when used in the Plan, shall have the meanings set forth in this Section 2.

- (a) "Beneficiary" means the person or persons who shall acquire the right to exercise an option by bequest or inheritance.
- (b) "Board of Directors" or "Board" means the Board of the Directors of the Corporation.
- (c) "Code" means the Internal Revenue Code of 1986, as amended from time to time.
- (d) "Committee" means the Compensation Committee of the Board of Directors, consisting of select Board members who are not employees of the Corporation, but in no event fewer than two (2) such Board members.
- (e) "Common Stock" shall mean common stock, par value \$2.50 per share, of the Corporation.
- (f) "Disability" means a disability as defined in the Corporation's Long-Term Disability Plan, as amended from time to time.
- (g) "Fair Market Value" shall mean the closing price for the Common Stock on the date immediately preceding the date on which the option is granted.
- (h) "Incentive Stock Option" shall mean a stock option granted pursuant to this Plan and intended to satisfy the requirements of Section 422 of the Code.
- (i) "Option" shall mean a stock option granted pursuant to the Plan.
- (j) "Optionee" shall mean a person to whom an Option has been granted under the Plan.
- (k) "Option Agreement" shall mean the written agreement to be entered into by the Corporation and the Optionee, as provided in Section 6 hereof.
- (l) "Retirement" shall mean retirement pursuant to the Retirement Plan for Employees of Acme United Corporation, as amended from time to time.
- (m) "Share" shall mean the Common Stock of the Corporation, as adjusted in accordance with Section 16 of the Plan.
- (n) "Subsidiary" shall mean any subsidiary corporation of the Corporation within the meaning of Section 424(f) of the Code (or a

successor provision of similar import).

Where used herein, unless the context indicates otherwise, words in the masculine form shall be deemed to refer to females as well as to males.

3. SHARES SUBJECT TO THE PLAN

- (a) The stock to be covered by the Options is the Common Stock of the Corporation. The aggregate number of shares of Common Stock which may be delivered on exercise of the Options is 300,000 shares, subject to adjustment pursuant to Section 16.
- (b) As determined by the Board from time to time, such shares may be previously issued shares reacquired by the Corporation or authorized but unissued shares. If any Option expires or terminates for any reason without having been exercised in full, the Shares covered by the unexercised portion of such Option shall again be available for Options, within the limits specified above.

4. ADMINISTRATION OF THE PLAN

- (a) The Plan shall be administered by the Board of Directors of the Corporation, which shall accept, amend, or reject recommendations made by the Committee. In addition to its duties with respect to the Plan stated elsewhere in the Plan, Board shall have full authority, consistent with the Plan, to interpret the Plan, to promulgate such rules and regulations with respect to the Plan as it deems desirable and to make all other determinations necessary or desirable for the administration of the Plan. All decisions, determinations, and interpretations of the Board shall be binding upon all persons.

No member of the Board of Directors or the Committee and no employee of the Corporation shall be liable for any act or action hereunder, whether of omission or commission, by any other member or employee or by any agent to whom duties in connection with the administration of the plan have been delegated in accordance with the provisions of the Plan or, except in circumstances involving his bad faith, for anything done or omitted to be done by himself.

- (b) Except as provided in Section 7, it is intended that the stock options granted pursuant to the Plan constitute Incentive Stock Options within the meaning of Section 422 of the Code. The Board shall administer the Plan in such a manner as to establish and maintain such Options as Incentive Stock Options.
- (c) The Board may, with the consent of the Optionee, substitute Options which are not intended to be Incentive Stock Options for outstanding Incentive Stock Options. Any such substitution shall not constitute the grant of a new Option for the purposes of this Plan, and shall not require a revaluation of the Option exercised prior to the substituted Option. Any such substitution shall be implemented by an amendment to the applicable Option Agreement or in such other manner as the Board in its discretion shall determine.
- (d) The Committee, subject to the approval of the Board, shall make such provision as it deems necessary or appropriate for the withholding of any federal, state, local or other tax required to be withheld with regard to the exercise of an Option under the Plan.

5. EMPLOYEES ELIGIBLE TO RECEIVE OPTIONS

- (a) The Board, upon the recommendation of the Committee, shall from time to time in its discretion select the employees to whom the options shall be granted from among the key employees of the Corporation and any Subsidiary.
- (b) Members of the Board of Directors who are not regular salaried

employees of the Corporation or a Subsidiary shall not be eligible to receive Options.

- (c) An individual employee may receive more than one Option.

6. OPTION AGREEMENT

- (a) No Option shall be exercised by an Optionee unless he or she shall have executed and delivered an Option Agreement.
- (b) Appropriate officers of the Corporation are hereby authorized to execute and deliver Option Agreements in the name of the Corporation as directed from time to time by the Board.

7. GRANTS OF OPTIONS

- (a) The Board, acting upon the recommendation of the Committee, shall in its discretion determine the time or times when Options shall be granted and the number of shares of Common Stock to be subject to each Option.
- (b) The aggregate fair market value (determined as of the date the Option is granted) of the stock with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year (under all stock option plans of the Corporation and its Subsidiaries) shall not exceed \$100,000.00.
- (c) No Incentive Stock Option shall be granted to an employee who, at the time the Option is granted, owns (within the meaning of Section 422(b)(6) of the code) stock possessing more than ten percent of the total combined voting power of all classes of stock of the Corporation unless the following requirements are satisfied: (i) notwithstanding the provisions of Section 8, the purchase price for each share of common stock subject to an Option shall be at least 110 percent of the fair market value of the Common Stock subject to the Option at the time the Option is granted; and (ii) the Option is not exercisable after the expiration of five (5) years from the date such Option is granted.
- (d) The Board may in its discretion grant Options that are not intended to constitute Incentive Stock Options.
- (e) Each Option shall be evidenced by an Option Agreement, in such form as the Board shall from time to time approve, which shall state the terms and conditions of the Option in accordance with the Plan, and also shall contain such additional provisions as may be necessary or appropriate under applicable laws, regulations, and rules.

8. OPTION PRICE

Subject to Section 7(c), the purchase price for each share of Common Stock subject to an Option shall be one hundred percent (100%) of the Fair Market Value of the Common Stock on the date the Option is granted provided, however, that the purchase price shall not be less than the par value of the Common Stock which is the subject of the Option.

9. OPTION PERIOD; EXERCISE RIGHTS

- a) Each Option shall be for such term as the Board shall determine, but not more than ten years from the date it is granted, and shall be subject to earlier termination as provided in Section

10.

- b) Options shall be exercisable in accordance with the following schedule: 25% one day after date of grant; 25% one day after first year anniversary of date of grant; 25% one day after second year anniversary of date of grant; 25% one day after third year anniversary of date of grant.
- c) Upon the purchase of shares of Common Stock under an Option, the Stock certificate or certificates may, at the request of the purchaser, be issued in his name and the name of another person as joint tenants with the right of survivorship.

- d) The exercise of each Option granted under the Plan shall be subject to the condition that if at any time the Corporation shall determine in its discretion that the listing, registration, or qualification of any shares of Common Stock otherwise deliverable upon such exercise upon any securities exchange or under any State or Federal law, or the consent or approval of any regulatory body, is necessary or desirable as a condition of, or in connection with, such exercise or the delivery or purchase of shares thereunder, then in any such event such exercise shall not be effective unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Corporation. Any such postponement shall not extend the time within which the Option may be exercised; and neither the Corporation nor its directors or officers shall have any obligation or liability to the Optionee or to a Beneficiary with respect to any shares of Common Stock as to which the Option shall lapse because of such postponement.

10. EXERCISE RIGHTS UPON TERMINATION OF EMPLOYMENT

(a) Retirement

Except as provided in paragraph (e) of this section 10, if an Optionee retires under a retirement or pension plan of the Corporation or of a Subsidiary, the Optionee's Option shall terminate one year after the date of such retirement but in no event later than the date on which it would have expired if the Optionee had not retired, provided, however, that if the Option is exercised later than three months from the date of such retirement such Option shall not constitute an Incentive Stock Option. During such period the Optionee may exercise the Option in whole or in part notwithstanding the limitations of Section 9(b) or any limitation that may have been set by the Board pursuant thereto.

(b) Disability

Except as provided in paragraph (e) of this section 10, if an Optionee becomes disabled, the Optionee may exercise the Option (i) within one year after the date of Disability, but in no event later than the date on which it would have expired if the Optionee had not become disabled, or (ii) within such other period, not exceeding three years after the date of Disability, as shall be prescribed in the Option Agreement; provided, however, that if the Option is exercised later than one year after the date of Disability, it shall not constitute an Incentive Stock Option. During such period the Optionee may exercise the Option in whole or in part notwithstanding the limitations of Section 9(b) or any limitation that may have been set by the Board pursuant thereto.

(c) Death

If an Optionee dies during a period in which he or she is entitled to exercise an Option (including the period referred to in paragraphs (a), (b), (d), and (e) of this Section 10), the Option may be exercised at any time within one year from the date of the Optionee's death, but in no event later than the date on which it would have expired if the Optionee had lived, by the Optionee's Beneficiary, in whole or in part notwithstanding the limitations of Section 9(b) or any limitation that

may have been set by the Board pursuant thereto.

- (d) Termination of Employment for Any Other Reason
Except as provided in paragraph (e) of this section 10, if an Optionee ceases to be employed by the Corporation or a Subsidiary for any reason other than retirement, disability, or death, the Optionee's Option shall terminate 30 days after the date of such cessation of employment, but in no event later than the date on which it would have expired if such cessation of employment had not occurred. During such period the option may be exercised only to the extent that the Optionee was entitled to do so under Section 9(b) at the date of cessation of employment unless the Board, in its sole and nonreviewable discretion, permits exercise of the Option to a greater extent. Except to the extent required by law, the employment of an Optionee shall not be deemed to have ceased upon his or her absence from the Corporation or a Subsidiary on a leave of absence granted in accordance with the usual procedure of the Corporation or Subsidiary.
- (e) Notwithstanding any language of the Plan to the contrary, if an Optionee ceases to be employed by the Corporation or a Subsidiary and becomes, or continues to be, a member of the Board of Directors prior to the time the Optionee's Option(s) would have otherwise expired pursuant to this Section 10, the Optionee's Option(s) shall continue to vest in accordance with Section 8(b) hereof and shall continue to be exercisable for the remainder of the term of the Option(s); provided, that, if an Optionee described in this Section 10(e) ceases to be a member of the Board of Directors for any reason, the Optionee's Option(s) shall terminate in accordance with the provisions of Section 2.4(a) of the Amended and Restated Acme United Corporation Non-Salaried Director Stock Option Plan. Any Option which is not exercised by the Optionee within the three-month period immediately following the Optionee's termination of employment, or, in the case of termination of employment on account of Disability, within one year after the date of Disability, shall cease to be an Incentive Stock Option.

11. METHOD OF EXERCISE

- (a) Each exercise of an Option shall be by written notice to the Secretary of the Corporation, stating the number of shares to be purchased. An Option may be exercised with respect to all, or any part of, the Shares of Common Stock as to which it is exercisable at the time.
- (b) The purchase price of the shares being purchased shall be paid in full at the time the Option is exercised. Such payment shall be made in cash in United States currency.

12. NONTRANSFERABILITY OF OPTIONS

Each Option shall be nonassignable and nontransferable by the Optionee other than by will or by the laws of descent and distribution. Each Option shall be exercisable during the Optionee's lifetime only by the Optionee.

13. SHAREHOLDER RIGHTS

No person shall have any rights of a shareholder by virtue of an Option except with respect to shares actually issued to him and registered on the transfer books of the Corporation, and the issuance of shares shall confer no retroactive right to dividends.

14. USE OF PROCEEDS

The proceeds received by the Corporation from the sale by it of shares of Common Stock to persons exercising an Option pursuant to the Plan will be used for the general purposes of the Corporation or any Subsidiary.

15. GENERAL PROVISIONS

The grant of an Option in any year shall not give the Optionee any right to similar grants in future years or any right to be retained in the employ of

the Corporation or any Subsidiary.

16. ADJUSTMENT UPON CHANGES IN CAPITALIZATION

If there is a change in the number or kind of outstanding shares of the Corporation's stock by reason of a stock dividend, stock split, recapitalization, merger, consolidation, combination, or other similar event, appropriate adjustments shall be made by the Board to the number and kind of shares subject to the Plan, the number and kind of shares under Options then outstanding, the maximum number of shares available for Options or the Option Price and other relevant provisions.

17. EFFECT OF MERGER OR OTHER REORGANIZATION

If the Corporation shall be the surviving corporation in a merger or other reorganization, an Option shall extend to stock and securities of the Corporation to the same extent that a holder of that number of Shares immediately before the merger or consolidation corresponding to the number of Shares covered by the Option would be entitled to have or obtain stock and securities of the Corporation under the terms of the merger or consolidation. If the Corporation dissolves, sells substantially all of its assets, is acquired in a stock for stock or securities exchange, or is a party to a merger or other reorganization in which it is not the surviving corporation, then each Option shall be exercisable within the period of sixty (60) days commencing upon the date of the action of the shareholders (or the Board if shareholders' action is not required) is taken to approve the transaction and upon the expiration of that period all Options and all rights thereto shall automatically terminate.

18. TERMINATION; AMMENDMENTS

- (a) The Board may at any time terminate the Plan. Unless the Plan shall previously have been terminated by the Board, it shall terminate on February 26, 2012. No Option may be granted after such termination.
- (b) The Board may at any time or times amend the Plan or amend any outstanding Option for the purpose of satisfying the requirements of any changes in applicable laws or regulations or for any other purpose which at the time may be permitted by law.
- (c) Except as provided in Section 16, no such amendment shall, without the approval of the shareholders of the Corporation: (i) increase the maximum number of shares of Common Stock for which the Options may be granted under the Plan; (ii) reduce the Option price of outstanding Options; (iii) extend the period during, which Options may be granted; (iv) materially increase in any other way the benefits accruing to Optionees; or (v) change the class of persons eligible to be Optionees.
- (d) No termination or amendment of the Plan shall without the consent of an Optionee or Beneficiary, adversely affect the Optionee's or Beneficiary's right under any Option previously granted, but it shall be conclusively presumed that any adjustment for changes in capitalization in accordance with Section 16 hereof does not adversely affect any such right.

19. EFFECTIVE DATE

The effective date of the Plan is February 26, 2002.
(As amended April 25, 2005).

20. GOVERNING LAW

The Plan shall be construed and its provisions enforced and administered in accordance with and under the laws of Connecticut except to the extent that such laws may be superseded by any Federal

law.

STOCK OPTION AGREEMENT

ACME UNITED CORPORATION 2002 STOCK OPTION PLAN

A. A STOCK OPTION for a total of _____ shares of common Stock, par value \$2.50, of Acme United Corporation, a Connecticut corporation (herein the "Company"), is hereby granted to _____ (herein the "Optionee"), subject in all respects to the terms and provisions of the 2002 Acme United Corporation Stock Option Plan, (the "Plan"), dated February 26, 2002, as amended through April 25, 2005, which has been adopted by the Company and which is incorporated herein by reference.

B. The option price per share as determined by the Stock Option Plan Committee of the Company is _____ (\$____) per share.

C. This Option may not be exercised if the issuance of shares of Common Stock of the Company upon such exercise would constitute a violation of any applicable securities or other law or valid regulation. The Optionee, as a condition to his exercise of this Option, shall represent to the Company that the shares of Common Stock of the Company that he acquires under this Option are being acquired for him for investment and not with a present view to distribution or resale, unless counsel for the Company is then of the opinion that such a representation is not required under the Securities Act of 1933 or any other applicable law, regulation or rule of any governmental agency.

D. This Option may not be transferred in any manner otherwise than by will or the laws of descent and distribution, and may be exercised during the lifetime of the Optionee only by him. The terms of this Option shall be binding upon the executors, administrators, heirs, successors, and assigns of the Optionee.

E. This Option may not be exercised more than ten (10) years from the date of its grant, and may be exercised during such term only in accordance with the terms of the Plan.

F. This Option is intended to be an Incentive Stock Option pursuant to the terms of the Plan and is, accordingly, subject to the further limitations set forth in the Plan applicable to Incentive Stock Options.

G. This Option is further subject to the following limitations on exercise by the Optionee:

1. With respect to 25% of the shares (_____) of Common Stock, the Optionee's right of exercise under this Option shall be subject only to the general limitations set forth in the Plan with respect to all stock options which are intended to be Incentive Stock Options.

2. With respect to a further 25% of the shares (_____) of Common Stock, in addition to the general limitations set forth in the plan, the Optionee shall in no event have any right of exercise until _____. In the event the Optionee is not an employee of the Company on _____, his right of exercise with respect to said shares and with respect to the shares referred to in subsections 3 and 4 of this Section, shall immediately lapse and shall be of no further force or effect.

3. With respect to a further 25% of the shares (_____) of Common Stock, in addition to the general limitations set forth in the Plan, the Optionee shall in any event have no right of exercise until _____. In the event the Optionee is not an employee of the Company on _____, his right of exercise with respect to said shares and with respect to the shares referred to in subsection 4 of this Section, shall immediately lapse and shall be of no further force or effect.

4. With respect to the balance of 25% of the shares (_____)

of Common Stock, in addition to the general limitations set forth in the Plan, the Optionee shall in any event have no right of exercise until _____. In the event the Optionee is not an employee of the Company on _____, his right of exercise with respect to said shares shall immediately lapse and shall be of no further force or effect.

Dated as of: _____

ACME UNITED CORPORATION

By:

Name: Walter Johnsen
Title: President & CEO

ATTEST:

Paul G. Driscoll, Secretary

The Optionee acknowledges receipt of a copy of the Plan, a copy of which is annexed hereto, and represents that he is familiar with the terms and provision thereof. The Optionee hereby accepts this Option subject to all the terms and provisions of the Plan. The Optionee hereby agrees to accept as binding, conclusive, and final all decisions and interpretations of the Board of Directors and, where applicable, the Compensation Committee, upon any questions arising under the Plan. As a condition to the issuance of shares of Common Stock of the Company under this Option, the Optionee authorizes the Company to withhold in accordance with applicable law from any regular cash compensation payable to him any taxes required to be withheld by the Company or agrees to remit to the Company at the time of any exercise of this Option any taxes required to be withheld by the Company, under Federal, State or Local law or applicable law of any other jurisdiction as a result of his exercise of this Option. The Optionee further acknowledges that under certain circumstances, either pursuant to the terms of the Plan or pursuant to the Internal Revenue Code, this Option may cease to be an Incentive Stock Option, in which event the Optionee will be subject to taxation in a manner different from that provided for Incentive Stock Options.

Dated: _____, 200__.

Optionee _____

July 8, 2005

Board of Directors
Acme United Corporation
1931 Black Rock Turnpike
Fairfield, CT 06825

Dear Sirs and Madam:

We are corporate general counsel for Acme United Corporation (the "Company"). We are delivering this opinion in connection with the filing with the Securities and Exchange Commission (the "Commission") on or about the date hereof of a Form S-8 Registration Statement (the "Registration Statement") relating to (i) 280,938 shares of Common Stock, par value \$2.50 per share, of the Company (the "Common Stock") to be offered pursuant to the Acme United Corporation 2002 Employee Stock Option Plan, as amended (the "Employee Plan"); and (ii) 50,000 shares of Common Stock to be offered pursuant to the Acme United Corporation 2005 Non-Salaried Director Stock Option Plan (the "Director Plan") (both the Employee Plan and the Director Plan collectively referred to herein as the "Plans").

We have examined and are familiar with (i) the Restated Certificate of Incorporation and the Bylaws of the Company; (ii) the corporate proceedings approving the Employee Plan, as amended, and the Director Plan; (iii) the Plans; and (iv) such other documents and instruments as we have considered necessary for the purposes of the opinions hereinafter set forth.

In our examination of the aforesaid documents, we have assumed the genuineness of all signatures, the legal capacity of all natural persons, the accuracy and completeness of all documents submitted to us, the authenticity of all original documents, and the conformity to authentic original documents of all submitted to us as copies (including telecopies). This opinion letter is given, and all statements herein are made, in the context of the foregoing.

Based upon the foregoing, we are of the opinion that:

1. The Company has been duly incorporated and is a validly existing corporation under the laws of the State of Connecticut.
2. Upon issuance and delivery of the shares of Common Stock pursuant to the Plans after the date hereof and payment to the Company of the option price for the Common Stock, such shares will be validly issued, fully paid, and nonassessable.

This opinion letter is provided to you for your benefit solely with regard to the Registration Statement, may be relied upon by you only in connection with the Registration Statement, and may not

Board of Directors, Acme United Corporation
July 8, 2005
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be relied upon by any other person or for any other purpose without our prior written consent.

We are members of the bar of the State of Connecticut and some of us are members of other jurisdictions not relevant herein. In connection herewith, we express no opinion on the laws of any jurisdiction other than the laws of the State of Connecticut.

We hereby consent to the use of this opinion and our names in connection with the Registration Statement filed with the Commission to register the shares of Common Stock to be offered as aforesaid.

Very truly yours,

BRODY, WILKINSON AND OBER, P.C.

By: /s/ James E. Rice

James E. Rice, Vice President

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-00000) pertaining to the Acme United Corporation 2005 Non-Salaried Director Stock Option Plan and the Acme United Corporation 2002 Employee Stock Option Plan, as amended, of our report dated February 14, 2005, with respect to the consolidated financial statements and schedule of Acme United Corporation included in its Annual Report (Form 10-K) for the year ended December 31, 2004, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

July 1, 2005