

LENOX GROUP INC.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

1. Composition of Audit Committee

The Audit Committee of the Board of Directors shall comprise at least three non-employee members of the Board. Each of the Audit Committee members shall meet the independence and other membership requirements of the NYSE, Section 10A(m)(3) of the Securities Exchange Act of 1934, and the rules and regulations of the Securities and Exchange Commission. For these purposes, the NYSE independence standards shall be those set out in its Listed Company Manual and in the full Board's Governance Principles adopted by the Company's Board of Directors as in effect from time to time.

The Audit Committee, and the designation of one of its members as Chairperson of the Audit Committee, shall be elected by the Board at the meeting of the Board held on the date of the Annual Stockholders Meeting in each fiscal year. All determinations of an individual's qualification to serve on the Audit Committee, as well as the designation of the "audit committee financial expert(s)" (within the meaning of the Sarbanes-Oxley Act) shall be made by the Board in its business judgment in compliance with applicable legal and regulatory standards.

2. Role of Audit Committee

The role of the Audit Committee is to assist the Board in serving as an oversight to the Company's financial reporting, accounting and controls, compliance with legal and regulatory requirements, and to the performance of the Company's internal audit function and its independent auditors.

The management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations.

The Company's independent public accountants (the "outside auditors") are responsible for planning and carrying out a proper audit and reviews, including reviews of the Company's quarterly financial statements prior to the filing of each quarterly report on Form 10Q, and other procedures. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures, and each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company that it receives information from and (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary.

Recognizing that the financial reporting, accounting and control functions and compliance activities are performed by or at the direction of management, the Audit Committee's role is to operate as an independent and objective monitor in the Company's undertaking to ensure that these functions are being performed reasonably and consistently.

Further to this role, the Audit Committee will provide an open avenue of communication among the outside auditors, management, and the Board.

The Audit Committee shall have the resources (including, without limitation, funding) and authority appropriate, as the Audit Committee in its sole judgment shall determine, to discharge its responsibilities, including the resources and authority to engage the outside auditors or other auditors for special audits, reviews and other procedures and to retain independent counsel and other advisors, experts or consultants.

3. Audit Committee Procedures

In order to fulfill its role, the Audit Committee normally shall observe the following procedures:

Meet at least four times each year (generally, in December, February, April/May and July/August).

- At least once each year, the committee shall meet privately in separate sessions with (1) the outside auditors and (2) the Company's senior personnel responsible for its internal audit function.

Meet with the Company's financial management to keep current its knowledge of Company operations.

In consultation with the management and the outside auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Discuss Company policies with respect to risk assessment and risk management.

Review, with management and the outside auditors, the Company's annual audited financial statements and the MD&A prior to filing or distribution. Review should include discussion of significant issues regarding accounting principles, practices, and judgments, including items covered by SAS 61, as well as other material written communications from the auditors (including the management letter and schedule of unadjusted differences, and any audit problems or difficulties).

Review, with management and the outside auditors, the Company's quarterly financial results prior to the release of earnings and/or the Company's quarterly financial statements prior to filing or distribution. If any significant changes to the Company's accounting principles or any items required to be communicated by the outside auditors in accordance with SAS 61 or any other items which are likely to precipitate a qualification in the outside auditors' report on the full year financial statements are, in each case, included or found in the course of the outside auditors' quarterly review procedures, then any such item or change must be brought to the attention of the Committee by the outside auditors prior to the release or quarterly filing.

Review with management the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

At least once a year, meet with the Company's general counsel for a discussion of legal matters that may have a significant impact on the Company's financial statements.

4. Relationship with Outside Auditors

The outside auditors are ultimately accountable to the Audit Committee and the Board. The Audit Committee shall review the independence and performance of the outside auditors and annually recommend to the Board the appointment of the outside auditors or approve any discharge of outside auditors when circumstances warrant. While the Board, with the assistance of the Audit Committee, has the ultimate authority and responsibility to select, retain, evaluate and, where appropriate, replace the outside auditors (or to nominate the outside auditors to be proposed for shareholder approval in the proxy statement), the Audit Committee shall be directly responsible for the performance of such functions. To this end, the Audit Committee shall further be directly responsible for the compensation and oversight of the outside auditors' work (including resolution of disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work, and the outside auditors shall report directly to the Audit Committee.

On an annual basis, the Audit Committee shall review and discuss with the outside auditors all significant relationships they have with the Company that could impair the outside auditors'

independence. In this regard, the Audit Committee shall require that the outside auditors prepare and deliver annually a Statement as to Independence addressing the matters set forth in Independence Standards Board No. 1 and other legal or regulatory requirements concerning independence (it being understood that the outside auditors are responsible for the accuracy and completeness of this Statement) and will discuss with the outside auditors any relationships or services disclosed in this Statement that may impact the objectivity and independence of the Company's outside auditors and recommend that the Board take appropriate action in response to this Statement to satisfy itself of the outside auditors' independence.

The Audit Committee shall establish Company hiring policies for employees or former employees of the outside auditors.

The Audit Committee shall obtain and review an annual report from the outside auditors describing:

- the outside auditors internal quality-control procedures;
- any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm;
- any steps taken to deal with any such issues; and
- any matters described in reports filed by the outside auditor with the Public Company Accounting Oversight Board.

The Audit Committee shall review and approve in its sole discretion the fees to be paid to the outside auditors in connection with the annual audit and quarterly external reporting reviews, and the Audit Committee shall have the funding for the payment of such fees.

The Audit Committee shall review the outside auditors audit plan – discuss scope, staffing, locations, reliance upon management, and general audit approach.

The Audit Committee shall have the authority to review and approve (or deny, as the Audit Committee determines in its sole discretion) the performance of any and all non-audit work by the Company's outside auditors prior to their engagement for or performance of non-audit work. The Audit Committee shall review and approve in its sole discretion the fees to be paid to the outside auditors for any and all non-audit work.

5. Other Audit Committee Responsibilities

Discuss with the Board the fiscal year audit of financial statements performed by the Company's external public accountants. Also, report annually to the Board on any other activities of the Audit Committee. Distribute final minutes of each Audit Committee meeting to the full Board.

Annually prepare a report to shareholders as required by the Securities and Exchange Commission. The report should be included in the Company's annual proxy statement.

Review and reassess the adequacy of this Charter at least annually. Submit the charter to the Board for approval and have the document published in accordance with SEC and NYSE regulations. Conduct an evaluation of the Committee on an annual basis.

Establish procedures and resources for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.

Establish procedures and resources for the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.