

ENESCO GROUP, INC.  
AUDIT COMMITTEE CHARTER  
AS OF MARCH 21, 2006

**Role and Independence**

The Audit Committee of the Board of Directors (the 'Committee'): (A) assists the Board in fulfilling its responsibility for oversight of: (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; (iii) the independent accountants' qualifications and independence; and, (iv) the performance of the Company's internal audit function and independent accountant; (B) prepares an audit committee report as required by the SEC to be included in the Company's annual proxy statement; and (C) performs such other duties as are directed by the Board. The Committee shall consist of at least three directors who are financially literate and generally knowledgeable in auditing matters. At least one member shall have accounting or related financial management expertise and other qualifications, as defined by the Sarbanes-Oxley Act and the SEC, to be considered "an audit committee financial expert," whose name and relationship with the issuer shall be disclosed. Each member shall be free of any relationship that, in the opinion of the Board, would interfere with his or her individual exercise of independent judgement, and shall meet the director's independence requirements for serving on audit committees as set forth in the corporate governance standards of the New York Stock Exchange.

Regarding Committee members who serve on the Audit Committee of more than three public companies, the Board will determine if such service does not impair the individual's ability to effectively serve the committee, and will disclose such determination in its annual proxy statement.

The Committee is expected to maintain free and open communication (including private executive sessions) with the independent accountants and the internal auditors

The Board of Directors shall appoint one member of the Committee as chairperson. He or she shall be responsible for leadership of the Committee, including approving the agenda, presiding over the meetings, making Committee assignments and reporting to the Board of Directors. The chairperson will also maintain regular liaison with the CEO, CFO, the lead independent audit partner and the director of internal audit.

The Committee shall meet at least quarterly and with such frequency and at such intervals, as it shall determine is necessary to carry out its duties and responsibilities. The Secretary of the Corporation shall serve as the Secretary of the Committee except for the private executive sessions.

**A. Responsibilities Regarding the Engagement of the Independent Accountants and the Appointment of the Internal Auditor**

1. Review and recommend to the Board of Directors the independent accountants to be selected to audit the annual financial statements and review the quarterly financial statements of the Company. The Committee shall have the authority and responsibility to appoint, evaluate and replace the independent auditor, as well as determine their qualifications, independence and adequacy. The independent auditor shall be accountable to the Board of Directors and the Audit Committee. The Committee will also review and approve fees paid to the independent accountants.
2. Oversee the independent auditor relationship by initially reviewing and approving the scope of the audit and subsequently discussing with the auditor the nature and rigor of the audit process, changes in scope, receiving and reviewing audit reports, and providing the auditor full access to the Committee (and the Board of Directors) to report on any and all appropriate matters.
3. Review and approve requests for any services to be performed by any public accounting firm.
4. Review and concur in the appointment, replacement, or dismissal of the Director of Internal Audit or Internal Audit firm, if service is outsourced, and determine the reporting structure appropriate for internal audit independence.

5. Ensure that the independent accountants deliver to the Committee annually a formal written statement delineating all relationships between the independent accountants and the Company and addressing at least the matters set forth in Independence Standards Board Standard No. 1; discuss with the independent accountants any relationships or services disclosed in such statement that may impact the objectivity and recommend that the Board of Directors take appropriate action in response to this statement to satisfy itself of the independent accountants' independence.
6. Review on an annual basis other services performed by the external auditors and related fees, and inquire as to the extent to which independent public accountants other than the principal independent auditor are to be used and understand the rationale for using them. The Committee should request that the work of other independent public accountants be coordinated and that an appropriate review of their work be performed by, the principal independent auditor.
7. Perform an annual assessment of the of the Company's internal audit function and independent auditors, including a review and evaluation of the lead partner of the independent auditor. In addition to assuring the regular rotation of the lead audit partner, the Committee will also consider whether there should be regular rotation of the audit firm itself. The Committee will present its conclusions with respect to the independent auditor to the full Board.
8. At least annually, the Committee will obtain and review a report by the independent auditor describing:
  - The firm's internal quality-control procedures;
  - Any material issues raised by the most recent internal quality-control review or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, including any steps taken to deal with any such issues; and
  - All relationships between the independent auditor and the Company

**B. Responsibilities for Reviewing Internal Audits, the Annual Independent Audit and the Review of Financial Statements**

The Committee will:

1. Request the independent accountants to confirm that they are accountable to the Board of Directors and the Committee and that they will provide the Committee with timely analyses of significant financial reporting and internal control issues.
2. Review with management significant risks and exposures identified by management and steps undertaken by management to minimize such risks.
3. Review the scope of the internal and independent audits with the Director of Internal Audit and the independent accountants.
4. Provide guidance and oversight to the internal audit activities of the Company including reviewing the organization, plans and results of such activity. This includes oversight of the annual internal controls report to be certified by management and filed with the Company's Form 10-K annual report.

5. Review with management, the independent accountants and the Director of Internal Audit:
  - The Company’s internal controls, including computerized information system controls and security.
  - Any findings and recommendations made by the independent accountants or internal audit staff.
6. Review the audited financial statements, proxy and Form 10-K (including year-end management certification letter and Management’s Discussion and Analysis of Financial Condition and Results of Operation) and discuss them with management and the independent auditor. These discussions shall include consideration of the quality and appropriateness of the Company’s accounting principles as applied in its financial reporting, including review of estimates, reserves and accruals, review of judgmental areas, review of audit adjustments whether or not recorded and such other inquiries as may be appropriate. Based on the review, the Committee shall make its recommendation to the Board of Directors as to the inclusion of the Company’s audited financial statements in the Company’s annual report on Form 10-K.
7. Review the company’s earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies prior to issuance.
8. Review with management and the independent accountants the quarterly financial information prior to the Company’s filing of Form 10-Q and related quarterly management certification letter.
9. Review the Company’s policies with respect to financial risk assessment and risk management.
10. At least quarterly in executive session meet separately with representatives of the internal auditor and the independent auditors, and with the CFO.
11. Review with the independent auditor any audit issues and management’s response, including any restrictions on the scope of the independent auditor’s activities or access to requested information, and any significant disagreements with management.

**C. Other Responsibilities:**

1. Review recent and prospective opinions of the FASB and similar organizations and their impact upon the Company’s accounting and financial statements.
2. Review on an annual basis, policies and procedures covering officers’ expense accounts and perquisites, including the use of corporate assets, and consider the results of any review of those areas by the Director of Internal Audit or the independent accountants.
3. Review at least quarterly with the General Counsel any legal and regulatory matters that may have a material effect on the Company’s financial statements, operations, compliance policies and programs.
4. Review on an annual basis with the General Counsel the monitoring of CEO and CFO compliance with the Company’s Code of Conduct.
5. Report Audit Committee activities to the full Board of Directors and issue annually a report to be included in the proxy statement (including appropriate oversight conclusions) for submission to the shareholders. In addition, the Committee will report regularly to the Board regarding any issues that arise with respect to:
  - The quality or integrity of the company’s financial statements,
  - The company’s compliance with legal or regulatory requirements,The performance and independence of the company’s independent auditors and internal audit function.

6. Review and reassess the adequacy of its charter on an annual basis, provide the New York Stock Exchange with an annual written affirmation regarding the annual review and reassessment of the adequacy of the charter, and affirm the independence and other qualifications of the Audit Committee members. If revised, the Charter will be published in the next proxy. Otherwise the Charter will be published every third year in the proxy.
7. Set guidelines for committee education and orientation to assure understanding of the business and the environment in which the company operates.
8. Set guidelines for development of an annual audit committee plan that is responsive to the primary audit committee responsibilities, and for the review and approval of the plan by the full Board.
9. Communicate committee expectations and the nature, timing, and extent of committee information needs to management, internal and external auditors, and others.
10. Approve hiring policies for employees or former employees of the independent auditors, which policies shall as a minimum meet the requirements of the SEC and NYSE.
11. Annually evaluate the Committee's performance of its responsibilities and provide the Board and management the opportunity to perform an annual performance evaluation of the Committee and their performance.
12. Regularly review the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, including the services of the "whistleblower" hotline service provider.
13. Regularly review from General Counsel any report of evidence of a material violation of securities law or breach of fiduciary duty or similar violation by the Company or any agent thereof.
14. Annually, provides to the CEO the Committee's evaluation and recommendations regarding individuals serving in key financial roles.

Formatted: Indent: Left: 0.5"

#### **D. Other Authority**

The Committee is authorized to confer with Company management and other employees to the extent it may deem necessary or appropriate to fulfill its duties. The Committee is authorized to conduct or authorize investigations or special audits into any matters within the Committee's scope of responsibilities. The Committee also is authorized to seek outside legal or other advice to the extent it deems necessary or appropriate, provided it shall keep the Board advised as to the nature and extent of such outside advice. The Committee will perform such other functions as are authorized for this Committee by the Board of Directors.