

**RUSS BERRIE AND COMPANY, INC.
COMPENSATION COMMITTEE
OF
THE BOARD OF DIRECTORS
CHARTER**

Purposes

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) to discharge the Board’s responsibilities relating to compensation of the Company’s executives and to produce an annual report on executive compensation for inclusion in the Company’s proxy statement, in accordance with applicable rules and regulations. The Committee also has overall responsibility for evaluating director and officer compensation plans, policies and programs of the Company.

Committee Membership

The Committee shall consist of at least three members. All members of the Committee shall meet the independence requirements of the New York Stock Exchange, as such requirements are amended from time to time, and any other applicable regulatory requirements.

The members of the Committee shall be appointed by the Board at a meeting of the Board on the recommendation of the Nominating/Governance Committee, and shall serve until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership. Committee members may be replaced by the Board at any time, with or without cause.

Meetings

The Committee shall meet as often as the Board or Committee deem necessary, however, no less than twice annually. All actions of the Committee shall require the affirmative vote of a majority of those members present at a meeting at which a quorum of the Committee, defined as a majority of the entire Committee, is present.

Committee Authority and Responsibilities

1. The Committee shall have the sole authority to retain and terminate any compensation consultant to be used by the Committee to assist in the evaluation of director, CEO or executive compensation and shall have sole authority to approve the consultant’s fees and other retention terms.
2. The Committee shall annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO’s performance in light of those goals and objectives, and set the CEO’s compensation levels based on this evaluation. In determining any long-term incentive component of CEO compensation, the Committee

will consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.

3. The Committee shall annually review and approve, for the CEO and the key executives of the Company, (a) the annual base salary level, (b) any annual incentive opportunity level, (c) any long-term incentive opportunity level and (d) any employment agreements, severance arrangements, and any change in control agreements/provisions.
4. The Committee shall annually review and make recommendations to the Board with respect to the compensation of directors and all incentive-compensation plans and equity-based plans.
5. The Committee may form and delegate authority to subcommittees when appropriate.
6. The Committee shall make periodic reports to the Board, as the Committee deems appropriate.
7. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Committee shall annually review and evaluate its own performance.
8. The Committee shall have the authority to retain such financial, legal or other advisors and consultants as it deems necessary or appropriate at the Company's expense.