

LENOX GROUP INC

**(“LGI”)**

**ETHICS  
AND  
BUSINESS CONDUCT  
CODE**

## Code of Ethics and Business Conduct

Dear Colleague:

We take great pride at LGI in maintaining high standards of business and personal ethics. We strive to conduct business in ways that bring credit to us, collectively as a company and as individuals within it.

LGI has always been highly regarded for its integrity and for treating all people with the utmost respect and professionalism. The attached Code of Ethics and Business Conduct codifies in writing and asks each of us to subscribe to what have always been the Company's guiding principles.

This Code of Ethics and Business Conduct summarizes the virtues and principles that are to guide our actions in business. The core values on which this Code is based - - honesty, responsibility and respect -- combined with our high ethical standards and ongoing compliance with all laws, govern all of our operations. Together, these elements guide our present and future relationships with fellow colleagues, customers, consumers, artists, vendors, shareholders, and the communities which we serve - - and will contribute to our tradition of growth and success.

Everyone associated with the Company is responsible for understanding and following this Code of Ethics and Business Conduct. Each year, you will be requested to sign a memo to confirm your understanding and observance of the Code. Continued employment is subject to timely completion of this written certification requirement.

While we feel that this booklet provides guidance, it does not cover every situation in which choices and decisions must be made. There can be no better course of action for you than to apply common sense and sound professional judgment to the manner in which you conduct yourself. However, do not hesitate to use the resources that are available - - your immediate supervisor, any Company officer, the Human Resources and Legal Departments - - whenever it is necessary to seek clarification.

We are also committed to discussing potential violations of the Code with an Open Door Policy and you are encouraged to seek guidance regarding the application or interpretation of the Code with the many resources available to you, as outlined in this booklet.

All of us together will achieve the success we envision by following the highest standards and conducting ourselves in an ethical manner. I know I can count on you to read this Code of Ethics and Business Conduct and to seek any and all guidance you may need, now and in the future.

Susan E. Engel  
Chairwoman of the Board and Chief Executive Officer

## **We are committed to treating the entire LGI family with the highest ethical standards:**

LGI is committed to conducting daily business activities within our Code of Ethics and Business Conduct to foster a healthy work environment for our employees, a fair and honest relationship with our customers, consumers, artists, independent sales representatives, and suppliers, and a sound and prudent business investment for our shareholders.

### **Healthy Work Environment**

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All people want and deserve a work place where they feel respected, satisfied, and appreciated. Discrimination of any kind involving race, creed, color, religion, sex, age, national origin, disability, or other characteristic that is legally protected is unacceptable in our work place environment. Sexual harassment and other illegal harassment are also expressly prohibited. Contact the Human Resources or Legal Departments if you have any concern about workplace discrimination or harassment by LGI or any of its employees.

LGI has a policy of maintaining a drug-free workplace which prohibits the use, sale, transfer, possession or distribution of alcohol (unless previously approved by a senior officer) or a controlled substance, or being under the influence of alcohol or a controlled substance, in any facility during Company time or while on Company business. A controlled substance means any drug that is not legally obtained or used legally. Arriving at the workplace under the influence of any controlled substance or alcohol is also prohibited.

### **Customer Service, Candor and Fair Dealing**

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Every person we meet or speak with in the course of Company business is a “customer” – they can be a retailer, a consumer, a vendor or a fellow employee or independent sales representative, for example. LGI is committed to providing high quality service to all our existing and prospective “customers” by providing prompt, courteous, fair and accurate response to inquiries and complaints received. We will continuously review and improve our service standards and encourage feedback from our employees, independent sales representatives, customers, vendors and consumers to contribute to this effort.

*Every interaction we have with a customer is an opportunity to create goodwill for our business.* Our reputation is best served by being polite, direct and honest – it doesn’t necessarily mean saying “Yes” to a request, but we must always respond to questions and concerns fairly by letting our customer know that we understand them and by telling them what we can and cannot do, and why.

It is the Company's policy to avoid any misstatement of fact or misleading impression in any of its advertising, literature, displays or other public disclosures or communications. All statements about our business or made in support of our products and services should be true, timely and supported by documentation, and they must be understandable. Also, the total impression of the message must be carefully considered and must be fair; any omission of fact, wrongful emphasis, or use of illustrative or incomprehensible material that would tend to mislead a casual reader, listener or viewer, must be avoided.

## Handling of Confidential Information

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What is “confidential information”? It’s any information about the Company that is not distributed to the public by our marketing, advertising, or investor relations functions. If you’re in doubt whether something is confidential, assume that it is until you’ve consulted with an officer of the Company. Some examples of confidential information include:

- Internal memos.
- Financial, sales, order, or shipping data, targets or budgets.
- Employee, sales representative, customer or vendor lists, and Company telephone lists and organization charts.
- Sales policies and programs.
- Plans for product introductions or retirements, or for marketing programs.
- Information about any specific account that you cannot find on the Company’s consumer web site, such as an account’s orders, allocations, shipping, or sales history. (This type of information can, of course, be discussed with the account and our sales representative, and it can be provided by the Accounts Receivable Department in a credit check through standard credit reporting systems.)

Confidential information will generally be distributed only to those employees or independent sales representatives having a need to know such information to meet their responsibilities. Confidential information may not be disclosed to anyone without Company officer authorization and must only be used to benefit the Company. In certain situations, business-related information may need to be released to customers and other business associates for the purpose of capturing new business or meeting contractual requirements. Care should be taken when handling this information and you must contact the Legal Department to obtain a written confidentiality agreement with the outside party before disclosing confidential information.

In the course of normal business activities, you may be requested to sign a confidentiality agreement. All confidentiality agreements should first be reviewed by the Legal Department. Outside parties including suppliers, customers, and competitors may sometimes divulge to you information that is proprietary and confidential to their business. You should maintain the confidentiality of this information except if you are authorized to disclose the information by LGI’s Legal Department or the outside party.

It is unethical and illegal to buy or sell LGI securities based on any “insider” information about the Company. Play it safe: don’t speculate in the securities of LGI (either through your own trading or through “tips” or other comments to others) when you are aware of information affecting the Company’s business that has not been publicly released or in situations where trading would call your judgment into question.

A subtle, but significant potential conflict may arise during social occasions, job interviews, or even casual conversations where confidential subjects may come up. You should be careful in all situations not to discuss this kind of information away from the job.

Two simple rules can help protect you in this area: (1) Don’t use confidential information for personal gain. (2) Don’t pass along such information to someone else who has no need to know.

## **Inventions and Other Intellectual Properties**

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During the course of your employment with LGI, you may develop or participate in the development of products, ideas or inventions, technologies, software, marketing and sales communication materials, using experience and knowledge gained through your employment. Patent or copyright protection may be pursued for some of these developments, also known as “intellectual property.”

Regardless of the form of protection, and to the extent provided by law, all such products, ideas, inventions, technologies, software and communication materials are and remain the property of the Company. You are expected to cooperate with LGI in protecting all of the Company's property.

## **Conflict of Interest**

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LGI directors, officers, employees, independent sales representatives and members of the families of each of these individuals should avoid any financial or other relationship with outside suppliers, competitors, customers, or others that might impair, or even appear to impair, the independence of judgment or the ability to make objective and fair decisions when performing your job. When in doubt – ask your supervisor or the Legal Department.

Here are some examples where a conflict of interest could arise:

- Participating in a personal activity that interferes with or reflects negatively on LGI's business.
- Employment by or representation of a competitor or potential competitor, regardless of the nature of the employment or representation, while employed by or representing LGI.
- Acceptance of improper gifts, payments, or services from those who do business with LGI. (See discussion on “Gifts, Favors and Payments” below.)
- Ownership of, or significant economic or family interest in, a company which is a customer, a supplier, or a competitor.
- Acting as a consultant or director to a LGI customer, supplier or competitor.
- Performing any activity or services for a LGI customer or supplier during non-working time that is usually performed during regular work time.

Likewise the Company's directors, officers, employees and independent sales representatives owe a duty to the Company to advance its legitimate interests. Therefore, employees must use the Company's property, its business opportunities and their positions with the Company exclusively for the benefit of the Company. Employees must act in the best interest of the Company.

Again, if you have any concern about whether a conflict or a corporate opportunity exists, or how to deal with one, speak with your supervisor, any Company officer, or the Human Resources or Legal Departments.

## Gifts, Favors and Payments

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LGI employees and independent sales representatives may accept meals, refreshments, or entertainment of *nominal* value in connection with business discussions. While it is difficult to define "nominal" by means of a specific dollar amount, a common sense determination should dictate what would be considered lavish, extravagant, or frequent. It is the personal responsibility of each individual to ensure that his or her acceptance of such meals, refreshments, or entertainment is proper and could not reasonably be construed in any way as an attempt by the offering party to secure favorable treatment.

LGI employees and independent sales representatives should not accept funds in any form or amount, or any gift that has a retail or exchange value of \$35 or more, from individuals, companies, or representatives of companies having or seeking business relationships with LGI. If you have any questions about the propriety of a gift, gratuity, item of value, or other possible conflict, contact your supervisor, department VP, or the Legal Department.

LGI employees and independent sales representatives also cannot provide, attempt to provide or offer to provide a bribe or kickback to anyone; and employees and independent sales representatives should not solicit, accept or attempt to accept a bribe or kickback from anyone. A bribe or "kickback" means any money, property, fee, commission, credit, gift, gratuity, favor, service, or compensation of any kind which is provided, directly or indirectly, for the purpose of improperly obtaining or rewarding favorable treatment.

## Legal and Governmental Concerns

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It is the policy of LGI to conduct its business in full compliance with all governmental laws, rules and regulations that apply to its activities.

"Antitrust" is a blanket term for strict laws that are designed to protect the free enterprise system. Among other things, these laws deal with agreements and practices such as price fixing and boycotting.

You must never agree with a retailer about the price at which they resell any product to their customers. An agreement doesn't have to be in writing; a handshake, "wink of the eye", or any meeting of the minds is enough to violate the law. And you must never seek or attempt to extract their agreement with price fixing effect – such as, punishing a retailer by cutting back on their allocation (or "losing their order") so that the retailer will catch your drift and stop the discounting or other pricing practice that you think is wrong.

You should also avoid discussing a retailer's competitors. If a retailer complains to you about the pricing practices of one of its competitors, you should politely respond that for legal reasons, you can not discuss the pricing of another retailer. You should not promise that any retailer has or will have a "protected" dealership – for any product line, for any geographic area or for any period of time.

The Company has established suggested retail selling prices for certain merchandise and a Retail Price Policy. Familiarize yourself with the Retail Price Policy, but do not discuss it with anyone. If a retailer inquires about the Retail Price Policy, do not discuss it.

The antitrust laws are vigorously enforced. Violations may result in severe penalties, such as significant fines for the Company and restrictions on Company's operations beyond usual legal limitations. There may also be sanctions against individual employees or independent sales representatives, including substantial fines and prison sentences.

## **Use of Company Assets**

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Proper use of Company and customer property, facilities, and equipment is your responsibility. Use and maintain these assets with the utmost care and respect, to ensure efficient use, guarding against waste and abuse. The use of Company time, material, or facilities for purposes not reasonably related to LGI business, or the removal or borrowing of Company property without permission, is prohibited.

Obviously there are times when an employee needs to make a quick call to a family member during the business day, and those calls should be made. But excessive personal use of telephones, fax lines or e-mail is not acceptable.

In addition, LGI employees must comply with the requirements of copyright licenses for software or artistic materials utilized in their work. Consult a Company officer or the Legal Department if you have any questions in this regard.

## **Accurate and Complete Records**

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LGI must maintain accurate and complete Company records. To enable us to achieve this, orders, sales, receivable, payable, purchasing and inventory transactions between the Company and outside individuals and organizations must be promptly and accurately entered in our systems.

## **Loyalty**

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LGI employees and independent sales representatives are expected to:

1. Perform all of their job responsibilities to the best of their ability and to devote their full time and attention while on the job to LGI business.
2. Make proper and ethical decisions and take action which will provide the best possible result for LGI consistent with proper and ethical business practice.
3. Promptly inform their supervisor of information which may significantly affect LGI business or operations.
4. Promptly and completely report any suspected violation of law or this Code of Ethics and Business Conduct to the appropriate supervisor, or to the Legal Department.

## Open Door Policy

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LGI is committed to providing you with efficient and effective means to answer any concerns or problems involving this Code of Ethics and Business Conduct.

You are encouraged to discuss:

- Questions on the interpretation of this Code
- Reporting potential violations of this Code or potential violations of governmental laws, rules or regulations that apply to the Company
- Matters of general concern about ethics or legality

Where to go to discuss questions or problems:

- Your Supervisor
- Any Company Officer
- Human Resources Department
- Legal Department

When you use the Open Door:

- You will be treated with respect.
- Your communication will generally be treated as confidential and shared only with those who have a need to know.
- Your concerns will be promptly addressed.
- Your identity can be kept anonymous. (LGI has retained Ethicspoint which provides the means to report code of conduct violations anonymously and confidentially.)

LGI will conduct a prompt investigation of any violations which are brought to our attention, and employees and independent sales representatives are expected to cooperate fully in the review of any alleged violation. The Company will not allow any retaliation against any employee which reports a violation in *good faith*. Violations of the Code of Ethics and Business Conduct may be fully disciplined by LGI, up to and including dismissal and legal action.

## Conclusion

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No set of principles can cover all circumstances or situations that employees and independent sales representatives will encounter. Each LGI employee and independent sales representative is expected to act within both the letter and spirit of the ethical principles stated in this Code. Your daily activities should promote a high standard of ethics to the Company, to your coworkers, and to others.

LGI employees and independent sales representatives should be sensitive to situations in which they or their coworkers may be involved which are or may appear to be unethical, illegal, or otherwise improper.

With regard to an individual's behavior, you should review actual or potential conflicts of interest with your manager or the Company's Legal Department. If the conflict situation is not resolved, it could jeopardize the interests of LGI. It must be promptly disclosed in writing through supervisory channels and prior written approval from LGI for such activity or relationship must be obtained.

This Code applies to all LGI directors, officers, employees and independent sales representatives worldwide. Continued employment is subject to timely completion of the annual certification of compliance to this Code. This Code is not intended to, and does not, create any contractual rights, nor does it alter the "at will" relationship with respect to LGI employment or independent sales representation. LGI reserves the right to modify this Code at its discretion with or without notice.

## A Quick Ethical Quiz - When In Doubt, Ask Yourself: ...

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1. Are my actions legal?
2. Do I have all the facts?
3. What other options do we have?
4. Did I do my best in handling this situation?
5. Will my action stand the test of time?
6. How will it look in the newspaper?
7. Will I sleep soundly tonight?