



## AMERICAN GREETINGS CORPORATION CORPORATE GOVERNANCE GUIDELINES

Revised February 15, 2012

### A. Introduction

The Nominating and Corporate Governance Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of American Greetings Corporation (the “**Company**”) has developed and recommended to the Board, and the Board has adopted, these Corporate Governance Guidelines (these “**Guidelines**”) to assist the Board in the exercise of its responsibilities and to serve best the interests of the Company and its shareholders. These Guidelines supersede any existing Board policies or guidelines covering the subject matter of these Guidelines. These Guidelines should be interpreted in the context of applicable laws and the Company’s Articles of Incorporation, Code of Regulations and other corporate governance documents. These Guidelines are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. The Board may modify these Guidelines from time to time.

### B. Board Composition and Director Qualifications

- 1) *Terms for Directors.* The Company’s Code of Regulations provides that the Board will be divided into three classes elected to staggered terms of three years.
- 2) *Chairman of the Board.* The roles of Chairman of the Board of Directors and Chief Executive Officer (“**CEO**”) of the Company shall be separate. The duties and responsibilities of the Chairman of the Board of Directors shall include the following:
  - (a) Determining an appropriate schedule of Board of Directors meetings seeking to ensure that the independent directors (as that term is defined below) can perform their duties responsibly while not interfering with the flow of the Company's operations;
  - (b) Seeking input from all directors as to the preparation of the agendas for Board meetings, preparing agendas for the Board, and providing input, as appropriate, to the committee chairs regarding agenda items for committee meetings;
  - (c) Assessing the quality, quantity and timeliness of the flow of information from the Company's management that is necessary for the independent directors to effectively and responsibly perform their duties, advise management as to the quality, quantity and timeliness of the flow of information from management that is necessary for the independent directors to effectively and responsibly perform their duties;
  - (d) Directing, in consultation with the independent directors, the retention of consultants who report directly to the Board;

- (e) Ensuring that the Nominating and Governance Committee oversees compliance with and implementation of the Company's corporate governance policies and ensures that the Chairperson of the Nominating and Governance Committee oversees the process to recommend revisions to the Company's corporate governance policies;
  - (f) Ensuring that the Compensation and Management Development Committee oversees compliance with and implementation of the Company's policies and procedures for evaluating and undertaking executive and incentive-based compensation, including stock options;
  - (g) Requiring at least three executive sessions of the Board's independent directors per year;
  - (h) Recommending the membership of the various Board committees, and ensure that the independent directors select committee chairs for the Audit and Compensation and Management Committees; and
  - (i) Providing that the independent directors have the authority to retain counselor consultants as the independent directors deem necessary to perform their responsibilities as committee members.
- 3) The Board will have the position of "**Lead Independent Director**". The Lead Independent Director shall be designated annually by the independent directors of the Board. The Lead Independent Director will oversee the annual self-evaluation that is conducted by the Board of Directors as contemplated by Section I of these Guidelines. The Lead Independent Director will also be responsible for coordinating the activities of the independent directors of the Board as follows:
- (a) Assist in the determination of an appropriate schedule of Board meetings to help ensure independent directors of the Board can attend meetings and perform their duties responsibly;
  - (b) Seek input from all directors of the Board as to the preparation of agendas for Board and committee meetings;
  - (c) Advise the Board as to the quality, quantity and timeliness of the flow of information from the Company's management that is necessary for the independent directors of the Board to effectively and responsibly perform their duties;
  - (d) Coordinate, develop the agenda for, and moderate executive sessions of the Board's independent directors when necessary, and, when necessary, act as a liaison between the independent directors of the Board and the Chairman of the Board and/or CEO on sensitive issues; and
  - (e) The Lead Independent Director shall have the authority to retain such counsel or consultants as the Lead Independent Director deems necessary to perform his or her responsibilities consistent with these Guidelines.
- 4) *Independent Directors.* In addition to any independence standards that the Board may adopt from time to time, (x) the Board will have at least a majority of directors who meet the criteria for independence established by the New York Stock Exchange (the "NYSE") and (y) at least two thirds (2/3) of the members of the Board shall satisfy the independence criteria set forth below in subpart 3(a) of this Section B of these Guidelines.

- (a) For purposes of clause (x) in Subpart 4 of this Section B of these Guidelines, to be considered “independent” in any fiscal year of the Company, a director must satisfy the following rules for independence:
- (i) Has not been employed by the Company or its subsidiaries or affiliates<sup>1</sup> within the last three (3) calendar years;
  - (ii) Has no personal services contract(s) with the Company, or any member of the Company's senior management;
  - (iii) Is not affiliated with a not-for-profit entity that receives significant contributions from the Company;
  - (iv) During the current fiscal year of the Company or any of the three immediately preceding fiscal years of the Company, has not been a party to a transaction with the Company with respect to which the Company has been required to make disclosure under Item 404(a) of Regulation S-K of the SEC; which transaction had the effect of rendering the director not “independent” for purposes of Item 407(a) of Regulation S-K;
  - (v) Is not employed by a public company at which an executive officer of the Company serves as a director;
  - (vi) Has not had any of the relationships described above in subpart 4(a)(i) through 4(a)(v) of this Section B of these Guidelines, with any subsidiary of the Company; and
  - (vii) Is not a household member of a family of any person who earns more than \$100,000 annually and fails to satisfy the qualifications described above in this subpart 4(a) of Section B of these Guidelines.
  - (viii) A director is deemed to have received remuneration (other than remuneration as a director, including remuneration provided to a non-executive Chairman of the Board, Committee Chairman, or Lead Independent Director), directly or indirectly, if remuneration, other than *de minimis* remuneration, was paid by the Company, its subsidiaries, or affiliates, to any entity in which the director has a beneficial ownership interest of five percent (5%) or more, or to an entity by which the director is employed or self-employed other than as a director. Remuneration is deemed *de minimis* remuneration if such remuneration is \$100,000 or less in any fiscal year of the Company, or if such remuneration is paid to an entity, it (A) did not for the fiscal year of the Company exceed the greater of One Million Dollars (\$1,000,000), or five percent (5%) of the gross revenues of the entity; or (B) did not directly result in a material increase in the compensation received by the director from that entity.

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<sup>1</sup> The term “affiliate(s)” in this subpart 4(a) of Section B of these Guidelines means any individual or business entity that owns at least five percent (5%) of the securities of the Company having ordinary voting power.

- 5) *Other Qualifications.* The Committee is responsible for reviewing with the Board, on an annual basis, the appropriate skills and characteristics of Board members as well as the composition of the Board as a whole. This assessment will include members' qualification as independent, as well as consideration of diversity, age, skills and experience in the context of the needs of the Board and compliance with these Guidelines.

Nominees for the Board will be selected by the Committee in accordance with the policies and principles in its charter. The Board believes that the appropriate size for the Board is between nine and twelve directors. The size and structure for the Company's Board will be reviewed and modified by the Board periodically to ensure that the Board can efficiently discharge its fiduciary duties and regulatory responsibilities.

Individual directors whose primary professional position or responsibility changes (other than through internal promotion) from the position or responsibility they held when they were elected to the Board should volunteer to resign from the Board. This will provide an opportunity for the Board, through the Committee, to review the continued appropriateness of Board membership under the circumstances. Directors are encouraged to limit the number of public company boards on which they serve. Directors should advise the Chairman of the Board and the Chairman of the Committee in advance of accepting an invitation to serve on another public company board. If a director who serves on the Audit Committee of the Board also serves on the audit committee of more than two other public companies, such director shall disclose such fact to the Board and shall provide the Board such information as the Board may request to allow the Board to make a determination that such multiple, simultaneous service does not impair the director's ability to effectively serve on the Company's Audit Committee. The Board does not believe that it should establish term limits for directors. Although term limits could help to ensure that fresh ideas and viewpoints are available to the Board, they hold the disadvantage of losing the contributions of directors who have been able to develop, over a period of years, increasing insight into the Company, its operations and its industry and, therefore, provide an increasing contribution to the Board as a whole.

The Company's Guidelines for retirement of directors from the Board are as follows: Morry Weiss is grandfathered as a director, notwithstanding that he may in the future be older than the ages specified herein. No other individual may be elected or reelected as a director once he or she reaches age 72. Any director who turns age 72 while serving as a director may continue to serve as a director for the remainder of his or her then current term.

### **C. Director Responsibilities**

The basic responsibility of the directors is to exercise their judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. Absent unusual circumstances, directors are expected to attend all Board meetings and all meetings of committees on which they serve as well as the annual meeting of the Company's shareholders. Information that is important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting, and directors should review these materials thoroughly in advance of the meeting. Board members may suggest the inclusion of matters for the agenda, and, although the Company's management is responsible for the preparation of materials for the Board, the independent directors may specifically request the inclusion of certain material. Board members may raise at any Board meeting subjects that are not on the agenda for that

meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year. The non-management directors will meet regularly in executive session. The director who presides at these meetings will be chosen by the non-management directors, and his name will be disclosed in the annual proxy statement, to the extent required by applicable rules of the Securities and Exchange Commission or by NYSE listing standards. The CEO is responsible for establishing effective communications with the Company's various constituencies (such as shareholders, customers, employees, suppliers, community groups and governmental authorities). The Board believes that management should speak for the Company. Except as required by law, NYSE listing standards or Board committee charters, it is expected that Board members would meet or otherwise communicate with the Company's constituencies only with the knowledge of management and, absent unusual circumstances or as contemplated by committee charters, only at the request of management.

#### **D. Board Committees**

The Board currently has four standing committees – (1) Executive, (2) Audit, (3) Compensation and Management Development, and (4) Nominating and Governance. At or before the time required by applicable listing standards of the NYSE, all of the members of these committees other than the Executive Committee will be independent directors under the criteria established by the NYSE and these Guidelines. It is considered advisable that the Audit Committee have at least one member who is qualified as an “audit committee financial expert” as defined by rules of the Securities and Exchange Commission. Committee members and committee chairs will be appointed by the Board upon recommendation of the Nominating and Corporate Governance Committee. Consideration should be given to rotating committee members and committee chairs periodically, but the Board does not have a formal policy of rotating committee assignments or committee chairs. Each committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, if any, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance. The Chairman of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chairman of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. The Board and each committee will have the power to hire, at the Company's expense, independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

#### **E. Director Access to Officers and Employees**

Directors have full access to management and are entitled to expect management to be responsive to requests for information from directors. Meetings or contacts with management that a director wishes to initiate should generally be arranged through the CEO, Chief Financial Officer or General Counsel. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the CEO on any written communications between a director and an officer or employee of the Company.

## **F. Director Compensation**

The form and amount of director compensation will be determined by the Compensation and Management Development Committee of the Board (the “**Compensation Committee**”) in accordance with the policies and principles set forth in its charter, and the Compensation Committee will conduct a periodic review of director compensation. The Compensation Committee will consider that directors’ independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

## **G. Director Orientation and Continuing Education**

All new directors must participate in an orientation program, which should be conducted as soon as practicable, but in any event within three months of the new directors’ appointments. This orientation will include presentations by senior management to familiarize new directors with the Company’s strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its internal and independent auditors. All other directors are also invited to attend the orientation program. All directors will participate in such continuing education programs as the Committee may specify.

## **H. Management Succession**

The entire Board will work with the Nominating and Corporate Governance Committee to nominate and evaluate potential successors to the position of CEO. The CEO should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

## **I. Annual Performance Evaluation**

The Board of Directors will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Committee will establish and maintain a process that will facilitate input from all directors and will report annually to the Board with an assessment of the Board’s performance. The assessment will focus on the Board’s contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.

## **J. Meetings of Independent Directors**

Independent directors (as defined by applicable NYSE and SEC requirements, rules and regulations and these Guidelines) shall meet in executive session at each Board meeting.