



**AMERICAN GREETINGS CORPORATION  
COMPENSATION AND MANAGEMENT DEVELOPMENT  
COMMITTEE CHARTER**

**Revised February 15, 2006**

**A. Purpose**

The purposes of the Compensation and Management Development Committee (the “Committee”) of the Board of Directors (the “Board”) of American Greetings Corporation (the “Company”) are to (i) discharge the Board’s responsibilities relating to the compensation of the Company’s executives and directors, (ii) oversee the Company’s compensation and employee benefit plans and practices, and (iii) produce an annual report on executive compensation for inclusion in the Company’s proxy statement, in accordance with all applicable rules and regulations.

**B. Membership**

The Committee shall be composed of three or more Directors, as determined by the Board. All members of the Committee shall qualify as independent directors under the standards established by the New York Stock Exchange (“NYSE”). Members of the Committee shall also qualify as “non-employee directors” within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and shall satisfy any other necessary standards of independence under the federal securities laws.”

The members of the Committee shall be appointed and serve at the pleasure of the Board. Vacancies on the Committee may be filled by the Board, and members of the Committee may be removed only by the Board.

**C. Meetings**

The Committee shall meet at least three times annually or more frequently as circumstances require. The Board shall designate one member of the Committee as its Chairperson. The Chairperson will, in conjunction with appropriate members of the Committee and management, establish the meeting calendar and set the agenda for each meeting. The Chairperson of the Committee or a majority of the members of the Committee may call special meetings of the Committee. The Committee may form subcommittees of not fewer than two members for any purpose that the Committee

deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate.

The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such information as the Committee requests.

The Committee may meet in executive session outside the presence of the Company's executive officers.

Following each of its meetings, the Committee shall report on the meeting to the Board, including a description of all actions taken by the Committee at the meeting. The Committee shall keep written minutes of its meetings.

#### **D. Responsibilities of the Committee**

- (i) To review and approve periodically the goals and objectives relevant to the compensation of the Chief Executive Officer and the Company's other executive officers, and amend, or recommend that the Board amend, these goals and objectives if the Committee deems it appropriate.
- (ii) To review at least annually the Company's executive and employee compensation plans and, if the Committee deems it appropriate, recommend to the Board the adoption of new or the amendment of existing plans.
- (iii) To evaluate annually the performance of the Chief Executive Officer in light of the goals and objectives of the Company's executive compensation plans, and set his or her compensation level based on this evaluation. In determining the long term incentive component of the Chief Executive Officer's compensation, the Committee shall consider all relevant factors, including the Company's performance and relative shareholder return, the value of similar awards to chief executive officers of comparable companies, and the awards given to the Chief Executive Officer of the Company in past years.
- (iv) To review and approve the compensation for executive officers, including the review and approval of the design and implementation of any incentive arrangements, equity compensation, and supplemental retirement programs.
- (v) To review and approve grants and awards to executive officers and other participants under the Company's equity-based compensation plans.

- (vi) To evaluate periodically compensation for members of the Board and its committees and to review and approve changes in such compensation and plans relating to director compensation. Directors who are employees of the Company shall not be compensated for their service as a director (other than reimbursement of expenses incurred in attending board and committee meetings). In establishing compensation for directors, the Committee may take into account the responsibilities of directors in serving on the Board and its Committees and the compensation provided to directors of other publicly-traded companies.
- (vii) To oversee the annual evaluation of management.
- (viii) To perform such duties and responsibilities as may be assigned to the Committee under the terms of any executive or employee compensation or benefit plan.
- (ix) To review perquisites or other personal benefits to the Company's executive officers and recommend any changes to the Board.
- (x) To work with the Board to nominate and evaluate potential successors to the position of CEO.
- (xi) To make an annual report to the Board concerning succession planning.
- (xii) To issue an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations.
- (xiii) To review all equity compensation plans that are not subject to shareholder approval under the listing standards of the NYSE and to approve such plans in its sole discretion.

#### **E. Evaluation of the Committee**

The Committee shall, on an annual basis, evaluate its performance under this Charter. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner. The Committee shall deliver to the Board a report setting forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's policies or procedures.

## **F. Investigations and Studies; Outside Advisors**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's responsibilities, and may retain, at the Company's expense, such independent counsel or other advisors as it deems necessary. The Committee shall have the sole authority to retain or terminate a compensation consultant to assist the Committee in carrying out its responsibilities, including sole authority to approve the consultant's fees and other retention terms, such fees to be borne by the Company.

Consistent with New York Stock Exchange listing requirements, this Charter will be included on the Company's website and will be made available upon request to the Company's Secretary. The Company's Annual Report on Form 10-K will state that this Charter is available on the Company's website and will be made available upon request sent to the Company's Secretary. This Charter may also be published periodically in the proxy statement relating to the Company's annual meeting of shareholders.