

August 30, 2010

To American Greetings Associates:

You recently received a letter from Zev Weiss, Chief Executive Officer, and Jeff Weiss, President and Chief Operating Officer, explaining why American Greetings must take a new approach to providing health and wellness benefits. Now, I'd like to share more details about this approach to help you get ready for changes you'll begin to see this fall.

Why change?

The simple answer is ***we have to change***. Health care costs in the U.S. are soaring out of control. The recently enacted health care reform bill, which begins to take effect in 2011, and the fundamental structure of the U.S. health care system will continue to drive up costs for both American Greetings and our associates. These factors make it necessary for us to reevaluate our benefit plans and find new ways to provide good quality plans that represent a fair value, at a reasonable cost. American Greetings, like many other large employers, is making major changes in our health and wellness plans.

What's changing?

Over the next several years, we'll be changing the focus of our plans. We believe that with these changes we can better manage health care costs while ensuring that our associates continue to have access to quality health care at affordable rates. You will see:

1. **An increased focus on associates as consumers of health care.** We'll encourage wider participation in plans that encourage smart consumer behavior. These plans, called consumer-directed plans, give participants more visibility to the financial impacts of their health care decisions and provide financial rewards for staying healthy. We'll give you the information you need to understand how they work so each of us will feel comfortable that we're getting the most benefit from these plans, with minimal financial risk. In fact, our analysis shows that last year a vast majority of our associates would have saved money if they had enrolled in a consumer-directed plan instead of the plan they selected.

At the same time, we'll be charging more for, or eliminating, plans that do not effectively manage costs for you and American Greetings and do not encourage effective consumerism, because over time, these plans simply encourage spiraling cost increases.

2. **A larger emphasis on preventive care and wellness.** We will significantly expand our wellness initiatives. We believe that the good health of our associates and their families is good for all of us—from both a lifestyle and a cost perspective. At the same time, we'll be improving the incentives we provide to encourage participation in wellness plans.

Based on these initiatives, here are some of the changes you'll begin to see in 2011:

Changes to our health plans

- Associate premiums for health care will go up. This is a result of the ongoing increase in costs of basic health care, along with the additional costs generated by the recent federal health care legislation. Premium increases for the consumer-directed plans will be modest because these plans do a better job of managing costs.
- The Exclusive Provider Organization (EPO) plan will be eliminated entirely for most associates in 2012. This is because the EPO does not do as good a job of managing costs as the consumer-directed plans.
- Associate premiums for the Preferred Provider Plan (PPO) will increase significantly for 2011, 2012 and 2013. While the PPO manages costs better than the EPO plan, it does not do as well as the consumer-directed plans.

New opportunities to save money and improve your health and wellness at the same time

- We believe so strongly in the value of the health risk assessment (HRA) that we'll grant a \$60 credit if your enrolled spouse completes the HRA, in addition to the \$150 credit you receive upon completing it. The HRA is an essential first step in effectively managing our personal health.

Encouraging participation in the more cost-effective consumer plans by improving those plans' benefits while keeping their premiums steady

- You won't have to meet the annual deductible before preventive/maintenance drugs are covered. The plan will share the cost of these drugs with you immediately.
- We will make company contributions to the consumer-directed plans' health savings accounts (HSAs) as a one-time payment at the beginning of the calendar year, rather than stretch it out during the year. HSAs can be used to pay for eligible health care expenses that are the participant's responsibility.

What do you need to do?

Each of us will need to do more to be a smart health care consumer. That means being a smart shopper when you "buy" health care coverage and services—doing your homework, comparing your options, and buying based on quality and price. And it means being smart when you and your family make use of these benefits. American Greetings will help you do this by providing more information and tools for better decision-making and better overall health. That includes providing more information about the consumer-directed health plans we offer because, in general, they are the most affordable options.

Where you can learn more

Look for a *What's Changing* newsletter with more details about 2011 changes to arrive at your home in late September. There will be other opportunities to learn more about our new approach to health and wellness and upcoming changes to our benefit programs through the imAGine intranet site (click on AGBenefits), www.americangreetingsbenefits.com on the Internet, and through meetings and other resources.

If you have questions about your benefits, contact the AG Benefits Solutions Center at **1-877-213-6240**.

Sincerely,



Brian McGrath
Senior Vice President, Human Resources