

AMERICAN GREETINGS CORP
Form 424B5
November 15, 2011
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Registration No. 333-177986

The information in this prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated November 15, 2011

PROSPECTUS SUPPLEMENT

To prospectus dated November 15, 2011

American Greetings Corporation

\$225,000,000

% Senior Notes due 2021

Interest payable on May and November .

We are offering \$225,000,000 aggregate principal amount of % notes due 2021, which we refer to in this prospectus supplement as the notes.

We will pay interest on the notes on May and November of each year, commencing on May , 2012. The notes will mature on November , 2021.

We may redeem the notes, in whole or in part, at our option at any time on or after November , 2016, at the redemption prices listed under Description of the notes Optional redemption in this prospectus supplement, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. We may also redeem the notes, in whole or in part, at our option at any time prior to November , 2016, at a price equal to 100% of their principal amount plus a make-whole premium, together with accrued but unpaid interest, if any, to, but excluding, the date of redemption. At any time on or before November , 2014, we may, at our option, redeem up to 35% of the aggregate principal amount of the notes with the net cash proceeds of one or more qualified equity offerings at a redemption price equal to % of the principal amount of the notes, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. In addition, at any time or from time to time prior to November , 2014, we may, at our option, redeem up to 10% of the aggregate principal amount of the notes in any twelve-month period at a redemption price equal to 103% of the principal amount of the notes, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

If we experience a change of control, we may be required to offer to purchase the notes at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest.

The notes will be unsecured obligations of American Greetings Corporation and will rank equally with our other senior unsecured indebtedness outstanding from time to time.

Before buying any notes, you should read the discussion of the risks of investing in the notes beginning on page S-12 of this prospectus supplement, as well as the section entitled Risk factors on page 4 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Public Offering Price(1)	Underwriting Discount	Proceeds to American Greetings (before expenses)(1)
	%	%	%
Per note			
Total	\$	\$	\$

(1) Plus accrued interest, if any, from November , 2011.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes. The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company on or about , 2011.

Joint book-running managers

J.P. Morgan

Joint lead manager

BofA Merrill Lynch

KeyBanc Capital Markets

Co-managers

PNC Capital Markets LLC

Mitsubishi UFJ Securities

The date of this prospectus supplement is , 2011.

Scotia Capital

RBS

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You should rely only on the information contained and incorporated by reference in this prospectus supplement and the accompanying prospectus or any free writing prospectus authorized by us. Neither American Greetings nor the underwriters have authorized anyone to provide you with any information or represent anything about American Greetings, its financial results or this offering that is not contained or incorporated by reference in this prospectus supplement or the accompanying prospectus or any free writing prospectus authorized by us. If given or made, any such other information or representation should not be relied upon as having been authorized by American Greetings or the underwriters. Neither American Greetings nor the underwriters are making an offer to sell these notes in any jurisdiction where the offer or sale is not permitted. The information contained and incorporated by reference in this prospectus supplement and the accompanying prospectus may only be accurate on the date of this document.

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About this prospectus supplement

We provide information to you about this offering in two separate documents. The accompanying prospectus provides general information about us and the debt securities we may offer from time to time. This prospectus supplement describes the specific details regarding this offering. Generally, when we refer to the prospectus, we are referring to both documents combined. Additional information is incorporated by reference in this prospectus supplement. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement. You should read this prospectus supplement together with the additional information described below under the headings **Where you can find more information** and **Information incorporated by reference**.

We have not authorized any dealer, salesman or other person, and the underwriters have not authorized anyone, to give any information or to make any representation other than those contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus authorized by us. We do not, and the underwriters and their affiliates do not, take any responsibility for, and can provide no assurances as to, the reliability of any information that others may provide you. We are not, and the underwriters are not, making an offer to sell or a solicitation of an offer to buy the notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. You should assume that the information contained in this prospectus supplement, the accompanying prospectus or any free writing prospectus is only correct as of their respective dates or the date of the document in which incorporated information appears. Our business, financial condition, results of operations and prospects may have changed since those dates.

Before you invest in the notes, you should read the registration statement of which the accompanying prospectus forms a part, including the documents incorporated by reference herein.

Unless otherwise indicated or the context otherwise requires, references in this prospectus supplement to the terms **we**, **us**, **our**, **the Company** or **American Greetings** refer to American Greetings Corporation and its consolidated subsidiaries.

Where you can find more information

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or SEC, pursuant to the Securities Exchange Act of 1934, or the Exchange Act. Such filings are available to the public from the SEC's website at <http://www.sec.gov>. You may also read and copy any document we file at the SEC's public reference room in Washington D.C. located at 100 F Street, N.E., Washington D.C. 20549. You may also obtain copies of any document filed by us at prescribed rates by writing to the Public Reference Section of the SEC at that address. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. You may also inspect the information that we file at the offices of the New York Stock Exchange Inc., 20 Broad Street, New York, New York 10005. Information about us, including our filings, is also available on our website at <http://www.corporate.americangreetings.com>. The information contained on or accessible through our website is not part of this prospectus supplement, other than the documents that we file with the SEC that are incorporated by reference into this prospectus supplement or the accompanying prospectus.

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Information incorporated by reference

The SEC allows us to incorporate by reference the information contained in documents we file with the SEC, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is an important part of this prospectus supplement. Any statement contained in a document which is incorporated by reference in this prospectus supplement is automatically updated and superseded if information contained in this prospectus supplement, or information that we later file with the SEC, modifies or replaces that information. Any statement made in this prospectus supplement or the accompanying prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual contract, agreement or other document. If we have filed or incorporated by reference any contract, agreement or other document as an exhibit to the registration statement of which the accompanying prospectus forms a part, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

We incorporate by reference the following documents we filed with the SEC, excluding any information contained therein or attached as exhibits thereto that has been furnished to but not filed with the SEC (including any information furnished pursuant to Item 2.02 or Item 7.01 of our Current Reports on Form 8-K):

our Annual Report on Form 10-K for the fiscal year ended February 28, 2011, as amended by our Annual Report on Form 10-K/A for the fiscal year ended February 28, 2011 filed on November 14, 2011;

our Quarterly Reports on Form 10-Q for the fiscal quarters ended May 27, 2011 and August 26, 2011, as amended by our Quarterly Reports on Form 10-Q/A for the fiscal quarters ended May 27, 2011 and August 26, 2011 filed on November 14, 2011; and

our Current Reports on Form 8-K filed on March 4, 2011, June 29, 2011, September 27, 2011 and November 9, 2011.

Any documents filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and prior to the termination of the offering of the notes will automatically be deemed to be incorporated by reference in this prospectus supplement and a part of this prospectus supplement from the date of filing such documents; provided however, that we are not incorporating in each case, any documents or information contained therein that has been furnished but not filed with the SEC.

To receive a free copy of any of the documents incorporated by reference in this prospectus supplement (other than exhibits, unless they are specifically incorporated by reference in any such documents), call or write American Greetings Corporation, One American Road, Cleveland, Ohio 44144, Attention: Secretary (telephone (216) 252-7300).

Disclosure regarding forward-looking statements

This prospectus supplement, including the documents incorporated herein by reference, contains statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, or the Securities Act, and Section 21E of the Exchange Act. These statements can be identified by the fact that they do not relate strictly to historic or current facts.

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They use such words as anticipate, estimate, expect, project, intend, plan, believe, and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. These forward-looking statements are based on currently available information, but are subject to a variety of uncertainties, unknown risks and other factors concerning our operations and business environment, which are difficult to predict and may be beyond our control. Important factors that could cause actual results to differ materially from those suggested by these forward-looking statements, and that could adversely affect our future financial performance, include, but are not limited to, the following:

a weak retail environment and general economic conditions;

competitive terms of sale offered to customers;

the loss of one or more retail customers and/or retail consolidations, acquisitions and bankruptcies, including the possibility of resulting adverse changes to retail contract terms;

the timing and impact of investments in new retail or product strategies as well as new product introductions and achieving the desired benefits from those investments;

the timing and impact of converting customers to a scan-based trading model;

the ability to achieve the desired benefits associated with our cost reduction efforts;

the timing of investments in, together with the ability to successfully implement or achieve the desired benefits associated with, any information systems refresh we may implement;

Schurman Fine Paper's ability to successfully operate its retail operations and satisfy its obligations to us;

consumer acceptance of products as priced and marketed;

the impact of technology, including social media, on core product sales;

escalation in the cost of providing employee healthcare;

the ability to comply with our debt covenants;

fluctuations in the value of currencies in major areas where we operate, including the U.S. Dollar, Euro, U.K. Pound Sterling and Canadian Dollar;

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the outcome of any legal claims known or unknown; and

the risk factors referred to or described in the Risk factors section of this prospectus supplement.

Risks pertaining specifically to AG Interactive include the viability of online advertising, subscriptions as revenue generators, and the ability to adapt to rapidly changing social media and the digital photo sharing space.

The risks and uncertainties identified above are not the only risks we face. Additional risks and uncertainties not presently known to us or that we believe to be immaterial also may adversely affect us. Should any known or unknown risks or uncertainties develop into actual events, or underlying assumptions prove inaccurate, these developments could have a material adverse effect on our business, financial condition and results of operations. We assume no obligation or duty to update any of the forward-looking statements included in this prospectus supplement or the accompanying prospectus (including the information incorporated by reference), except to the extent required by applicable law.

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Summary

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference in these documents. See Where you can find more information and Information incorporated by reference. Unless otherwise indicated or the context otherwise requires, all references in this prospectus supplement to we, us, our or American Greetings refer to American Greetings Corporation and its consolidated subsidiaries.

Our fiscal year ends on February 28 or 29. References to a particular year refer to the fiscal year ending in February of that year. For example, 2011 refers to the year ended February 28, 2011.

Our company

Founded in 1906, American Greetings operates predominantly in a single industry: the design, manufacture and sale of everyday and seasonal greeting cards and other social expression products. We manufacture or sell greeting cards, gift packaging, party goods, stationery and giftware in North America, primarily the United States and Canada, and throughout the world, primarily in the United Kingdom, Australia and New Zealand. In addition, our subsidiary AG Interactive, Inc. distributes social expression products, including electronic greetings and a broad range of graphics and digital services and products, through a variety of electronic channels, including web sites, internet portals, instant messaging services and electronic mobile devices. We also engage in design and character licensing, and manufacture custom display fixtures for our products and products of others.

Our principal executive office is located at One American Road, Cleveland, Ohio 44144. Our telephone number is (216) 252-7300. Our web site address is www.corporate.americangreetings.com. The information contained on or accessible through our website is not part of this prospectus supplement, other than the documents that we file with the SEC that are incorporated by reference into this prospectus supplement or the accompanying prospectus.

Our competitive strengths

We believe that the following factors contribute significantly to our ability to compete effectively in the social expressions industry.

Leading Market Share. We have established a leading market position in many of our major businesses. We believe we have a leading portfolio of products with an approximate 40% market share in the North American greeting cards market. Our leading market position in the greeting cards market has been strengthened by both our broad product offering as well as by the size and scope of our distribution network. We also believe we are the number one supplier of online greeting cards with greater than 60% market share and approximately 3.7 million subscribers to our various electronic greeting card websites. In addition, we believe we are a leading domestic supplier of gift packaging.

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Creative Culture with Broad Product Offering. We have one of the world's largest creative studios with an extensive library of award-winning expressive content. With more than 400 artists, we create over 10,000 new greeting card designs each year and have successfully leveraged our core competencies in the greeting card business to diversify into other social expression and related product categories, including gift packaging, party goods and stationery. Our ability to provide a full range of greeting cards and other social expression products reinforces our relationships with major retailers by helping them effectively meet their merchandising goals.

Strong Retail Partnerships. We have long-standing relationships with major retailers in the mass retail channels, having supplied our top two retail customers for over 40 years. We believe we are one of only two companies out of the many greeting card suppliers in North America that can meet the combination of merchandising, quality, selection, inventory and distribution criteria required by today's largest and best retailers. In addition, as of February 28, 2011, three of our five largest customers were on a scan-based trading model, a business model that is based on providing product to our customers on a consignment basis where we record sales at the time a product is electronically scanned through the retailer's cash register. Scan-based trading solidifies our retailer relationships and provides benefits such as improved information sharing with our retail customers, contract enhancements and cash management efficiencies. Our strong retail relationships allow us to engage in longer-term contracts that strengthen our ability to compete in the greeting card business.

Extensive Distribution Capabilities. Through our multiple manufacturing and distribution facilities, we deliver thousands of products to tens of thousands of stores on a weekly basis across North America. Our distribution network is supported by our automated distribution system, which allows us to replenish retailers' shelves promptly following the initiation of a re-order, and by over 17,000 merchandisers, who are responsible for stocking of pockets in displays and overall display appearance and management within the retail locations. These capabilities allow us to service our customers in an effective and efficient manner, thereby positioning us as a leading supplier to our retail customers.

Diversified Channel Exposure. Our distribution continues to be primarily through mass retail, which is comprised of three distinct channels: mass merchandisers; chain drug stores; and supermarkets. In addition, we sell our products through a variety of other distribution channels, including card and gift shops, department stores, military post exchanges, variety stores, combo stores (stores combining food, general merchandise and drug items) and online.

Strong Cash Flows. During the fiscal year ended February 28, 2011, more than half of our net sales were derived from long-term contractual relationships with our retail partners, providing us with stability in our net sales and therefore a more predictable cash flow. We believe our relatively stable revenue in conjunction with our modest working capital needs and low maintenance capital expenditures (typically less than 4% of annual revenue) have resulted in significant free cash flow generation. Over the last three years, we have reduced our net debt by over \$300 million.

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Our business strategy

Our objective is to continue to expand our position as a leading creator, manufacturer and distributor of social expression products by generating innovative products and services to meet the consumers' needs to connect, express and celebrate life's special moments. Our key strategic initiatives are to:

Grow our Greeting Cards Business. We will focus our resources primarily on our core greeting card business. We seek to lead the category through differentiation and thereby gain profitable market share, primarily by concentrating our efforts to:

Enhance our product portfolio. We will continue to leverage one of the world's largest creative studios and digital libraries of award-winning expressive content to create a full range of fresh and new greeting card designs each year.

Expanding channels of distribution. We will seek to develop new, and grow existing, business, including by expanding Internet and other channels of electronic distribution to make American Greetings the natural and preferred greetings solution, as well as capture any shifts in consumer demand.

Focus on Supply Chain Management and Back Office Efficiencies. We will seek to improve our business by continuing our focus on supply chain efficiencies to improve the way we develop, manufacture, distribute and service our products. In addition, we will continue to concentrate on ways to create sustainable cost savings by, among other things, continuously balancing the mix of our own manufacturing and outsourcing production and reducing overhead and fixed costs. We intend to maximize the profitability of our greeting card sales by reducing cost of goods sold and improving the efficiency of shipments to reduce scrap, order filling, freight, and merchandiser costs while maintaining sell-through productivity. We also intend to focus additional resources on streamlining our back office processes in order to reduce our general and administrative expenses.

Tender offers and consent solicitations

On November 15, 2011, we commenced tender offers to purchase any and all of our outstanding 7.375% senior notes due June 1, 2016, which we refer to as our 2016 senior notes, and our 7.375% notes due June 1, 2016, which we refer to as our 2016 notes, and, together with the 2016 senior notes, our existing notes. As of November 14, 2011, approximately \$222.0 million in aggregate principal amount of our 2016 senior notes were outstanding and \$32.7 million in aggregate principal amount of our 2016 notes were outstanding. In connection with the tender offers, we are also soliciting the consent of holders of the outstanding existing notes to amend the indentures governing the existing notes to, among other things, eliminate substantially all of the restrictive covenants therein and reduce the redemption notice period from 30 days to three business days.

The consummation of each of the tender offers is conditioned upon, among other things, the satisfaction, or waiver by us, of certain conditions, including the completion of this offering.

The tender offers and consent solicitations are scheduled to expire at midnight, New York City time, on December 13, 2011, unless extended or earlier terminated. Holders of the existing

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notes that validly tender and do not withdraw their notes and validly deliver and do not revoke their consents prior to 5:00 p.m., New York City time, on November 29, 2011, are entitled to receive a consent payment.

We will use the net proceeds of this offering, together with cash on hand, to fund the tender offers and consent solicitations as set forth under Use of proceeds.

If all of our outstanding existing notes are repurchased pursuant to the tender offers, the total tender offer consideration payable by us, including the consent payment, is expected to be approximately \$263.5 million, excluding accrued and unpaid interest. This offering is not conditioned on any minimum amount of existing notes being repurchased pursuant to the tender offers. Following the expiration of the tender offers, we intend to redeem any of our existing notes that remain outstanding through the exercise of the optional redemption provisions in the indentures.

Unless otherwise indicated, all information in this prospectus supplement reflects or assumes that all of our outstanding existing notes will be repurchased pursuant to the tender offers and the holders tendering such notes receive the total tender offer consideration, including the consent payment.

Restatements

On November 7, 2011, management and the Audit Committee of our Board of Directors concluded that our financial statements must be restated as described below to reflect the impact of an understatement of a deferred tax asset that occurred in the fiscal year ended February 29, 2004. In addition, management concluded that this error arose from a material weakness related to the internal control over the accounting for income taxes that was not identified in the Report of Management on Internal Control over Financial Reporting as of February 28, 2011 included in Item 9A of our Annual Report on Form 10-K for the fiscal year ended February 28, 2011. As a result, our financial statements for the three years ended February 28, 2011, and the Report of Management on Internal Control Over Financial Reporting as of February 28, 2011, and the related auditor's reports thereon, previously filed in our Annual Report on Form 10-K for the fiscal year ended February 28, 2011, should no longer be relied upon. On November 14, 2011, we restated the financial statements contained in our Annual Report on Form 10-K for the fiscal year ended February 28, 2011 and our Quarterly Reports on Form 10-Q for the fiscal quarters ended May 27, 2011 and August 26, 2011.

We record a deferred tax asset or liability when the treatment of an item on the tax return differs from the treatment of that item for financial reporting purposes, thus creating a temporary timing difference in the amount of tax expense reported on our tax return compared to the amount of tax expense reported for financial reporting purposes. We identified the deferred tax asset understatement in connection with a review of calculations used in determining the tax basis of our inventory. During this review, it was discovered that the deferred tax asset related to this matter as reflected on our consolidated statement of financial position did not appropriately reflect the difference between the basis of our inventory used for financial reporting purposes and the basis of our inventory used for tax purposes. The amount of the understatement of the deferred tax asset was \$14.8 million. We determined that the difference occurred as a result of an adjustment to the deferred tax asset in the fourth quarter of

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the fiscal year ended February 29, 2004, which resulted in the understatement of net income, deferred and refundable income taxes, current assets and total shareholders' equity by \$14.8 million for the year ended February 29, 2004.

For additional information regarding the restatements, please refer to the following documents we filed with the SEC that are incorporated by reference into this prospectus supplement:

our Annual Report on Form 10-K for the fiscal year ended February 28, 2011, as amended by our Annual Report on Form 10-K/A for the fiscal year ended February 28, 2011 filed on November 14, 2011;

our Quarterly Reports on Form 10-Q for the fiscal quarters ended May 27, 2011 and August 26, 2011, as amended by our Quarterly Reports on Form 10-Q/A for the fiscal quarters ended May 27, 2011 and August 26, 2011 filed on November 14, 2011; and

our Current Report on Form 8-K filed on November 9, 2011.

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The offering

The following summary contains basic information about the notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the notes, please refer to the section entitled "Description of the notes" in this prospectus supplement.

Issuer	American Greetings Corporation
The Notes	\$225.0 million aggregate principal amount of % senior notes due 2021.
Maturity	Unless redeemed prior to maturity as described below, the notes will mature on November , 2021.
Payment of Interest	Interest on the notes will be payable semi-annually in arrears on May and November of each year, commencing May , 2012. Interest will accrue from November , 2011.
Ranking	<p>The notes will be our general unsecured obligations. The notes will rank equally with our other senior unsecured indebtedness and senior in right of payment to all of our obligations that are, by their terms, expressly subordinated in right of payment to the notes. The notes will be effectively subordinated to all of our existing and future secured indebtedness, including borrowings under our senior secured credit facility, to the extent of the value of the assets securing such indebtedness. The notes will be structurally subordinated to all existing and future obligations of our subsidiaries. On the issue date, none of our subsidiaries will be obligated to guarantee the notes.</p> <p>As of August 26, 2011, assuming this offering and the tender offers for our existing notes had occurred on such date (assuming 100% of the holders had tendered their notes in the tender offers), and the application of the net proceeds from this offering as set forth under "Use of proceeds," we would have had total indebtedness of approximately \$225.2 million (excluding outstanding letters of credit), none of which would have been secured indebtedness. In addition, as of such date and after giving effect to such transactions, we would have had approximately \$19.2 million of outstanding letters of credit and \$330.8 million of additional secured borrowing availability under our senior secured credit facility, and our subsidiaries would have had approximately \$175.8 million of indebtedness and other liabilities, including trade payables. In addition, as of such date, AGC Funding Corporation, one of our subsidiaries, had an \$80.0 million receivables securitization facility (subsequently reduced to \$70.0 million), and had no borrowings and \$12.6 million of letters of credit outstanding under such facility.</p>
Optional Redemption	We may redeem the notes, in whole or in part, at our option at any time on or after November , 2016, at the redemption prices

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listed under Description of the notes Optional redemption, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

In addition, on or before November , 2014, we may, at our option, redeem up to 35% of the aggregate principal amount of notes issued under the indenture with the net cash proceeds of one or more qualified equity offerings at a redemption price equal to % of the principal amount of the notes, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption; *provided* that (1) at least 65% of the aggregate principal amount of notes issued under the indenture remains outstanding immediately after the occurrence of such redemption and (2) the redemption occurs within 90 days of the date of the closing of any such qualified equity offering.

In addition, at any time or from time to time prior to November , 2014, we may, at our option, redeem up to 10% of the aggregate principal amount of the notes in any twelve-month period at a redemption price equal to 103% of the principal amount of the notes, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

We may also redeem the notes, in whole or in part, at our option at any time prior to November , 2016, at a price equal to 100% of their principal amount plus a make-whole premium, together with accrued but unpaid interest, if any, to, but excluding, the date of redemption.

Change of Control

Upon the occurrence of any change of control (as defined in the indenture), each holder of notes will have the right to require us to purchase all of that holder's notes for a cash price equal to 101% of the principal amount of the notes to be purchased, plus accrued and unpaid interest, if any, to the date of purchase.

Certain Covenants

The indenture governing the notes will contain certain covenants that, among other things, will limit our ability and the ability of certain of our restricted subsidiaries to:

incur additional debt;

declare or pay dividends, make distributions on or repurchase or redeem our capital stock;

make certain investments;

enter in agreements affecting the ability of our restricted subsidiaries to pay dividends;

enter into transactions with affiliates;

grant or permit liens;

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sell assets;

enter in sale and leaseback transactions; and

consolidate, merge or sell all or substantially all of our assets.

These covenants are subject to a number of important detailed exceptions and qualifications, which are described under Description of the notes, including but not limited to exceptions whereby some of these covenants will cease to apply before the notes mature if the notes achieve investment grade ratings from either or both of Standard & Poor's Ratings Services and Moody's Investors Service Inc.

Use of Proceeds

The net proceeds from the offering of notes are expected to be approximately \$220.4 million after deducting the underwriting discount and estimated offering expenses. We will use the net proceeds of this offering, together with cash on hand, to repurchase our existing notes. See Use of proceeds.

Risk Factors

See Risk factors beginning on page S-12 for discussion of factors you should carefully consider before deciding to invest in the notes.

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The table below sets forth a summary of our consolidated financial data for the periods presented. We derived the financial data as of and for the fiscal years ended February 28, 2009, 2010 and 2011 from our audited financial statements. The consolidated financial data as of and for the six months ended August 27, 2010 and August 26, 2011 are derived from our unaudited financial statements. The interim unaudited consolidated financial data have been prepared on the same basis as the annual consolidated financial data and include, in the opinion of management, all adjustments, consisting of normal and recurring adjustments, necessary to present fairly the data for such periods and may not necessarily be indicative of full-year results. Prospective investors should read the summary of consolidated financial data in conjunction with our consolidated financial statements, the related notes and other financial information incorporated by reference into this prospectus supplement.

	2009	2010	Year ended February 28 2011	2010	Six months ended August 26 or 27 2011
	(in thousands)				
Statement of Operations:					
Net sales	\$ 1,646,399	\$ 1,598,292	\$ 1,560,213	\$ 725,444	\$ 756,517
Other revenue	44,339	37,566	32,355	13,683	14,625
Total revenue	1,690,738	1,635,858	1,592,568	739,127	771,142
Material, labor and other production costs	809,956	713,075	682,368	303,726	316,127
Selling, distribution and marketing	618,899	507,960	478,227	229,869	248,381
Administrative and general	226,317	276,031	260,476	128,225	126,224
Goodwill and other intangible asset impairments	290,166				
Other operating income net	(1,396)	(310)	(3,205)	(1,530)	(6,045)
Operating (loss) income	(253,204)	139,102	174,702	78,837	86,455
Interest expense	22,854	26,311	25,389	12,920	11,887
Interest income	(3,282)	(1,676)	(853)	(410)	(631)
Other non-operating expense (income) net	2,157	(6,487)	(5,841)	(1,703)	(544)
(Loss) income before income tax (benefit) expense	(274,933)	120,954	156,007	68,030	75,743
Income tax (benefit) expense	(47,174)	39,380	68,989	28,659	28,674
Net (loss) income	\$ (227,759)	\$ 81,574	\$ 87,018	\$ 39,371	\$ 47,069
Balance Sheet Data (end of period):					
Cash and cash equivalents	\$ 60,216	\$ 137,949	\$ 215,838	\$ 133,834	\$ 209,326
Working capital	244,663	325,551	373,226	308,857	410,030
Total assets	1,462,895	1,544,498	1,547,249	1,451,814	1,586,139
Total debt	390,223	329,723	232,688	231,525	233,970
Total net debt(1)	330,007	191,774	16,850	97,691	24,644
Total liabilities	918,860	893,587	783,491	761,339	786,516

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	2009	Year ended February 28		Six months ended	
		2010	2011	August 26 or 27 2010	2011
(in thousands)					
Cash Flow Data:					
Cash flows provided by operating activities	\$ 73,040	\$ 197,490	\$ 179,799	\$ 88,547	\$ 36,229
Cash flows (used) provided by investing activities	(137,335)	(40,013)	8,210	14,020	(25,876)
Purchase of treasury shares	(73,983)	(11,848)	(13,521)	(13,052)	(20,791)
Cash flows provided (used) by financing activities	22,967	(86,542)	(117,192)	(107,321)	(18,375)
Other Data:					
EBITDA(2)	(202,063)	192,430	222,444	101,413	107,616
Adjusted EBITDA(2)	93,568	217,825	218,625	100,413	102,616
Capital expenditures	55,733	26,550	36,346	14,128	26,951
Depreciation and amortization	50,016	45,165	41,048	20,463	19,986
Consolidated ratio of earnings to fixed charges(3)		4.6 x	6.0 x	5.3 x	5.9 x

- (1) We define total net debt as total debt less cash and cash equivalents (which includes highly liquid investments purchased with an original maturity of less than three months). Management believes that net debt is an important measure of our financial condition. Net debt does not, however, take into account the need to maintain certain cash reserves to meet short-term liquidity demands, restrictions on the availability of cash to repay debt, including restrictions on cash repatriation, or possible currency gains or losses in connection with currency conversions. The table set forth below reconciles our total debt to total net debt.

	2009	February 28		August 26 or 27	
		2010	2011	2010	2011
(in thousands)					
Total debt	\$ 390,223	\$ 329,723	\$ 232,688	\$ 231,525	\$ 233,970
Minus: Cash and cash equivalents	(60,216)	(137,949)	(215,838)	(133,834)	(209,326)
Total net debt	\$ 330,007	\$ 191,774	\$ 16,850	\$ 97,691	\$ 24,644

- (2) EBITDA represents (loss) income from continuing operations before interest expense, income taxes, and depreciation and amortization. Adjusted EBITDA represents EBITDA as further adjusted to exclude the impact of earnings or charges resulting from matters that we consider not to be indicative of our ongoing operations, as reflected in the table on the following page. However, these are expenses or charges that may recur, vary greatly and the occurrence of which in the future is difficult to predict. These expenses or charges can represent the effect of long-term strategies as opposed to short-term results. EBITDA and Adjusted EBITDA are presented because our management considers them to be important supplemental measures of our operating performance and believes that they are frequently used by securities analysts, investors and other interested parties as useful tools for measuring a company's operating performance. In addition, we believe that including supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA is appropriate to provide additional information to securities analysts, investors and other interested parties that may be useful in developing consistent period-to-period comparisons. Neither EBITDA nor Adjusted EBITDA represent net income or cash flows from operations as those terms are defined in generally accepted accounting principles, or GAAP, and do not necessarily indicate whether cash flows will be sufficient to fund our cash needs. In addition, it should be noted that our calculation of EBITDA and Adjusted EBITDA may not be comparable to the calculation of similarly titled measures reported by other companies and that EBITDA and Adjusted EBITDA have material limitations as performance measures because of the items that they exclude. The tables set forth below reconcile our net (loss) income to EBITDA and to Adjusted EBITDA for the fiscal years ended February 28, 2009, 2010 and 2011, as well as the six months ended August 27, 2010 and August 26, 2011.

For the year ended February 28, 2010, EBITDA and Adjusted EBITDA include a \$24.0 million charge in connection with a legal settlement relating to our acquisition of Recycled Paper Greetings. For the year ended February 28, 2011, EBITDA and Adjusted EBITDA include a gain of \$3.3 million associated with a currency translation adjustment in connection with the liquidation of a foreign subsidiary and a \$13.0 million benefit associated with a LIFO liquidation.

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- (3) Ratio of earnings to fixed charges is computed by dividing fixed charges into earnings plus fixed charges. For purposes of determining this ratio, earnings have been calculated as pretax income from continuing operations. Fixed charges consist of interest expense (including amortized premiums, discounts and capitalized expenses related to indebtedness) and the estimated interest component of rent expense. The ratio of earnings to fixed charges for the years ended February 28, 2007 and February 29, 2008 was 2.2 x and 4.5 x, respectively. Earnings for the fiscal year ended February 28, 2009 were inadequate to cover fixed charges and the coverage deficiency was \$274.9 million.

		Year ended February 28			Six months ended August 26 or 27	
	2009	2010	2011	2010	2011	
						(in thousands)
Net (loss) income	\$ (227,759)	\$ 81,574	\$ 87,018	\$ 39,371	\$ 47,069	
Plus: Interest expense	22,854	26,311	25,389	12,920	11,887	
Plus: Income tax (benefit) expense	(47,174)	39,380	68,989	28,659	28,674	
Plus: Depreciation and amortization	50,016	45,165	41,048	20,463	19,986	
EBITDA	\$ (202,063)	\$ 192,430	\$ 222,444	\$ 101,413	\$ 107,616	

		Year ended February 28			Six months ended August 26 or 27	
	2009	2010	2011	2010	2011	
						(in thousands)
EBITDA	\$ (202,063)	\$ 192,430	\$ 222,444	\$ 101,413	\$ 107,616	
Plus: Retail fixed asset impairment(1)	5,465					
Plus: Goodwill and intangible asset impairment(2)	290,166					
Plus: Loss on sale of retail(3)		28,333				
Plus: Exit Mexico operations(4)		18,235				
Minus: Gain on party goods transaction(5)		(34,178)				
Plus: Fixed asset impairment relating to party goods transaction(6)		13,005				
Minus: Gain on sale of fixed assets			(3,819)(7)	(1,000)(8)	(500)(9)	
Minus: Gain on sale of intellectual property assets(10)					(4,500)	
ADJUSTED EBITDA	\$ 93,568	\$ 217,825	\$ 218,625	\$ 100,413	\$ 102,616	

- (1) Represents fixed-asset impairment charges recorded with respect to certain long-lived assets in underperforming retail stores that we owned prior to the sale of our retail operations segment in the fiscal year ended February 28, 2010.
- (2) We recorded a goodwill impairment of \$279.6 million and an intangible asset impairment of \$10.6 million during the second half of the fiscal year ended February 28, 2009 due to difficult industry conditions.
- (3) Represents a loss on disposition recognized in connection with the sale of the rights, title and interest in certain of the assets of our retail operations segment.
- (4) In connection with winding down our operations in Mexico, we recorded charges of \$6.9 million, including asset impairments, severance charges and other shut-down costs, and recognized foreign currency translation adjustments totaling \$11.3 million, which represents foreign currency adjustments attributable to the Mexico operating company that, prior to liquidation, had been accumulated in the foreign currency translation adjustment component of equity.

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- (5) Represents the gain recorded in connection with the December 2009 sale of certain assets, equipment and processes of our DesignWare party goods product lines.
- (6) In connection with the sale of certain assets, equipment and processes of our DesignWare party goods product lines and the associated closure of our party goods manufacturing facility located in Michigan, we recorded an asset impairment charge of \$13.0 million, primarily related to the facilities, building and remaining equipment.
- (7) Represents gains recognized in connection with the August 2010 sale of the land and building associated with our former distribution facility in Mexico and the January 2011 sale of the land, building and certain equipment associated with a facility in Australia.
- (8) Represents a gain recognized in connection with the August 2010 sale of the land and building associated with our former distribution facility in Mexico.
- (9) Represents a gain recognized in connection with the June 2011 sale of a distribution facility used in our operations in the United Kingdom.
- (10) Represents a gain recognized in connection with the June 2011 sale of certain minor character properties.

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Risk factors

Before purchasing these notes, you should consider all of the information set forth in this prospectus supplement, the accompanying prospectus and the information incorporated by reference. In consultation with your own financial and legal advisors, you should carefully consider, among other matters, the discussion of risks set forth below and in our periodic reports, including the risk factors set forth in Item 1A of our Annual Report on Form 10-K for the fiscal year ended February 28, 2011, before deciding whether an investment in the notes is suitable for you. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of the notes could decline due to any of these risks, and you may lose all or part of your investment.

Risks relating to the notes

Our substantial indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under the notes.

We have now, and after the offering will continue to have, a significant amount of indebtedness. Furthermore, we and our subsidiaries may be able to incur substantial additional indebtedness in the future because the terms of the indenture governing the notes limit us but do not prohibit us or our subsidiaries from doing so. As of August 26, 2011, after giving effect to this offering and the use of the net proceeds therefrom as described under "Use of proceeds", we would have had total indebtedness of \$225.2 million and an additional \$330.8 million would have been available for borrowing under our senior secured credit facility, net of letters of credit. In addition, as of such date, AGC Funding Corporation, one of our subsidiaries, had an \$80.0 million receivables securitization facility (subsequently reduced to \$70.0 million), and had no borrowings and \$12.6 million of letters of credit outstanding under such facility.

Our substantial indebtedness could have important consequences to you. For example, it could:

make it more difficult for us to satisfy our obligations with respect to the notes;

increase our vulnerability to general adverse economic and industry conditions;

require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes;

limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;

place us at a competitive disadvantage compared to our competitors that have less debt; and

limit our ability to borrow additional funds.

If we incur additional indebtedness in the future, including any indebtedness incurred with respect to our new world headquarters or otherwise, these risks could intensify.

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The agreements governing our debt contain various covenants that limit our ability to take certain actions and also require us to meet financial maintenance tests, failure to comply with which could have a material adverse effect on us.

The indenture governing the notes and the agreement governing our senior secured credit facility contain a number of significant covenants that, among other things, limit our ability to:

- consummate asset sales;
- incur additional debt or liens;
- consolidate or merge with any person or transfer or sell all or substantially all of our assets;
- pay dividends or make certain other restricted payments;
- make investments, including the repurchase or redemption of either capital stock or our notes;
- enter into transactions with affiliates;
- create dividend or other payment restrictions with respect to subsidiaries;
- make capital investments; and
- alter the business we conduct.

In addition, our senior secured credit facility requires us to comply with specific financial ratios and tests, under which we are required to achieve specific financial and operating results. Our ability to comply with these provisions may be affected by events beyond our control. A breach of any of these covenants would result in a default under our senior secured credit facility. In the event of any default, our lenders could elect to declare all amounts borrowed under our senior secured credit facility, together with accrued interest thereon, to be due and payable. In such an event, we cannot assure you that we would have sufficient assets to pay debt then outstanding under our senior secured credit facility and the notes. Any future refinancing of the senior secured credit facility is likely to contain similar restrictive covenants. See [Description of other indebtedness Senior secured credit facility](#).

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to pay interest on the notes and to satisfy our other debt obligations will depend in part upon our future financial and operating performance and that of our subsidiaries and upon our ability to renew or refinance borrowings. Prevailing economic conditions and financial, business, competitive, legislative, regulatory and other factors, many of which are beyond our control, will affect our ability to make these payments. While we believe that cash flow from our current level of operations, available cash and available borrowings under our senior secured credit facility will provide adequate sources of liquidity for at least the next twelve months, a significant drop in operating cash flow resulting from economic conditions, competition or other uncertainties beyond our control could create the need for alternative sources of liquidity. If we are unable to generate sufficient cash flow to meet our debt service obligations, we will have to pursue one or more alternatives, such as:

- reducing or delaying capital or other expenditures;
- refinancing debt;
- selling assets; or
- raising equity capital.

We cannot assure you, however, that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under the senior secured credit

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facility in an amount sufficient to enable us to pay our indebtedness, including the notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the notes on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness, including our senior secured credit facility and the notes, on commercially reasonable terms or at all.

The notes are subject to prior claims of any of our secured creditors, and if a default occurs we may not have sufficient funds to fulfill our obligations under the notes.

The notes are our unsecured obligations, ranking equally with our existing and future senior unsecured indebtedness, but effectively junior to any secured indebtedness, including the indebtedness under our senior secured credit facility, under which we had \$330.8 million available for borrowing as of August 26, 2011. In addition, as of such date, AGC Funding Corporation, one of our subsidiaries, had an \$80.0 million receivables securitization facility (subsequently reduced to \$70.0 million), and had no borrowings and \$12.6 million of letters of credit outstanding under such facility. The indenture governing the notes permits us to incur additional secured debt under specified circumstances. Our assets will be subject to prior claims by our secured creditors. As a result, upon any distribution to our creditors in a bankruptcy, liquidation or reorganization or similar proceeding relating to us or our property, assets that secure debt will be available to pay obligations on the notes only after all debt secured by those assets has been repaid in full. Holders of the notes will participate in our remaining assets ratably with all of our unsecured and unsubordinated creditors.

If we incur any additional obligations that rank equally with the notes, including trade payables, the holders of those obligations will be entitled to share ratably with the holders of the notes in any proceeds distributed in the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to us or our property. We may not have sufficient funds to pay all of our creditors and this may have the effect of reducing the amount of proceeds paid to you.

The notes are effectively subordinate to the existing and future liabilities of our subsidiaries.

Our subsidiaries are separate and distinct legal entities from us. Upon the initial issuance of the notes, none of our subsidiaries will guarantee the notes, and our subsidiaries will have no obligations to pay any amounts due on the notes or to provide us with funds to meet our payment obligations on the notes, whether in the form of dividends, distributions, loans or other payments. The terms of the indenture and the notes provide that we will cause certain of our subsidiaries to guarantee our indebtedness under the notes in the event that such subsidiaries guarantee any of our indebtedness or that of our other subsidiaries, or incur certain types of indebtedness. However, such obligation to guarantee the notes is subject to various exceptions, including that it would not apply to immaterial subsidiaries, our foreign subsidiaries, and receivable subsidiaries that have entered into qualified receivables transactions. In addition, such obligation to guarantee the notes would not apply to subsidiaries that currently guarantee, or that later guarantee, certain types of indebtedness incurred by us or our other subsidiaries, including indebtedness under our existing senior secured credit facility and, in certain instances, indebtedness incurred under future debt agreements or instruments up to an amount, taken together with our existing senior secured credit facility, equal to \$650 million. See Description of the notes Note Guarantees. As a result of these exceptions, holders of Notes may not derive substantial benefit from the guarantee obligation. Any payment of dividends, loans or advances by our subsidiaries could be subject to contractual restrictions. In addition, payments to us by our subsidiaries will also be contingent upon the subsidiaries' earnings, legal ability to pay dividends

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and business considerations. Our right to receive any assets of any of our subsidiaries upon their bankruptcy, liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if we were a creditor of any of our subsidiaries, our right as a creditor would be subordinate to any secured indebtedness and other secured liabilities of our subsidiaries to the extent of the value of the assets securing such indebtedness and liabilities, and to all indebtedness and other liabilities of our subsidiaries senior to that held by us.

During the six months ended August 26, 2011, approximately 10% of our consolidated net income and 34% of our net sales were generated by our subsidiaries. Furthermore, as of August 26, 2011, our subsidiaries held approximately 39% of our consolidated assets and had approximately \$175.8 million of indebtedness and other liabilities, including trade payables, to which the notes would have been structurally subordinated.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture.

Upon the occurrence of certain specific change of control events, we will be required to offer to repurchase all outstanding notes at 101% of the principal amount thereof plus accrued and unpaid interest and special interest, if any, to the date of repurchase. However, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of notes or that restrictions in our senior secured credit facility will not allow such repurchases. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a Change of Control under the indenture. See Description of the notes Change of Control.

An active trading market for the notes may not develop.

We do not intend to apply for listing of the notes on a securities exchange or on any other market. The underwriters have informed us that they intend to make a market in the notes. However, the underwriters are not obligated to do so, and may cease any market-making activities at any time without notice. We cannot assure you that an active trading market will develop for the notes, that you will be able to sell your notes, or that, even if you can sell them, you will be able to do so at an acceptable price. The notes could trade at prices that are higher or lower than the initial offering price depending on many factors, including the number of holders of the notes, the overall market for similar securities, our financial performance and prospects and prospects for companies in our industry generally.

The market price of the notes may be volatile.

The market price of the notes will depend on many factors that may vary over time and some of which are beyond our control including:

- our financial performance;
- the amount of indebtedness we have outstanding;
- market interest rates;
- the market for similar securities;
- competition;
- the size and liquidity of the market for the notes; and
- general economic conditions.

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As a result of these factors, you may only be able to sell your notes at prices below those you believe to be appropriate, including prices below the price you paid for them.

Any decline in the ratings of our corporate credit could adversely affect the value of the notes.

Any decline in the ratings of our corporate credit or any indications from the rating agencies that their ratings on our corporate credit are under surveillance or review with possible negative implications could adversely affect the value of the notes. In addition, a ratings downgrade could adversely affect our ability to access capital.

The notes will be initially held in book-entry form, and, therefore, you must rely on the procedures of DTC to exercise any rights and remedies.

Unless and until definitive notes are issued in exchange for book-entry interests in the notes, owners of the book-entry interests will not be considered owners or holders of notes. Instead, a nominee of DTC will be the sole holder of the notes.

Payments of amounts owing in respect of the global notes will be made by us to the paying agent. The paying agent will, in turn, make such payments to DTC or its nominee, which will distribute such payments to participants in accordance with their respective procedures.

Unlike holders of the notes themselves, owners of book-entry interests will not have the direct right to act upon solicitations for consents or requests for waivers or other actions from holders of notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

The lack of physical certificates could also:

result in payment delays to you because the trustee will be sending distributions on the notes to DTC instead of directly to you;

make it difficult or impossible for you to pledge certificates if physical certificates are required by the party demanding the pledge; and

hinder your ability to resell notes because some investors may be unwilling to buy notes that are not in physical form.

Risks relating to our business

We identified a material weakness related to our internal control over the accounting for income taxes that, if not satisfactorily remediated, could result in material misstatements in our consolidated financial statements in future periods.

On November 7, 2011, management and the Audit Committee of the Board of Directors concluded that our financial statements for the three years ended February 28, 2011, and for each of the quarters ended May 27, 2011 and August 26, 2011, must be restated to reflect the impact of an understatement of a deferred tax asset that occurred in the fiscal year ended February 29, 2004. In addition, management concluded that this error arose from a material weakness related to the internal control over the accounting for income taxes.

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Specifically, we did not maintain processes, procedures and controls adequate to ensure accurate tax accounting with respect to the tax basis of our inventory, resulting in an understatement of a deferred tax asset in the fiscal year ended February 29, 2004, which resulted in the understatement of net income, deferred and refundable income taxes, current assets, total assets and total shareholders' equity by \$14.8 million for the fiscal year ended February 29, 2004. Although the understatement had no impact on reported cash flows or any results of operations for subsequent periods, the material weakness necessitated the restatement of our consolidated statements of financial position and the affected balance sheet items and data that were included in our previously filed Annual Report on Form 10-K for the fiscal year ended February 28, 2011, as well as in our Quarterly Reports on Form 10-Q for the first and second quarters of the fiscal year ending February 29, 2012. If not remediated, this material weakness could result in material misstatements in our consolidated financial statements in future periods.

As a result of the material weakness, we commenced remediation efforts, which will include: placing a senior accounting professional in a leadership position within the tax department and hiring additional tax professionals in order to spread workloads and facilitate additional levels of review; reviewing the tax department to ensure that the areas of responsibilities are properly matched to the staff competencies and that the lines of communication, processes, procedures and controls are effective; and enhancing the documentation of all deferred tax items.

We cannot make any assurances that we will successfully remediate this material weakness and thus reduce to remote the likelihood that material misstatements concerning accounting for income taxes will not be prevented or detected in a timely manner.

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The net proceeds from the offering of notes are expected to be approximately \$220.4 million after deducting the underwriting discount and estimated offering expenses. We will use the net proceeds of this offering, together with cash on hand, to repurchase our 2016 senior notes and our 2016 notes, approximately \$222.0 million and \$32.7 million of which were outstanding as of November 14, 2011, respectively. The existing notes mature on June 1, 2016. Prior to such application, all or a portion of the net proceeds may be invested in short-term investments.

On November 15, 2011, we commenced tender offers to purchase any and all of our outstanding existing notes. In conjunction with the tender offers, we commenced consent solicitations to amend the indentures governing our existing notes to, among other things, eliminate substantially all of the restrictive covenants therein and reduce the redemption notice period from 30 days to three business days. The tender offers and consent solicitations are scheduled to expire at midnight, New York City time, on December 13, 2011, unless extended or earlier terminated. Holders of the existing notes that validly tender and do not withdraw their notes and validly deliver and do not revoke their consents prior to 5:00 p.m., New York City time, on November 29, 2011, are entitled to receive a consent payment. If all of our outstanding existing notes are repurchased pursuant to the tender offers, the total tender offer consideration payable by us, including the consent payment, is expected to be approximately \$263.5 million, excluding accrued and unpaid interest.

The consummation of each of the tender offers is conditioned upon, among other things, the satisfaction, or waiver by us, of certain conditions, including the completion of this offering. This offering is not conditioned on any minimum amount of existing notes being repurchased pursuant to the tender offers. Following the tender offers, we intend to redeem any existing notes that remain outstanding through the exercise of the optional redemption provisions in the indentures.

The following table illustrates the anticipated sources and uses of funds for the foregoing, excluding accrued and unpaid interest on the existing notes.

Sources of funds:	Amount
(Dollars in millions)	
Notes offered hereby	\$ 225.0
Cash on hand	43.5
Total sources of funds	\$ 268.5

Uses of funds:	Amount
(Dollars in millions)	
Repurchase of existing notes pursuant to tender offers	\$ 254.7
Premium to repurchase existing notes in tender offers (including consent payment)	8.8
Estimated offering and tender offer fees and expenses	5.0
Total uses of funds	\$ 268.5

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The following table sets forth our cash and cash equivalents and consolidated capitalization as of August 26, 2011:

on an actual basis; and

as adjusted to give effect to the issuance of \$225.0 million in aggregate principal amount of the notes in this offering, the completion of the tender offers for our existing notes (assuming 100% of the holders had tendered their notes in the tender offers) and the application of the net proceeds from this offering as set forth under Use of proceeds.

You should read the following data together with the consolidated financial statements and notes to the consolidated financial statements, our Management's Discussion and Analysis of Financial Condition and Results of Operations and other financial and operating data included elsewhere in this prospectus supplement or incorporated in this prospectus supplement by reference.

	As of August 26, 2011	
	Actual	As adjusted
	(In thousands)	
Cash and cash equivalents	\$ 209,326	\$ 165,841(1)
Capitalization:		
Long-term debt (including debt classified as current):		
Accounts receivable securitization facility	\$	\$
Senior secured credit facility		
7.375% senior notes due 2016(2)	213,593	
7.375% notes due 2016(2)	20,196	
6.10% senior notes due 2028	181	181
% senior notes due 2021 offered hereby		225,000
Total long-term debt (including debt classified as current)	233,970	225,181
Equity:		
Total shareholders' equity	799,623	799,623(3)
Total book capitalization	\$ 1,033,593	\$ 1,024,804

- (1) As adjusted, cash and cash equivalents does not include the tax impact of costs, premiums and fees for the tender offers for the 2016 senior notes and the 2016 notes, nor does it include the tax impact of costs and fees for the issuance of the notes offered hereby.
- (2) The book value of 2016 senior notes is net of unamortized issue discount of \$8.4 million. The book value of 2016 notes is net of unamortized issue discount of \$12.5 million.
- (3) As adjusted, shareholders' equity does not include charges related to the premiums in the tender offers (including the consent payment), costs, fees, deferred financing charges or unamortized discounts related to the 2016 senior notes and the 2016 notes or the cost and fees for the issuance of the notes offered hereby.

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Description of other indebtedness

Senior secured credit facility

We are the borrower under a senior secured credit facility pursuant to an amended and restated credit agreement, dated June 11, 2010, with PNC Bank, National Association, as the global administrative agent and lender, and various financial institutions, as lenders. The senior secured credit facility provides for revolving loan borrowings up to \$350 million, including the ability to increase the size of the facility to up to \$400 million, subject to customary conditions. The senior secured credit facility also provides for a \$25 million sub-limit for the issuance of swing line loans and a \$100 million sub-limit for the issuance of letters of credit. Our senior secured credit facility expires on June 11, 2015.

As of August 26, 2011, we had approximately \$330.8 million of unused borrowing capacity available under the revolving loan component, net of outstanding letters of credit. Borrowings under our senior secured credit facility are guaranteed by all of our material domestic subsidiaries and are secured by substantially all of our personal property and each of our material domestic subsidiaries, including a pledge of all of the capital stock in substantially all of our domestic subsidiaries and 65% of the capital stock of our material first tier international subsidiaries.

Interest and Fees. Revolving loans that are denominated in U.S. dollars bear interest at either the U.S. base rate or the London Inter-Bank Offer Rate, or LIBOR, at our election, plus a margin determined according to our leverage ratio. Swing line loans bear interest at a quoted rate agreed upon by us and the swing line lender. In addition to interest, we are required to pay commitment fees on the unused portion of the revolving loan component. The commitment fee rate is initially 0.50% per annum and is subject to adjustment thereafter, based on our leverage ratio.

Existing Letters of Credit. In addition to amounts borrowed under its revolving component, there was \$19.2 million of letters of credit outstanding under the senior secured credit facility as of August 26, 2011.

Covenants. Our senior secured credit facility contains certain restrictive covenants customary for similar credit agreements, including covenants limiting our and the guarantors' ability to:

- create liens;
- dispose of assets;
- issue debt;
- make investments or acquisitions;
- pay dividends;
- repurchase capital stock; and
- enter into transactions with affiliates.

Our senior secured credit facility also requires us to comply with financial covenants, including maintaining a maximum leverage ratio and a minimum interest coverage ratio. At August 26, 2011, we were in compliance with these financial and other covenants under our senior secured credit facility.

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Our senior secured credit facility also requires us to make certain mandatory prepayments of outstanding indebtedness using the net cash proceeds received from certain dispositions, events of loss and additional indebtedness that we may incur.

Default. Our senior secured credit facility contains events of default customary for similar credit arrangements, including, but not limited to, the following:

- nonpayment of principal, interest or fees;
- inaccuracies of representations and warranties;
- cross-defaults;
- unsatisfied judgments;
- violations of covenants;
- events of bankruptcy and insolvency;
- certain adverse employee benefits liabilities; and
- changes of control.

Receivables securitization facility

We are party to an amended and restated receivables purchase agreement, dated as of October 24, 2006, as amended, with AGC Funding as servicer, PNC Bank, National Association, as administrator, and various other financial institutions as purchasers, which governs our receivables securitization facility. Borrowings under our receivables securitization facility are limited based on our eligible receivables outstanding. As of August 26, 2011, we had no borrowings and \$12.6 million of letters of credit outstanding under our receivables securitization facility. Pursuant to an amendment entered into in September 2011, the availability under our receivables securitization facility was reduced from \$80 million to \$70 million. Under our receivables securitization facility, we and certain of our subsidiaries sell accounts receivable to AGC Funding, which in turn sells undivided interests in eligible accounts receivable to third party financial institutions as part of a process that provides us funding that is similar to a revolving credit facility.

Our receivables securitization facility expires on September 21, 2012; provided, however, that in addition to customary termination provisions, our receivables securitization facility will terminate upon termination of the liquidity commitments obtained by the purchasers from third-party liquidity providers.

Yield and Fees. AGC Funding sells accounts receivable to certain financial institutions party to the receivables securitization facility at a discount rate that is based on (i) commercial paper interest rates, (ii) LIBOR rates plus an applicable margin or (iii) a rate that is the higher of the prime rate as announced by the applicable purchaser financial institution or the federal funds rate plus 0.50%. AGC Funding pays an annual commitment fee ranging from 30 to 40 basis points on the unfunded portion of our receivables securitization facility, depending upon usage of the facility. AGC Funding also pays customary administrative fees on outstanding letters of credit and outstanding amounts funded under the facility.

Covenants. Our receivables securitization facility contains certain restrictive covenants customary for similar arrangements, including covenants limiting our and the guarantors' ability to:

- extend, amend or modify the terms of accounts receivable;
- change our credit and collection policies with respect to accounts receivable;

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create liens;
dispose of assets;
pay dividends on or purchase or redeem our capital stock;
repay, redeem and repurchase debt;
lend or advance funds; and
enter into transactions with affiliates.

At August 26, 2011, we were in compliance with these and other covenants under our receivables securitization facility.

Termination Events. Our receivables securitization facility contains termination events customary for similar arrangements, including, but not limited to, the following:

nonpayment of payments and deposits;
violations of covenants;
inaccuracies of representations and warranties;
events of bankruptcy and insolvency;
failure to maintain our accounts receivable pool at certain levels; and
the occurrence of a change of control.

Guaranties

In connection with the sale of certain of our assets to Schurman Fine Paper, or Schurman, in April 2009, we agreed to provide Schurman limited credit support through the provision of a liquidity guaranty and a bridge guaranty in favor of the lenders under Schurman's senior credit facility. The bridge guaranty was terminated in April 2011. Pursuant to the terms of the liquidity guaranty, we have guaranteed the repayment of up to \$12 million of Schurman's borrowings under its senior credit facility.

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Description of the notes

As used below in this Description of the notes section, the Issuer means American Greetings Corporation, an Ohio corporation, and its successors, but not any of its subsidiaries. The Issuer will issue the Notes under a base indenture, dated as of November , 2011 between itself and The Bank of Nova Scotia Trust Company of New York, as trustee (the Trustee), as supplemented by a supplemental indenture, dated as of November , 2011 (the supplemental indenture) among the Issuer and the Trustee, which supplemental indenture will restate in their entirety the terms of the base indenture as supplemented by the supplemental indenture. In this section, the term Indenture refers to the base indenture as supplemented by the supplemental indenture. The terms of the Notes include those set forth in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act. For more information on how you may obtain a copy of the Indenture, see Where you can find more information and Information incorporated by reference.

The following is a summary of the material terms and provisions of the Notes. The following summary does not purport to be a complete description of the Notes and is subject to the detailed provisions of, and qualified in its entirety by reference to, the Indenture. You can find definitions of certain terms used in this description under the heading Certain definitions. In the event of any inconsistency between the terms of the Notes contained in this prospectus supplement and the provisions of the Indenture contained in the accompanying prospectus, the terms of the Notes contained in this prospectus supplement shall control with respect to the Notes.

Terms, principal, maturity and interest

The Notes will be general unsecured senior obligations of the Issuer. The Notes will mature on November , 2021. The Notes will bear interest from the date of original issue at the rate shown on the cover page of this prospectus supplement. Interest on the Notes will be payable on May and November of each year, commencing on May , 2012, to Holders of record at the close of business on or , as the case may be, immediately preceding the relevant interest payment date. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months.

The Notes will be issued in registered form, without coupons, and in denominations of \$2,000 and integral multiples of \$1,000.

An aggregate principal amount of Notes equal to \$225.0 million is being issued in this offering. The Issuer may issue additional Notes having identical terms and conditions to the Notes being issued in this offering, except for issue date, issue price and first interest payment date, in an unlimited aggregate principal amount (the Additional Notes), subject to compliance with the covenant described under Certain covenants Limitations on Additional Indebtedness. Any Additional Notes will be part of the same issue as the Notes being issued in this offering and will be treated as one class with the Notes being issued in this offering, including for purposes of voting, redemptions and offers to purchase. For purposes of this Description of the notes, except for the covenant described under Certain covenants Limitations on Additional Indebtedness, references to the Notes include Additional Notes, if any.

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Methods of receiving payments on the Notes

If a Holder has given wire transfer instructions to the Issuer at least ten Business Days prior to the applicable payment date, the Issuer will make all payments on such Holder's Notes by wire transfer of immediately available funds to the account specified in those instructions. Otherwise, payments on the Notes will be made at the office or agency of the paying agent (the Paying Agent) and registrar (the Registrar) for the Notes unless the Issuer elects to make interest payments by check delivered to the Holders at their addresses set forth in the register of Holders.

Ranking

The Notes will be general unsecured senior obligations of the Issuer. The Notes will rank senior in right of payment to all future obligations of the Issuer that are, by their terms, expressly subordinated in right of payment to the Notes and *pari passu* in right of payment with all existing and future unsecured obligations of the Issuer that are not so subordinated. Any Note Guarantee (as defined below) will be a general unsecured obligation of the Guarantor thereof and will rank senior in right of payment to all future obligations of such Guarantor that are, by their terms, expressly subordinated in right of payment to such Note Guarantee and *pari passu* in right of payment with all existing and future unsecured obligations of such Guarantor that are not so subordinated.

The Notes and any Note Guarantee will be effectively subordinated to secured Indebtedness of the Issuer and the applicable Guarantor to the extent of the value of the assets securing such Indebtedness. On the Issue Date, the Issuer's obligations under the Credit Agreement will be secured by substantially all of the personal property of the Issuer and its domestic Subsidiaries.

The Notes will also be effectively subordinated to all existing and future obligations, including Indebtedness, of any Unrestricted Subsidiaries. Claims of creditors of these Subsidiaries, including trade creditors, will generally have priority as to the assets of these Subsidiaries over the claims of the Issuer and the holders of the Issuer's Indebtedness, including the Notes.

As of August 26, 2011, assuming this offering and the tender offers for our existing notes had closed on that date (assuming 100% of the holders of the existing notes tender their notes in the tender offers) and the application of the net proceeds from this offering as set forth under Use of proceeds, we would have had total Indebtedness of approximately \$225.2 million (excluding outstanding letters of credit), none of which would have been secured Indebtedness. In addition, as of such date and after giving effect to such transactions, we would have had approximately \$19.2 million of outstanding letters of credit and \$330.8 million of additional secured borrowing availability under our senior secured credit facility, and our Subsidiaries would have had approximately \$175.8 million of Indebtedness and other liabilities, including trade payables. In addition, as of such date, AGC Funding Corporation, one of our Subsidiaries, was a Receivables Subsidiary, with availability under our receivables securitization facility, a Qualified Receivables Transaction, of \$80.0 million (subsequently reduced to \$70.0 million), and had no borrowings and \$12.6 million of letters of credit outstanding under such facility. Although the Indenture contains limitations on the amount of additional Indebtedness that the Issuer and the Restricted Subsidiaries may incur, under certain circumstances, the amount of this Indebtedness could be substantial. See Certain covenants Limitations on Additional Indebtedness and Limitations on Liens.

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Note Guarantees

The Issuer's obligations under the Notes and the Indenture will be jointly and severally guaranteed (the Note Guarantees) by each Restricted Subsidiary (other than any Immaterial Subsidiary, Foreign Subsidiary or any Receivables Subsidiary) that either (i) guarantees any Indebtedness of the Issuer (other than Indebtedness under the Credit Facilities (provided that such Restricted Subsidiary is also guaranteeing Indebtedness under the Credit Agreement)) or guarantees any Indebtedness (other than Indebtedness under the Credit Facilities (provided that such Restricted Subsidiary is also guaranteeing Indebtedness under the Credit Agreement) or Indebtedness incurred pursuant to clauses (4), (5), (6), (7), (8), (9), (11) or (13) of the definition of Permitted Indebtedness) of any other Restricted Subsidiary or (ii) incurs any Indebtedness other than Permitted Indebtedness. The Issuer may also cause any other Restricted Subsidiary to become a Guarantor pursuant to the terms of the Indenture.

On the Issue Date, none of our Subsidiaries will be obligated to guarantee the Notes. In addition, Unrestricted Subsidiaries, Immaterial Subsidiaries, Receivables Subsidiaries and Foreign Subsidiaries will not be Guarantors. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, these non-guarantor Subsidiaries will pay the holders of their debts and their trade creditors before they will be able to distribute any of their assets to us. During the six months ended August 26, 2011, our Subsidiaries represented approximately 10% of our consolidated net income and 34% of our net sales and, as of August 26, 2011, held approximately 39% of our consolidated assets and had approximately \$175.8 million of Indebtedness and other liabilities, including trade payables, to which the Notes would have been structurally subordinated.

As of the date of the Indenture, all of our Subsidiaries, other than Hatchery, will be Restricted Subsidiaries. However, under the circumstances described below under the subheading Certain covenants Limitation on designation of Unrestricted Subsidiaries, the Issuer will be permitted to designate any of its Subsidiaries as Unrestricted Subsidiaries. The effect of designating a Subsidiary as an Unrestricted Subsidiary will be that:

an Unrestricted Subsidiary will not be subject to many of the restrictive covenants in the Indenture;

a Subsidiary that has previously been a Guarantor and that is designated an Unrestricted Subsidiary will be released from its Note Guarantee and its obligations under the Indenture; and

the assets, income, cash flow and other financial results of an Unrestricted Subsidiary will not be consolidated with those of the Issuer for purposes of calculating compliance with the restrictive covenants contained in the Indenture.

The obligations of any Guarantor under its Note Guarantee will be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Guarantor (including, without limitation, any guarantees under the Credit Agreement) and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Note Guarantee or pursuant to its contribution obligations under the Indenture, result in the obligations of such Guarantor under its Note Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law. Any Guarantor that makes a payment for distribution under its Note Guarantee is

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entitled to a contribution from each other Guarantor in a *pro rata* amount based on adjusted net assets of each Guarantor.

A Guarantor shall be released from its obligations under its Note Guarantee and its obligations under the Indenture:

- (1) in the event of a sale or other disposition of all or substantially all of the assets of such Guarantor, by way of merger, consolidation or otherwise, or a sale or other disposition of a majority of the Voting Stock of such Guarantor then held by the Issuer and the Restricted Subsidiaries;
- (2) if such Guarantor is designated as an Unrestricted Subsidiary or otherwise ceases to be a Restricted Subsidiary, in each case in accordance with the provisions of the Indenture, upon effectiveness of such designation or when it first ceases to be a Restricted Subsidiary, respectively;
- (3) if such Guarantor would no longer be required to issue a Note Guarantee as required under Certain covenants Future Note Guarantees, including, without limitation, upon the release of the Guarantor from its liability in respect of Indebtedness of the Issuer or a Restricted Subsidiary that required the Guarantor to initially Guarantee the Notes; *provided* that a Guarantor shall not be permitted to be released from its Note Guarantee if it is an obligor with respect to Indebtedness that would not, under Certain covenants Limitations on Additional Indebtedness, be permitted to be incurred by a Restricted Subsidiary;
- (4) upon legal defeasance of the Notes or satisfaction and discharge of the Indenture as provided below under the captions Legal Defeasance and Covenant Defeasance and Satisfaction and discharge; or
- (5) with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding in accordance with the provisions under the caption Amendment, supplement and waiver.

Optional redemption

Except as set forth below, the Notes may not be redeemed prior to November , 2016. At any time or from time to time on or after November , 2016, the Issuer, at its option, may on any one or more occasions redeem the Notes, in whole or in part, at the redemption prices (expressed as percentages of principal amount) set forth below, together with accrued and unpaid interest thereon, if any, to, but excluding, the redemption date, if redeemed during the 12-month period beginning November of the years indicated:

Year	Optional Redemption Price
2016	%
2017	%
2018	%
2019 and thereafter	100.000%

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In addition, at any time prior to November , 2016, the Notes may also be redeemed or purchased (by the Issuer or any other Person) on any one or more occasions in whole or in part, at the Issuer's option, at a price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued but unpaid interest, if any, to, but excluding, the date of redemption or purchase (the Redemption Date) (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Applicable Premium means, with respect to a Note at any Redemption Date, the greater of:

- (1) 1.0% of the principal amount of such Note; and
- (2) the excess of:
 - (a) the present value at such Redemption Date of (1) the redemption price of such Note on November , 2016, such redemption price being that described above plus (2) all required remaining scheduled interest payments due on such Note through November , 2016, other than accrued interest to such redemption date, computed using a discount rate equal to the Treasury Rate plus 50 basis points per annum discounted on a semi-annual bond equivalent basis, over
 - (b) the principal amount of such Note on such Redemption Date.

Calculation of the Applicable Premium will be made by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate; *provided, however*, that such calculation shall not be a duty or obligation of the Trustee.

Treasury Rate means, with respect to a Redemption Date, the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) that has become publicly available at least two Business Days prior to such Redemption Date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such Redemption Date to November , 2016; *provided, however*, that if the period from such Redemption Date to November , 2016 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from such Redemption Date to November , 2016 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

In addition, at any time prior to November , 2014, the Issuer may on any one or more occasions redeem a portion of the Notes, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 103% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date, subject to the rights of the Holders on the relevant record date to receive interest due on the relevant interest payment date; *provided* that in no event may the Issuer redeem more than 10% of the aggregate principal amount of the Notes issued pursuant to the Indenture pursuant to the provisions of this paragraph during any period of twelve consecutive months.

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Redemption with Proceeds from Equity Offerings. At any time or from time to time prior to November , 2014, the Issuer, at its option, may redeem up to 35% of the aggregate principal amount of the Notes issued under the Indenture with the net cash proceeds of one or more Qualified Equity Offerings at a redemption price equal to % of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest thereon, if any, to the date of redemption; *provided* that (1) at least 65% of the aggregate principal amount of Notes issued under the Indenture remains outstanding immediately after the occurrence of such redemption and (2) the redemption occurs within 90 days of the date of the closing of any such Qualified Equity Offering.

Mandatory redemption

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Selection and notice of redemption

In the event that less than all of the Notes are to be redeemed at any time pursuant to an optional redemption, selection of the Notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not then listed on a national security exchange, on a *pro rata* basis, by lot or by such method as the Trustee shall deem fair and appropriate; *provided, however*, that no Notes of a principal amount of \$2,000 or less shall be redeemed in part. In addition, if a partial redemption is made pursuant to the provisions described under Optional redemption Redemption with proceeds from Equity Offerings, selection of the Notes or portions thereof for redemption shall be made by the Trustee only on a *pro rata* basis or on as nearly a *pro rata* basis as is practicable (subject to the procedures of The Depository Trust Company), unless that method is otherwise prohibited.

Notice of redemption will be delivered at least 30 but not more than 60 days before the date of redemption to each Holder of Notes to be redeemed, except that redemption notices may be delivered more than 60 days prior to a redemption date if the notice is issued in connection with a satisfaction and discharge of the Indenture. If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of the Note to be redeemed. A new Note in a principal amount equal to the unredeemed portion of the Note will be issued in the name of the Holder of the Note upon cancellation of the original Note. On and after the date of redemption, interest will cease to accrue on Notes or portions thereof called for redemption so long as the Issuer has deposited with the paying agent for the Notes funds in satisfaction of the redemption price (including accrued and unpaid interest on the Notes to be redeemed) pursuant to the Indenture.

Change of Control

Upon the occurrence of any Change of Control, each Holder will have the right to require that the Issuer purchase that Holder's Notes pursuant to the offer described below for a cash price (the Change of Control Purchase Price) equal to 101% of the principal amount of the Notes to be purchased, plus accrued and unpaid interest thereon, if any, to, but excluding, the date of purchase.

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Within 30 days following any Change of Control, the Issuer will deliver, or caused to be delivered, to the Holders a notice:

- (1) describing the transaction or transactions that constitute the Change of Control;
- (2) offering to purchase, pursuant to the procedures required by the Indenture and described in the notice (a Change of Control Offer), on a date specified in the notice (which shall be a Business Day not earlier than 30 days nor later than 60 days from the date the notice is sent) and for the Change of Control Purchase Price, all Notes properly tendered by such Holder pursuant to such Change of Control Offer; and
- (3) describing the procedures that Holders must follow to accept the Change of Control Offer.

The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the date of purchase.

If a Change of Control Offer is made, there can be no assurance that the Issuer will have available funds sufficient to pay for all or any of the Notes that might be delivered by Holders seeking to accept the Change of Control Offer. In addition, we cannot assure you that in the event of a Change of Control the Issuer will be able to obtain the consents necessary to consummate a Change of Control Offer from the lenders under agreements governing outstanding Indebtedness which may prohibit the offer.

The provisions described above that require us to make a Change of Control Offer following a Change of Control will be applicable regardless of whether any other provisions of the Indenture are applicable to the transaction giving rise to the Change of Control. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders of the Notes to require that the Issuer purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer's obligation to make a Change of Control Offer will be satisfied if a third party makes the Change of Control Offer in the manner and at the times and otherwise in compliance with the requirements applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer. The Issuer will not be required to make a Change of Control Offer if notice of redemption has been given pursuant to the Indenture as described above under the caption "Optional redemption" unless and until there is a default in payment of the applicable redemption price.

Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

With respect to any disposition of assets, the phrase "all or substantially all" as used in the Indenture (including as set forth under the definition of "Change of Control" and "Certain covenants: Limitations on Mergers, Consolidations, Etc." below) varies according to the facts and circumstances of the subject transaction, has no clearly established meaning under New York law (which governs the Indenture) and is subject to judicial interpretation. Accordingly, in certain circumstances there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer, and

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therefore it may be unclear as to whether a Change of Control has occurred and whether the Holders have the right to require the Issuer to purchase Notes.

The Issuer will comply with applicable tender offer rules, including the requirements of Rule 14e-1 under the Exchange Act and any other applicable laws and regulations in connection with the purchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of this compliance.

Certain covenants

Limitations on Additional Indebtedness. The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur any Indebtedness; *provided* that the Issuer or any Restricted Subsidiary may incur additional Indebtedness if, after giving effect thereto, the Consolidated Interest Coverage Ratio would be at least 2.00 to 1.00 (the Coverage Ratio Exception).

Notwithstanding the above, each of the following shall be permitted (the Permitted Indebtedness):

- (1) Indebtedness of the Issuer and any Restricted Subsidiary under the Credit Facilities in an aggregate principal amount at any time outstanding not to exceed \$650.0 million (excluding the amount of any Hedging Obligations);
- (2) the Notes issued on the Issue Date and the Note Guarantees;
- (3) Indebtedness of the Issuer and the Restricted Subsidiaries to the extent outstanding on the Issue Date after giving effect to the intended use of proceeds of the Notes (other than Indebtedness referred to in clause (1), (2) or (5));
- (4) Indebtedness under Hedging Obligations entered into for *bona fide* hedging purposes of the Issuer or any Restricted Subsidiary not for the purpose of speculation and guarantees thereof by the Issuer or any Restricted Subsidiary; *provided* that in the case of Hedging Obligations relating to interest rates, (a) such Hedging Obligations relate to payment obligations on Indebtedness otherwise permitted to be incurred by this covenant, and (b) the notional principal amount of such Hedging Obligations at the time incurred does not exceed the principal amount of the Indebtedness to which such Hedging Obligations relate;
- (5) Indebtedness of the Issuer owed to a Restricted Subsidiary and Indebtedness of any Restricted Subsidiary owed to the Issuer or any other Restricted Subsidiary; *provided, however*, that upon any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or such Indebtedness being owed to any Person other than the Issuer or a Restricted Subsidiary, the Issuer or such Restricted Subsidiary, as applicable, shall be deemed to have incurred Indebtedness not permitted by this clause (5);
- (6) Indebtedness in respect of workers' compensation claims, payment obligations in connection with health or other types of social security benefits, unemployment or other insurance or self-insurance obligations, reclamations, statutory obligations, bankers

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acceptances and bid, performance, surety or similar bonds issued for the account of the Issuer or any Restricted Subsidiary in the ordinary course of business, including guarantees or obligations of the Issuer or any Restricted Subsidiary with respect to letters of credit supporting such bid, performance, surety or similar obligations (in each case other than for an obligation for money borrowed), in the ordinary course of business;

- (7) Purchase Money Indebtedness and Capitalized Lease Obligations incurred by the Issuer or any Restricted Subsidiary, and guarantees thereof by the Issuer or any Restricted Subsidiary and Refinancing Indebtedness thereof, in an aggregate principal amount not to exceed at any time outstanding the greater of (i) \$25.0 million and (ii) 2.0% of Consolidated Total Assets;
- (8) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; *provided, however*, that in all cases such Indebtedness is extinguished within five Business Days of incurrence;
- (9) Indebtedness arising in connection with endorsement of instruments for deposit in the ordinary course of business;
- (10) Refinancing Indebtedness with respect to Indebtedness incurred pursuant to the Coverage Ratio Exception or clause (2) or (3) above or this clause (10);
- (11) indemnification, adjustment of purchase price, earn-out or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets of the Issuer or any Restricted Subsidiary or Equity Interests of a Restricted Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Equity Interests for the purpose of financing or in contemplation of any such acquisition;
- (12) the incurrence by a Receivables Subsidiary of Indebtedness in a Qualified Receivables Transaction that is without recourse to the Issuer or to any other Subsidiary of the Issuer or their assets (other than such Receivables Subsidiary and its assets and, as to the Issuer or any Subsidiary of the Issuer, other than pursuant to representations, warranties, covenants and indemnities customary for such transactions) and is not guaranteed by any such Person;
- (13) Indebtedness of the Issuer or any Restricted Subsidiary in an aggregate principal amount not to exceed \$75.0 million at any time outstanding; and
- (14) the guarantee by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary that was permitted to be incurred by another provision of this covenant; *provided*, that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes, then such guarantees shall be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed.

For purposes of determining compliance with this covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clauses (1) through (14) above or is entitled to be incurred pursuant to the Coverage

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Ratio Exception, the Issuer shall, in its sole discretion, classify such item of Indebtedness and may divide and classify such Indebtedness in more than one of the types of Indebtedness described, except that Indebtedness incurred under the Credit Facilities on the Issue Date shall be deemed to have been incurred under clause (1) above, and may later reclassify any item of Indebtedness described in clauses (1) through (14) above (*provided* that at the time of reclassification it meets the criteria in such category or categories). The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Preferred Stock or Disqualified Equity Interests in the form of additional shares of the same class of Preferred Stock or Disqualified Equity Interest will not be deemed to be an incurrence of Indebtedness or an issuance of Preferred Stock or Disqualified Equity Interests for purposes of this covenant. In addition, for purposes of determining any particular amount of Indebtedness under this covenant, guarantees, Liens or letter of credit obligations supporting Indebtedness otherwise included in the determination of such particular amount shall not be included so long as incurred by a Person that could have incurred such Indebtedness.

Limitations on Restricted Payments. The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, make any Restricted Payment if at the time of such Restricted Payment:

- (1) a Default shall have occurred and be continuing or shall occur as a consequence thereof;
- (2) the Issuer cannot incur \$1.00 of additional Indebtedness pursuant to the Coverage Ratio Exception; or
- (3) the amount of such Restricted Payment, when added to the aggregate amount of all other Restricted Payments made after the Issue Date (other than Restricted Payments made pursuant to clauses (2), (3), (4), (5), (6), (7), (8), (9), (10), (11) and (12) of the next paragraph), exceeds the sum (the Restricted Payments Basket) of (without duplication):
 - (a) 50% of Consolidated Net Income for the period (taken as one accounting period) commencing on the first day of the fiscal quarter in which the Issue Date occurs to and including the last day of the fiscal quarter ended immediately prior to the date of such calculation for which consolidated financial statements are available (or, if such Consolidated Net Income shall be a deficit, minus 100% of such aggregate deficit), *plus*
 - (b) 100% of the aggregate net cash proceeds and the Fair Market Value of non-cash assets received by the Issuer either (x) as contributions to the common equity of the Issuer after the Issue Date or (y) from the issuance and sale of Equity Interests (other than Disqualified Equity Interests) or from the issue or sale of convertible or exchangeable Disqualified Equity Interests or debt securities to the extent converted into or exchanged for Equity Interests, in each case issued after the Issue Date, other than (A) any such proceeds which are used to redeem Notes in accordance with the provisions under Optional redemption Redemption with proceeds from Equity Offerings, or (B) any such proceeds or assets received from a Subsidiary of the Issuer, *plus*

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- (c) the aggregate amount by which Indebtedness incurred by the Issuer or any Restricted Subsidiary subsequent to the Issue Date is reduced on the Issuer's balance sheet upon the conversion or exchange (other than by a Subsidiary of the Issuer) into Equity Interests (other than Disqualified Equity Interests) (less the amount of any cash, or the fair value of assets, distributed by the Issuer or any Restricted Subsidiary upon such conversion or exchange), *plus*
- (d) in the case of the disposition or repayment of or return on any Investment that was treated as a Restricted Payment made after the Issue Date, an amount (to the extent not included in the computation of Consolidated Net Income) equal to the aggregate amount received by the Issuer or any Restricted Subsidiary in cash or other property (valued at the Fair Market Value thereof) as the return of capital with respect to such Investment, *plus*
- (e) upon a Redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger or consolidation of an Unrestricted Subsidiary with or into the Issuer or any Restricted Subsidiary, the lesser of (i) the Fair Market Value of the Issuer's proportionate interest in such Subsidiary immediately following such Redesignation, consolidation or merger, and (ii) the aggregate amount of the Issuer's Investments in such Subsidiary to the extent such Investments reduced the Restricted Payments Basket and were not previously repaid or otherwise reduced, *plus*
- (f) 50% of any cash dividends received by the Issuer or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends were not otherwise included in Consolidated Net Income.

The foregoing provisions will not prohibit:

- (1) the payment by the Issuer or any Restricted Subsidiary of any dividend within 60 days after the date of declaration thereof, if on the date of declaration the payment would have complied with the provisions of the Indenture;
- (2) the making of any Restricted Payment in exchange for, or out of the proceeds of the substantially concurrent issuance and sale of, Qualified Equity Interests;
- (3) other than pursuant to clause (8) below, the redemption of Equity Interests of the Issuer held by officers, directors or employees or former officers, directors or employees (or their transferees, estates or beneficiaries under their estates), upon their death, disability, retirement, severance or termination of employment or service; *provided* that the aggregate cash consideration paid for all such redemptions shall not exceed (A) \$5.0 million during any calendar year (with unused amounts being available to be used in the following calendar year, but not in any succeeding calendar year) *plus* (B) the amount of any net cash proceeds received by or contributed to the Issuer from the issuance and sale after the Issue Date of Qualified Equity Interests of the Issuer to its officers, directors or employees that have not been applied to the payment of Restricted Payments pursuant to this clause (3), *plus* (C) the net cash proceeds of any key-man life insurance policies that have not been applied to the payment of Restricted Payments pursuant to this clause (3);
- (4) repurchases of Equity Interests that occur or are deemed to occur (i) upon the exercise of stock options, warrants or similar rights to the extent such Equity Interests represents a

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portion of the exercise price thereof, (ii) as a result of Equity Interests being utilized to satisfy tax withholding obligations upon exercise of stock options or vesting of other equity awards and (iii) upon the cancellation or forfeiture of stock options, warrants or other equity awards;

- (5) Restricted Payments pursuant to the Transactions;
- (6) Restricted Payments if after giving effect thereto the Issuer's Net Leverage Ratio is not greater than 3.0 to 1.0;
- (7) other Restricted Payments in an amount not to exceed \$75.0 million;
- (8) the purchase or retirement of Class B Common Stock of the Issuer from any Permitted Holder in an aggregate amount not to exceed \$20.0 million in any twelve-month period;
- (9) so long as no Event of Default has occurred and is continuing or would arise as a result thereof, the payment by the Issuer of any dividend to the holders of any class or series of its Equity Interests on a *pro rata* basis among the holders of such class or series of Equity Interests in an aggregate amount not to exceed \$25.0 million in any twelve-month period;
- (10) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Equity Interests issued on or after the Issue Date in compliance with the covenant described under Limitations on Additional Indebtedness;
- (11) cash payments made in lieu of the issuance of fractional shares (whether in connection with the exercise of warrants, options or other securities convertible into or exchangeable into Equity Interests of the Issuer or otherwise); or
- (12) the repurchase or redemption of common stock or Preferred Stock purchase rights issued in connection with any shareholders rights plans;

provided that no proceeds from the issuance and sale of Qualified Equity Interests used to make a payment pursuant to clause (2) or (3)(B) above shall increase the Restricted Payments Basket.

For purposes of determining compliance with this Limitation on Restricted Payments covenant, in the event that a payment or other action meets the criteria of more than one of the exceptions described in clauses (1) through (12) above, or is entitled to be made pursuant to the first paragraph of this covenant (including any payment or other action that constitutes a Permitted Investment), the Issuer will be permitted to classify such payment or other action on the date of its occurrence in any manner that complies with this covenant (including any payment or other action that constitutes a Permitted Investment). Payments or other actions permitted by this covenant need not be permitted solely by reference to one provision permitting such payment or other action (including any payment or other action that constitutes a Permitted Investment), but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting payment or other action (including any payment or other action that constitutes a Permitted Investment).

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Limitations on Dividend and Other Restrictions Affecting Restricted Subsidiaries. The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

- (a) pay dividends or make any other distributions on or in respect of its Equity Interests to the Issuer or any other Restricted Subsidiary;
- (b) make loans or advances or pay any Indebtedness or other obligation owed to the Issuer or any other Restricted Subsidiary; or