

SECURITIES AND EXCHANGE COMMISSION

**FORM DEF 14A**

Definitive proxy statements

Filing Date: **1999-03-26** | Period of Report: **1999-04-22**  
SEC Accession No. **0000950116-99-000533**

([HTML Version](#) on [secdatabase.com](#))

**FILER**

**CSS INDUSTRIES INC**

CIK: **20629** | IRS No.: **131920657** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **DEF 14A** | Act: **34** | File No.: **001-02661** | Film No.: **99574129**  
SIC: **2771** Greeting cards

Business Address  
1845 WALNUT ST  
PHILADELPHIA PA 19103  
2155699900

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant /X/  
Filed by a Party other than the Registrant / /

Check the appropriate box:

/ / Preliminary Proxy Statement  
/ / Confidential, for Use of the Commission Only (as permitted by  
Rule 14a-6(e) (2))  
/X/ Definitive Proxy Statement  
/ / Definitive Additional Materials  
/ / Soliciting Material Pursuant to 240.14a-11(c) or 240.14a-12

-----  
CSS INDUSTRIES, INC.  
-----

(Name of Registrant as Specified in Its Charter)

-----  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)  
-----

Payment of Filing Fee (Check the appropriate box):

/X/ No fee required  
/ / Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11.

1) Title of each class of securities to which transaction applies:

-----  
2) Aggregate number of securities to which transaction applies:

-----  
3) Per unit price or other underlying value of transaction computed  
pursuant to Exchange Act Rule 0-11 (set forth the amount on which the  
filing fee is calculated and state how it was determined):

-----  
4) Proposed maximum aggregate value of transaction:

-----  
5) Total fee paid:

-----  
/ / Fee paid previously with preliminary materials.  
/ / Check box if any part of the fee is offset as provided by Exchange Act Rule  
0-11(a) (2) and identify the filing for which the offsetting fee was  
paid previously. Identify the previous filing by registration statement  
number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

-----  
2) Form, Schedule or Registration Statement No.:

-----  
3) Filing Party:

-----  
4) Date Filed:  
-----

CSS INDUSTRIES, INC.

1845 Walnut Street  
Philadelphia, Pennsylvania 19103

-----  
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
-----

Dear Stockholder:

The 1999 Annual Meeting of Stockholders of CSS Industries, Inc. will be held at the Sheraton Rittenhouse Square Hotel, 227 S. 18th Street, Philadelphia, PA 19103 on Tuesday, May 4, 1999, at 10:00 a.m. local time.

At our Annual Meeting, we will ask you to:

1. Elect a board of eight directors; and
2. Transact any other business that may properly be presented at the Annual Meeting.

If you were a stockholder of record at the close of business on March 8, 1999, you may vote at the Annual Meeting. A list of CSS stockholders entitled to vote at the Annual Meeting will be available at our offices during normal business hours for review by any stockholder for the ten days before the Annual Meeting.

By order of the board of directors,

STEPHEN V. DUBIN  
Secretary

Philadelphia, Pennsylvania  
March 26, 1999

We hope that you will attend the Annual Meeting. Whether or not you plan to attend the meeting, we invite and encourage you to complete, sign and return the enclosed proxy in the envelope provided.

CSS INDUSTRIES, INC.  
1845 Walnut Street  
Philadelphia, Pennsylvania 19103  
-----

PROXY STATEMENT  
1999 Annual Meeting of Stockholders  
-----

WHY YOU RECEIVED THIS PROXY STATEMENT

You received this proxy statement because the board of directors of CSS Industries, Inc. is soliciting your proxy to vote at the 1999 Annual Meeting of Stockholders to be held at the Sheraton Rittenhouse Square Hotel, 227 S. 18th Street, Philadelphia, Pennsylvania 19103 on Tuesday, May 4, 1999 at 10:00 a.m. local time. This proxy statement provides information that should assist you in voting on matters presented to the Annual Meeting. You may vote in one of two ways: in person, by attending the Annual Meeting and casting your vote, or by proxy, by completing, signing and returning the enclosed proxy card. We are sending this proxy statement and the accompanying form of proxy to stockholders beginning on March 26, 1999.

WHO CAN VOTE

Stockholders of record at the close of business on March 8, 1999 may vote at the Annual Meeting. On this record date, 10,202,010 shares of CSS common stock, par value \$.10 per share, were outstanding. Each share of common stock is entitled to one vote on any matter which is properly presented to the Annual

Meeting.

WHO WILL PAY THE COSTS OF THIS PROXY SOLICITATION

We are paying for this solicitation of proxies. In addition to this mailing, proxies may be solicited by telephone by officers, directors or employees of CSS and its affiliated companies, who will not receive payment specifically for these services. We may also work with banks, brokerage houses and other custodians, nominees and fiduciaries to assist in forwarding solicitation material to the beneficial owners of such shares, and we will reimburse these persons for their reasonable out-of-pocket expenses.

HOW TO BE PART OF AN EFFECTIVE VOTE

In order to have an effective vote on any matter at the Annual Meeting, there must be a quorum. A quorum exists when the holders of a majority of the shares entitled to vote are present in person or represented by proxy. Directors will be elected by a plurality of the votes cast at the Annual Meeting. This means that the eight nominees receiving the most votes will be elected as directors. Any other matter voted upon at the Annual Meeting shall be decided by the affirmative vote of the holders of a majority of the shares, present in person or represented by proxy, entitled to vote at the Annual Meeting. You may vote at the Annual Meeting only if you are present in person or by proxy. You may authorize the voting of your shares at the Annual Meeting by completing the enclosed proxy. The shares represented by each properly completed proxy card will be voted at the Annual Meeting in accordance with each stockholder's choices. For the election of directors, votes may be cast in favor or withheld. Votes that are withheld will not be counted in the vote and will have no effect, other than to determine the presence of a quorum. Abstentions may not be specified for the election of directors. Abstentions will be considered present at the Annual Meeting, but will not be counted as votes cast in the affirmative. Brokers that are member firms of the New York Stock Exchange and who hold shares in street name for customers, but have not received instructions from a beneficial owner, have the right under the New York Stock Exchange rules to vote those shares with respect to the election of directors. If you do not mark a box, or otherwise withhold your vote, the shares will be voted as recommended by the board of directors. If any additional matters are properly presented to the Annual Meeting, the proxy holders will vote the proxies (which give the proxy holders the right to vote on such additional matters) in accordance with their best judgment.

HOW YOU MAY REVOKE YOUR PROXY

You may revoke your proxy at any time before the vote is taken at the Annual Meeting by filing with the Secretary of CSS a written revocation or another form of proxy bearing a date later than the date of the proxy that you submitted previously. You may also revoke your proxy by attending the Annual Meeting and voting in person. Your attendance at the Annual Meeting will not in and of itself constitute revocation of a proxy if you do not file a written revocation, submit a later-dated proxy or vote in person.

OUR INDEPENDENT ACCOUNTANTS AND THEIR ATTENDANCE AT THE ANNUAL MEETING

Arthur Andersen LLP served as our independent public accountants for 1998 and has been selected to serve as our independent public accountants in 1999. We have invited a representative of Arthur Andersen LLP to attend the Annual Meeting, and this representative will have an opportunity to make a statement, if he or she desires, and will be available to respond to your questions.

Your proxy vote is important. We therefore invite and encourage you to complete, sign and return the accompanying proxy whether or not you plan to attend the Annual Meeting.

CSS SECURITY OWNERSHIP

The following table shows all persons we know to beneficially own at least 5% of our common stock as of March 8, 1999, unless otherwise noted. The table also shows as of that date all beneficial ownership of our common stock by our current directors, our chief executive officer and four other most highly compensated officers for services rendered to CSS or its subsidiaries for the fiscal year ended December 31, 1998, separately and as a group.(1)

<TABLE>  
<CAPTION>

Beneficial Owner -----	Number of Shares Beneficially Owned (1) -----	Percent of Class (2) -----
---------------------------	---	-------------------------------------

<S>	<C>	<C>
Fenimore Asset Management, Inc. and Thomas O. Putnam .....	612,395 (3)	6.0%
T. Rowe Price Associates, Inc. ....	971,400 (4)	9.5%
Willard M. Bright .....	20,400 (5)	*
James H. Bromley .....	376,559	3.7%
John R. Bunting, Jr. ....	21,000 (6)	*
Stephen V. Dubin .....	342,210 (7)	3.4%
Jack Farber .....	3,168,571 (8)	31.0%
Richard G. Gilmore .....	18,000 (5)	*
Leonard E. Grossman .....	235,782 (9)	2.3%
James E. Ksansnak .....	20,374 (5)	*
Michael L. Sanyour .....	17,099 (5)	*
William C. Warren .....	56,030 (5)	*
John A. Pinti .....	64,226 (10)	*
Marc A. English .....	24,000 (11)	*
James G. Baxter .....	175,889 (12)	1.7%
All current directors and executive officers of CSS as a group (14 persons, including the individuals named above) .....	4,605,882 (8) (13)	45.1%

</TABLE>

-----

(1) "Beneficial ownership" is a technical term defined by Securities and Exchange Commission regulations. Accordingly, the table lists all shares as to which such persons have or share the power to vote or to direct disposition and all shares issuable upon the exercise of outstanding stock options held by each individual or group to the extent exercisable at March 8, 1999 or within 60 days thereafter. Unless otherwise indicated, each person has the sole power to vote and to direct disposition of the shares listed as beneficially owned by such person.

(2) This percentage is calculated based upon a total of 10,202,010 shares of common stock outstanding at March 8, 1999. An asterisk indicates that ownership is less than 1% of the class.

(3) This information is as of December 31, 1998 and is based upon Amendment 3 to Schedule 13G, dated February 5, 1999 jointly filed with the Securities and Exchange Commission by Fenimore Asset Management, Inc. and Thomas O. Putnam, located at 118 N. Grand Street, Box 310, Cobleskill, NY 12043.

(4) This information is as of December 31, 1998 and is based upon Amendment 6 to Schedule 13G, dated February 12, 1999 filed with the Securities and Exchange Commission by T. Rowe Price Associates, Inc. ("Price Associates") which is located at 100 E. Pratt Street, Baltimore, MD 21202. These securities are owned by various individual and institutional investors which Price Associates serves as investment adviser with power to direct investments and/or sole power to vote the securities. The T. Rowe Small Cap Value Fund owns 725,000 (7.1% of class) of these securities. For purposes of the reporting requirements of the securities laws, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.

(5) The shares shown in the table include options to purchase 7,000 shares of common stock granted under the CSS 1991 Stock Option Plan for Non-Employee Directors (the "1991 Plan") and options to purchase 3,000 shares of common stock granted under the CSS 1995 Stock Option Plan for Non-Employee Directors (the "1995 Plan").

(6) The shares shown in the table include options to purchase 7,000 shares of common stock granted under the 1991 Plan and options to purchase 3,000 shares of common stock granted under the 1995 Plan. Mr. Bunting shares the power to vote and to direct disposition of 400 shares included in this table.

(7) The shares shown in the table include options to purchase 59,375 shares of common stock granted under the CSS 1994 Equity Compensation Plan, as amended (the "1994 Plan").

(8) Mr. Farber owns 644,290 shares directly. In addition, he owns 615,000 shares beneficially through a grantor retained annuity trust and he owns 1,515,151 shares beneficially through his ownership of general and limited partnership interests in Delv, L.P. Mr. Farber is the sole stockholder of the general partner of Delv and his daughter is the sole director and is President, Secretary and Treasurer of the general partner of Delv. Included among the shares beneficially owned by Mr. Farber are 74,028 shares held directly by Mr. Farber's wife. Also included among the shares beneficially owned by Mr. Farber are 265,702 shares of common stock owned by a trust for

the benefit of David M. Farber, Mr. Farber's son, in which Mr. Farber serves as co-trustee with David Farber and 54,400 shares owned by trusts for the benefit of two of Mr. Farber's grandchildren in which Mr. Farber's wife serves as co-trustee with his daughter. Mr. Farber disclaims beneficial ownership of all shares owned directly or beneficially by his wife and by trusts for the benefit of his family members. Not included in the number of shares beneficially owned by Mr. Farber are shares held by the Farber Foundation or the Farber Family Foundation, as to which Mr. Farber and the directors and officers of CSS who are members, directors or officers of the foundations disclaim beneficial ownership. The Farber Foundation, Inc., a charitable foundation in which Mr. Farber and certain officers of CSS are officers and directors, owns 92,784 shares, and the Farber Family Foundation, Inc., a charitable foundation in which Mr. Farber is an officer and director, owns 284,000 shares.

- (9) The table includes 6,000 shares of common stock held by Mr. Grossman's wife, as to which Mr. Grossman disclaims beneficial ownership. The shares shown in the table include options to purchase 7,000 shares of common stock granted under the 1991 Plan and 3,000 shares of common stock granted under the 1995 Plan.
- (10) The shares shown in the table include options to purchase 35,000 shares of common stock granted under the 1994 Plan.
- (11) The shares shown in the table include options to purchase 24,000 shares of common stock granted under the 1994 Plan.
- (12) Mr. Baxter resigned as a director and executive officer in January 1999. In accordance with the 1994 Plan, no stock options are exercisable following the date of termination of employment.

- (13) The table shows beneficial ownership of a total of 231,125 shares of common stock pursuant to stock options granted under the 1985 Plan, the 1991 Plan, the 1994 Plan and the 1995 Plan.

#### ELECTION OF DIRECTORS

Our board of directors currently has ten members. James G. Baxter, who was a director and Executive Vice President and Chief Financial Officer of CSS, resigned to pursue other business interests on January 24, 1999. The board of directors did not fill this vacancy and instead reduced the number of directors from eleven to ten. Two current directors, Willard M. Bright and William C. Warren, are ineligible for re-election because of age limitation provisions in our by-laws and are retiring from membership on the board of directors. By resolution adopted by the board of directors on March 6, 1999, the honorary title of Director Emeritus was conferred on each of them effective May 4, 1999. You are asked to vote for the election of eight directors. Directors who are elected will hold office for a term of one year and until the election and qualification of their respective successors. The board of directors has nominated for election as directors the persons whose names are listed below, all of whom are presently directors of CSS with terms expiring in 1999. All of these persons have agreed to be considered as nominees and to serve if elected. The board of directors believes all of these persons will be able to serve as directors. However, if this should not be the case, the proxies may be voted for one or more substitute nominees to be designated by the board of directors or the board of directors may decide to reduce the number of directors.

The board of directors recommends a vote FOR the election of all the nominees listed below.

Please review the following information about the nominees for election to our board of directors.

<TABLE>

<CAPTION>

<S>

<C>

James H. Bromley .....	Mr. Bromley has been an independent consultant since September, 1996. From September 1996 to December 1997 he served as Chairman of our then Direct Mail Business Products Group and Vice Chairman of Rapidforms, Inc., formerly a subsidiary of CSS. From May 1996 to September 1996, he served as President of our then Direct Mail Business Products Group. He served as President of Rapidforms from 1979 to September 1996, and as its Chief Executive Officer from 1987 to September 1996. He has served as one of our directors since 1989. Age: 60.
------------------------	---

John R. Bunting, Jr. ....	Mr. Bunting has been Chairman of Bunting-Rubinsohn Associates, Inc./John R. Bunting, Inc., financial management consultants, since 1980. He has also been Chairman of B.R. Parking Corp. since 1982. He has served as one of our directors since 1966. Age: 73.
Stephen V. Dubin .....	Mr. Dubin has been our Senior Vice President -- Law and Human Resources since May 1996 and our Secretary and General Counsel since 1978. From 1978 to May 1996, he also served as a Vice President of CSS. He has served as one of our directors since November 1995. Age: 60.
Jack Farber .....	Mr. Farber has been our Chairman, President and Chief Executive Officer since 1979. Mr. Farber has served as one of our directors since 1978. Age: 65.
Richard G. Gilmore .....	Mr. Gilmore has been an independent consultant since 1991. He is also a director of nineteen mutual funds sponsored by Legg Mason Wood Walker, Inc. and subsidiaries. Mr. Gilmore has served as one of our directors since 1984. Age: 71.
Leonard E. Grossman .....	Mr. Grossman has been a private investor since 1989. Mr. Grossman has served as one of our directors since 1982. Age: 64.

</TABLE>

<TABLE>  
<CAPTION>

<S> James E. Ksanskak .....	<C> Mr. Ksanskak has been Vice Chairman and a Director of ARAMARK Corporation, a service management company, since May 1997. He served as an Executive Vice President of ARAMARK Corporation from 1991 to 1997, and as Chief Financial Officer from 1987 to 1997. He is also a director of Advanta Corp. Mr. Ksanskak has served as one of our directors since 1988. Age: 59.
Michael L. Sanyour .....	Mr. Sanyour has been a Principal of CMS Companies, a financial services and insurance concern, since 1987. He has served as one of our directors since 1980. Age: 68.

</TABLE>

GENERAL INFORMATION ABOUT OUR BOARD OF DIRECTORS AND ITS COMMITTEES

Our board of directors held six meetings in 1998. The by-laws allow the board of directors, by resolution adopted by a majority of the entire board, to designate an Executive Committee and other committees, each consisting of three or more directors. Accordingly, the board of directors annually selects members of the Executive, Audit, and Human Resources Committees. Another committee, the stock option committee under the 1991 Plan and the 1995 Plan, consists of those members of the board of directors who are also CSS employees. We have no nominating committee. Each director attended at least 75% of the total number of meetings of the board of directors and committees of the board of directors on which he served in 1998.

EXECUTIVE COMMITTEE

The Executive Committee of the board of directors is composed of Messrs. Farber, Bunting and Sanyour. The Executive Committee may exercise all of the authority of the board of directors in the business and affairs of CSS with certain exceptions. The role of the Executive Committee is to serve in the event that action must be taken by the board of directors at a time when holding a meeting of the entire board is not feasible. The Executive Committee held one meeting and acted four times by unanimous consent in 1998.

AUDIT COMMITTEE

The Audit Committee of the board of directors consists of Messrs. Bunting, Gilmore, Grossman and Ksanskak. It meets with our independent accountants to review the scope of audit procedures, CSS's accounting procedures and controls, and any non-audit projects. The Audit Committee held two meetings during 1998.

HUMAN RESOURCES COMMITTEE

The Human Resources Committee of the board of directors consists of Messrs. Bright, Ksanskak and Warren. It performs functions that include those normally performed by a compensation committee. No member of the Human Resources Committee is a former or current officer or employee of CSS or any of its subsidiaries. The Human Resources Committee is responsible for developing and administering the CSS's executive compensation policies, plans and programs. In

addition, the Human Resources Committee (1) determines on an annual basis the compensation to be paid to our Chairman, President and Chief Executive Officer, (2) determines the appropriate level of compensation for our executive officers and certain other members of our senior management personnel following receipt of the recommendations of our Chairman, President and Chief Executive Officer, (3) reviews the compensation level of each employee of CSS and its subsidiaries with an annual base salary exceeding \$150,000, and (4) makes grants and has general administrative authority under the 1994 Plan. The Human Resources Committee held one meeting and acted three times by unanimous consent in 1998.

COMPENSATION OF DIRECTORS

Each of our directors who is not a full time employee of CSS or its subsidiaries receives a fee of \$14,000 per annum, plus \$750 for attendance at each meeting of the board or its committees or for each consultation with management, and is entitled to participate in the 1995 Plan. The 1995 Plan succeeded the 1991 Plan and provides for the automatic annual grant of nonqualified stock options to purchase 4,000 shares

of our common stock to each of our non-employee directors as of the last business day of November in each year, from 1996 through 2000. In accordance with the terms of the 1995 Plan, each of our non-employee directors received an automatic grant of additional options to purchase 4,000 shares of our common stock on November 30, 1998 at an exercise price of \$29.5625 per share.

OUR EXECUTIVE OFFICERS

Please review the following information about each of our current executive officers. See "ELECTION OF DIRECTORS" for further information about Messrs. Farber and Dubin. Our executive officers are elected annually by the board of directors to serve until their successors are elected and qualified or until their earlier resignation or removal.

<TABLE>	
<CAPTION>	
<S>	<C>
Jack Farber .....	Mr. Farber has been our Chairman, President and Chief Executive Officer since 1979. Age: 65.
John A. Pinti .....	Mr. Pinti has been Executive Vice President of CSS and President and Chief Executive Officer of The Paper Magic Group, Inc., a subsidiary of CSS, since January 1998. He has also been President and Chief Executive Officer of Berwick Industries, Inc., a subsidiary of CSS, since 1992. Age: 55.
Stephen V. Dubin .....	Mr. Dubin has been our Senior Vice President-Law and Human Resources since May 1996 and our Secretary and General Counsel since 1978. From 1978 to May 1996, he was a Vice President of CSS. Age: 60.
Clifford E. Pietrafitta .....	Mr. Pietrafitta has been our Vice President -- Finance since November 1995 and has been our Chief Financial Officer since January 1999. From 1991 to January 1999, he was our Treasurer. In addition, he has been an Assistant Secretary of CSS since 1991. Age: 37.
Marc A. English .....	Mr. English has been President and Chief Executive Officer of Cleo Inc, a subsidiary of CSS, since we acquired Cleo in November 1995. From June 1994 to November 1995 he was Senior Vice President of Marketing for Cleo. From 1990 to June 1994 he was Senior Vice President of Marketing and Sales of CPS Corp., a manufacturer and distributor of seasonal gift wrap. Age: 46.
Paul L. Delaney .....	Mr. Delaney has been our Treasurer and an Assistant Secretary since January 1999. From September 1993 to January 1999 he served in various capacities in our Corporate Finance Department. His last position prior to being elected as Treasurer and Assistant Secretary was as our Manager of Corporate Accounting and Internal Audit. Age: 29.
</TABLE>	

James G. Baxter served as an Executive Vice President and Chief Financial Officer of CSS during 1998. Mr. Baxter resigned as a director and officer of CSS in January 1999.

EXECUTIVE COMPENSATION



The following table shows the total compensation of our chief executive officer and the four other most highly compensated executive officers for services performed for CSS or its subsidiaries for the fiscal year ended December 31, 1998, as well as the total compensation earned by each such individual for our last two fiscal years.

SUMMARY COMPENSATION TABLE

<TABLE>  
<CAPTION>

Name and Principal Position	Year	Annual Compensation		Long Term Compensation	All Other Compensation (1) (\$)
		Salary (\$)	Bonus (\$)	Securities Underlying Options (#)	
<S>	<C>	<C>	<C>	<C>	<C>
Jack Farber Chairman, President and Chief Executive Officer of CSS.	1998	405,000	212,166	0	38,178 (2)
	1997	390,000	505,600	0	59,556 (2)
	1996	375,000	695,800	0	80,865 (2)
John A. Pinti Executive Vice President of the Company and President and Chief Executive Officer of Berwick and Paper Magic	1998	329,077	237,825	35,000	44,136
	1997	300,000	229,929	20,000	26,472
	1996	300,000	140,495	15,000	24,706
James G. Baxter Former Executive Vice President and Chief Financial Officer of CSS	1998	275,000	0	0	33,632
	1997	275,000	177,000	30,000	47,055
	1996	250,000	469,500	50,000	21,144
Stephen V. Dubin Senior Vice President- Law and Human Resources, Secretary and General Counsel of CSS	1998	239,200	100,247	12,500	56,217
	1997	230,000	237,000	25,000	63,215
	1996	220,000	316,700	25,000	21,144
Marc A. English President and Chief Executive Officer of Cleo	1998	223,715	0	8,000	18,878
	1997	218,878	0	16,000	11,100
	1996	206,500	125,000	16,000	3,600

</TABLE>

-----

(1) Berwick, Cleo and Paper Magic each have qualified profit sharing plans allowing for discretionary contributions by these companies related to their financial performance. Our officers, except for Mr. Pinti, participate in the Cleo profit sharing plan. Mr. Pinti participates in the Berwick profit sharing plan. In general, contributions to the profit sharing plans are based upon a percentage, determined by the board of directors of the applicable company, of the participant's compensation, not exceeding the applicable Internal Revenue Code maximum contribution base. Contributions vest under specified schedules requiring from six to seven years of service, and are paid to participants, along with earnings thereon, upon retirement or other separation from service or, in the case of one such plan, certain other events. In addition, the Cleo and Berwick profit sharing plans and, effective as of January 1, 1999, the Paper Magic profit sharing plan each include a cash or deferred arrangement under section 401(k) of the Internal Revenue Code which permits employees to make salary deferral contributions. These employee contributions are subject to discretionary matching contributions by the applicable company participating in the plans. CSS, Berwick, Cleo and Paper Magic also each maintain an unfunded non-qualified

Supplemental Executive Retirement Plan (the "SERP") to provide all eligible employees benefits in excess of the maximum contribution base under the qualified profit sharing plans. Due to the deferred compensation agreement described below, Mr. Farber did not participate in our SERP until February, 1999. We also have a supplemental retirement agreement with Mr. Dubin and had one with Mr. Baxter prior to his resignation to provide them with certain deferred benefits upon death or retirement in addition to certain benefits in the SERP. See "Supplemental Executive Retirement Benefits" below. The amounts shown in this column represent, for all of the years indicated, the contributions by the applicable company to a profit sharing

plan and the SERP in respect of the named person and, in the case of Mr. Farber, to a profit sharing plan plus the deferred compensation arrangement described below.

- (2) Prior to our merger with Philadelphia Industries, Inc. on January 21, 1993, Mr. Farber was ineligible to participate in the Philadelphia Industries profit sharing plan. Thus, Mr. Farber entered into a deferred compensation agreement with Philadelphia Industries. We assumed this agreement upon the merger. It provided for benefits upon retirement or separation of service equal to what Mr. Farber would have received had he been eligible for participation in the profit sharing plan and SERP. In 1993, Mr. Farber became eligible to participate in the profit sharing plan in which CSS was participating and continues as a participant in such plan presently. In February 1999, our deferred compensation agreement with Mr. Farber was terminated. The amounts shown in this column represent, for all years indicated, the amount charged to CSS in respect of any profit sharing plan and the former deferred compensation agreement.

No individual named above received perquisites or non-cash compensation during the years indicated exceeding the lesser of \$50,000 or an amount equal to 10% of such person's salary and bonus.

The following table shows information about options granted by CSS or its subsidiaries to the chief executive officer and four other most highly compensated executive officers during the fiscal year ended December 31, 1998.

Option Grant Table

<TABLE>  
<CAPTION>

Name	Number of Securities Underlying Options Granted(1) (#)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise Price (\$/Sh)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(2)	
					5% (\$)	10% (\$)
					-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Jack Farber .....	0	--	--	--	--	--
John A. Pinti .....	35,000	18.7%	27.75	1/26/03	268,338	592,958
James G. Baxter(3) .....	0	--	--	--	--	--
Stephen V. Dubin .....	12,500	6.7%	27.75	1/26/03	95,835	211,771
Marc A. English .....	8,000	4.3%	27.85	1/26/03	61,335	135,533

</TABLE>

- 
- (1) These options were granted under the 1994 Plan. Twenty-five percent of the options granted vest on the first anniversary of the grant. An additional twenty-five percent vests on each succeeding anniversary for the next three years. On the fifth anniversary, the grant expires.
- (2) The dollar amounts under these columns are the result of the 5% and 10% rates set by the rules promulgated by the Securities and Exchange Commission and are not intended to forecast possible future appreciation, if any, of our stock price. We did not use an alternative formula for a grant date valuation, as we are not aware of any formula which will determine with reasonable accuracy a present value based on future unknown or volatile factors. The dollar amounts reflected in these columns may not be achieved. Actual gains, if any, on stock option exercises depend on the future performance of our common stock and overall market conditions, as well as the executive officer's continued employment through the vesting period.
- (3) Mr. Baxter resigned as a director and officer of CSS in January 1999. No options were granted to him for the fiscal year ended December 31, 1998.

The table below shows information regarding options exercised during the fiscal year ended December 31, 1998 and the value of unexercised options at December 31, 1998 held by our five most highly compensated executive officers.

Option Exercise Table

<TABLE>  
<CAPTION>

Name	Shares Acquired on Exercise (#) (1)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at December 31, 1998 (#) (2)		Value of Unexercised In-the-Money Options at December 31, 1998 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Jack Farber .....	0	--	--	--	--	--
James G. Baxter(3) .....	23,676	267,835	68,750	56,250	754,297	467,266
John A. Pinti .....	10,000	166,250	35,000	57,500	346,875	228,906
Stephen V. Dubin .....	10,000	106,250	37,500	50,000	417,188	325,781
Marc A. English .....	0	--	13,000	31,000	99,688	164,563

</TABLE>

-----

- (1) Options exercised relate to options to acquire our common stock granted under the CSS 1985 Incentive Stock Plan, as amended (the "1985 Plan"), as adjusted to reflect the effect of the stock split which occurred in August 1993, and under the 1994 Plan.
- (2) Includes exercisable and unexercisable options to acquire common stock granted under the 1985 Plan, as adjusted to reflect the effect of the stock split which occurred in August 1993, and under the 1994 Plan.
- (3) Mr. Baxter resigned as a director and officer of CSS in January 1999 and his then remaining unexercisable options were forfeited. In January 1999 Mr. Baxter exercised options to acquire 97,500 shares of our common stock (of which options to acquire 28,750 shares became exercisable in January 1999), at a value realized of \$904,603.

#### Supplemental Executive Retirement Benefits and Other Deferred Compensation Arrangements

Under applicable provisions of the Internal Revenue Code, we are required to disregard an employee's annual compensation in excess of a specified dollar amount (subject to cost of living adjustments) in determining the profit-sharing plan contribution that is made on behalf of such employee. The Omnibus Budget Reconciliation Act of 1993 ("OBRA '93") reduced this compensation limit from \$235,840 in 1993 to \$150,000 in 1994, 1995 and 1996. Such limit increased to \$160,000 in 1997 and remained at that level in 1998. CSS, Berwick, Cleo and Paper Magic each established a SERP to provide additional retirement benefits to eligible employees, with regard to compensation in excess of this dollar limit. Due to the deferred compensation agreement described above, Mr. Farber was not eligible to participate in our SERP until February 1999.

Under the CSS, Paper Magic, Berwick and Cleo SERPs, all eligible employees in the United States are entitled to have an amount credited for their benefit on our books equal to product of (x) the percentage then used in deriving the dollar amount approved by the participating company's board of directors as the company's profit sharing plan contribution for such calendar year and (y) the difference between the employee's total cash compensation for such calendar year and the dollar amount of the compensation limitation (\$160,000 for 1998). Prior to February 1999, Mr. Farber did not participate in our SERP due to the deferred compensation agreement described above. Through September 30, 1998, these amounts were adjusted to reflect earnings and losses based on the investment performance of the applicable profit sharing plan as if such amounts had been contributed to such profit sharing plan at the time they were credited and were invested in the same manner as the employee's profit sharing plan account. Since that time, participant balances were adjusted by the investment performance of various benchmarks as selected by the participant. All amounts payable to any officer for whose benefit amounts have been credited represent an unsecured debt of CSS.

Under agreements dated March 3, 1993, Messrs. Baxter and Dubin became eligible for certain unfunded non-qualified annual retirement benefits and death benefits. Although we had no obligation to fund the benefits provided by those agreements, we purchased life insurance policies to provide funding for such benefits.

These additional retirement benefits were intended to compensate Messrs. Baxter and Dubin for the loss of benefits under the Cleo profit sharing plans by reason of the pre-OBRA '93 limitations on the amount of compensation that may be considered in calculating contributions under the profit sharing plan. Benefits are payable upon termination of active employment and are reduced if such termination occurs prior to age 65. A pre-retirement death benefit is also available under these agreements. The annual retirement benefit is a fixed annual payment for fifteen years. Assuming that Mr. Dubin continues his employment with CSS until age 65, his annual benefits will be \$58,123. Since Mr.

Baxter has terminated his employment with CSS in January 1999, his annual retirement benefit has been fixed at \$32,746.75 per annum commencing at age 65.

Prior to our merger with Philadelphia Industries on January 21, 1993, Mr. Farber was ineligible to participate in the Philadelphia Industries profit sharing plan. Thus, Mr. Farber entered into a deferred compensation agreement with Philadelphia Industries. We assumed this agreement upon the merger. It provided for benefits upon retirement or separation of service equal to what Mr. Farber would have received had he been eligible for participation in the profit sharing plan and SERP. In 1993, Mr. Farber became eligible to participate in the profit sharing plan in which CSS was participating and continues as a participant in such plan presently. In February 1999, our deferred compensation agreement with Mr. Farber was terminated, and at such time Mr. Farber became eligible to participate in our SERP.

In February 1999, we entered into an agreement with Mr. Farber under which we agreed to assist in funding a split dollar life insurance policy on Mr. Farber's life by paying up to five annual premium payments. The present value of the aggregate anticipated premium payments are approximated to equal the obligation we would have owed to Mr. Farber had the deferred compensation agreement not been terminated.

#### HUMAN RESOURCES COMMITTEE REPORT

The Human Resources Committee is comprised of three outside directors, none of whom has been an employee of CSS or any subsidiary. The Human Resources Committee oversees the development and implementation of compensation policies, plans and programs which aim to enhance our profitability, and consequently stockholder value. These goals are sought by relating compensation of our senior management to our financial performance. Consequently, a substantial portion of compensation granted to senior management is "at-risk" incentive compensation. This incentive compensation is tied to the magnitude of each individual's contribution to the value of stockholders' shares. The Human Resources Committee also is responsible for the administration of grants that have been made under the 1985 Plan and administers and makes grants under the 1994 Plan. Overall, the structure of annual and longer term incentive compensation is designed to attract, retain, and reward senior management of outstanding abilities and to motivate them to perform to the full extent of their abilities.

Our compensation program for senior management consists of base salary, annual performance bonuses, longer term incentive compensation in the form of stock options, restricted stock grants and stock appreciation rights, benefits available generally to our employees (including retirement benefits under profit sharing plans), and supplemental retirement plans or deferred compensation agreements to provide benefits in excess of those permitted to be paid under the profit sharing plans because of OBRA '93 limitations (described above, under "Supplemental Executive Retirement Benefits and Other Deferred Compensation Arrangements"). The "at-risk" portion of the compensation program is significant relative to overall compensation.

Base salary levels for our executive officers are reviewed on an annual basis by the Human Resources Committee and are set generally to be competitive with other companies of comparable size and geographic location, taking into consideration the position's complexity, responsibility and need for special expertise. Individual salaries also take into account individual experience and performance. The Human Resources Committee establishes salary levels for corporate level officers and other executive officers of CSS. The salary of each employee of CSS and its subsidiaries with an annual base salary exceeding \$150,000 is subject to periodic review by the Human Resources Committee.

Annual incentive compensation is based upon the achievement of certain threshold and target levels of earnings by the operating subsidiaries, the achievement of a target level of diluted earnings per common share by CSS for corporate level management, and the attainment of specifically defined individual goals and

10

objectives. At the beginning of each year, performance goals are established for CSS and each of its subsidiaries by the Human Resources Committee to be used in determining annual performance bonuses. The formulae permit discretion in determining the size of the bonus pool, subject to certain parameters based upon the achievement of the performance goals, and to a limited extent in allocating the bonus pool among participants.

The Human Resources Committee annually considers the desirability of granting to officers and other employees of CSS and CSS's principal operating subsidiaries stock options, restricted stock grants and stock appreciation rights under the 1994 Plan. The objective of the 1994 Plan is to align senior management and stockholder long-term interests by creating a strong and direct

link between the executive's accumulation of wealth and stockholder return and to enable executives to develop and maintain a significant, long-term stock ownership position in our common stock. The Human Resources Committee adopted a methodology for use beginning with 1998 stock option grants which relates the number of stock options granted to each optionee to the individual's position and salary level. The Human Resources Committee believes that its past grants of stock options have successfully focused our executive officers and other members of senior management on building profitability and shareholder value.

Payments during 1998 to our senior management under the various programs discussed above were made following consideration of Section 162(m) of the Internal Revenue Code which became effective on January 1, 1994. Section 162(m) of the Internal Revenue Code limits the deduction that may be claimed by a "public company" for total compensation in excess of \$1 million paid to the chief executive officer or to any of the other four most highly compensated officers except to the extent that any compensation in excess of \$1 million qualifies as "performance-based compensation." Grants of stock options and stock appreciation rights made under the 1994 Plan qualify as "performance-based compensation."

In determining the compensation of Mr. Farber, the Human Resources Committee has taken into consideration pay levels of chief executive officers of other companies of comparable size, his contributions to the profitable growth and increased return on our equity over the past several years and Mr. Farber's overall management strengths and business acumen. The diluted earnings per share of common stock from continuing operations increased at a compound annual rate of 32% over the last year, 30% over the last two years and 24% over the last five years. The return to stockholders as measured by the December 31 closing price of the common stock decreased 5% in 1998, increased at an 8% compound annual rate for the two years ended December 31, 1998 and increased at an 8% compound annual rate for the five years ended December 31, 1998. Mr. Farber's total annual compensation decreased 31% over the last year, decreased at a compound annual rate of 22% for the two years ended December 31, 1998 and increased at a compound annual rate of 1% for the five years ended December 31, 1998.

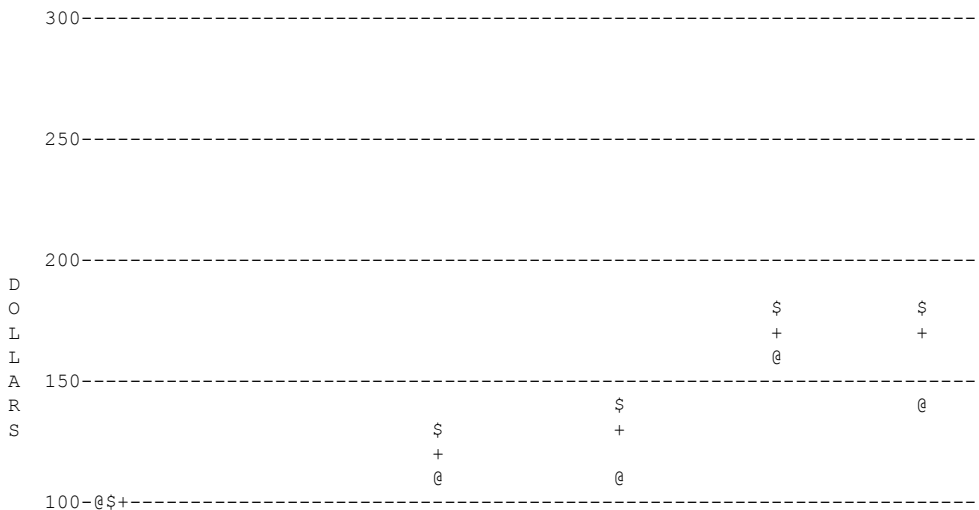
HUMAN RESOURCES COMMITTEE  
 James E. Ksanskak, Chairman  
 Willard M. Bright  
 William C. Warren

Performance Graph

The graph below compares the cumulative total stockholders' return on our common stock for the period from January 1, 1994 through December 31, 1998, with (i) the cumulative total return on the Standard and Poors 500 ("S&P 500") Index and (ii) the Russell 2000 Index (assuming the investment of \$100 in common stock, S&P 500 Index and the Russell 2000 Index on January 1, 1994 and reinvestment of all dividends).

Because we do not believe we can reasonably identify a peer group or applicable published industry or line-of-business index, we have selected the Russell 2000 Index as an index of issuers with similar market capitalizations.

5 YEAR CUMULATIVE TOTAL RETURN SUMMARY



\$+  
@

50-----  
1993 1994 1995 1996 1997 1998

@ = CSS INDS INC    \$ = RUSSELL 2000 INDEX    + = PEER GROUP

12

#### CERTAIN TRANSACTIONS

In November 1996, CSS loaned James E. Ksansnak, a director of CSS, \$27,750 at an interest rate of 7% per annum payable on demand and secured by a pledge of 4,000 shares of common stock of CSS owned by Mr. Ksansnak. The proceeds of the loan were used to exercise stock options granted to Mr. Ksansnak under the 1991 Plan which were expiring in November 1996. In November 1997, CSS loaned Mr. Ksansnak \$28,500 at an interest rate of 7% per annum payable on demand and secured by a pledge of 4,000 shares of common stock of CSS owned by Mr. Ksansnak. The proceeds of the loan were utilized to exercise stock options granted to Mr. Ksansnak under the 1991 Plan and which were expiring in November 1997. Mr. Ksansnak repaid these loans in full in 1998.

In January 1999, CSS loaned Clifford E. Pietrafitta, Vice President -- Finance and Chief Financial Officer of CSS, \$65,000 at an interest rate of 5.5% per annum payable on demand and secured by a pledge of 2,097 shares of CSS common stock. The proceeds of the loan were used primarily to pay Mr. Pietrafitta's alternative minimum tax liability under the Internal Revenue Code.

#### PROPOSALS FOR 2000 ANNUAL MEETING

Consideration of certain matters is required at the annual meeting of stockholders, such as the election of directors. In addition, pursuant to applicable regulations of the Securities and Exchange Commission, stockholders may present resolutions that are proper subjects for inclusion in the proxy statement and for consideration at the annual meeting by submitting their proposals to us on a timely basis. In order to be included for the 2000 annual meeting, resolutions must be received by November 26, 1999 and addressed to our Secretary at the address set forth on the cover page of this proxy statement.

CSS INDUSTRIES, INC.

By: Stephen V. Dubin,  
Secretary

Philadelphia, Pennsylvania  
March 26, 1999

13