

CSS INDUSTRIES INC

Form DEF 14A

June 22, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

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))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §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):

No fee required.

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

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

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(4) Proposed maximum aggregate value of transaction:

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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

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(3) Filing Party:

(4) Date Filed:

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Dear Stockholder:

The 2018 Annual Meeting of Stockholders of CSS Industries, Inc. (“CSS”) will be held at the Sheraton Valley Forge Hotel, 480 North Gulph Road, King of Prussia, Pennsylvania 19406, on Tuesday, July 31, 2018, at 9:30 a.m. local time.

At our Annual Meeting, we will ask you to:

1. Elect a board of seven directors;
2. Ratify the selection of KPMG LLP as the independent registered public accounting firm for CSS and its subsidiaries for the fiscal year ending March 31, 2019;
3. Approve, on an advisory basis, the compensation paid to our named executive officers for the fiscal year ended March 31, 2018; and
4. 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 June 4, 2018, you may vote at the Annual Meeting.

By order of the board of directors,

MICHAEL A. SANTIVASCI

Corporate Secretary

Plymouth Meeting, Pennsylvania

June 22, 2018

Your vote is important. Whether or not you plan to attend the Annual Meeting, we encourage you to vote by submitting your proxy over the Internet, by telephone or by mail.

CSS Industries, Inc. | 450 Plymouth Road, Suite 300 | Plymouth Meeting, PA 19462

CSS INDUSTRIES, INC.

PROXY STATEMENT

2018 Annual Meeting of Stockholders

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CSS INDUSTRIES, INC.
450 Plymouth Road, Suite 300
Plymouth Meeting, Pennsylvania 19462

PROXY STATEMENT
2018 Annual Meeting of Stockholders

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

WHY DID I RECEIVE THIS PROXY STATEMENT?

You received this proxy statement because the board of directors (the “Board”) of CSS Industries, Inc. (“CSS”, “we”, “us”, “our”) is soliciting your proxy to vote at the 2018 Annual Meeting of Stockholders (the “Meeting”) to be held at the Sheraton Valley Forge Hotel, 480 North Gulph Road, King of Prussia, Pennsylvania 19406 on Tuesday, July 31, 2018 at 9:30 a.m. local time. This proxy statement provides information regarding the matters to be presented at the Meeting. You may vote on these matters by proxy or in person. You may vote by proxy by submitting your proxy in one of three ways: (i) over the Internet by following the instructions on the enclosed proxy card, (ii) by telephone by following the instructions on the enclosed proxy card, or (iii) by mail by completing, signing and returning the enclosed proxy card. You may vote in person by attending the Meeting and casting your vote. Beginning on or about June 22, 2018, we are sending this Proxy Statement and the accompanying proxy card to stockholders of record at the close of business on June 4, 2018.

WHO CAN VOTE?

Stockholders of record at the close of business on June 4, 2018 may vote at the Meeting. On the record date, 9,119,749 shares of CSS common stock, par value \$0.10 per share, were outstanding. Each share of common stock is entitled to one vote on any matter that is properly presented at the Meeting.

HOW DO I VOTE MY SHARES?

In addition to voting in person at the Meeting, you may vote by mail, Internet or telephone.

Vote by Internet. Use the Internet to vote your proxy 24 hours a day, 7 days a week. Follow the instructions on the proxy card you receive with this proxy statement. You will be prompted to enter your Control Number, located on your proxy card, and then follow the directions to vote your shares.

Vote by Telephone. Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week. Follow the instructions on the proxy card you receive with this proxy statement. You will be prompted to enter your Control Number, located on your proxy card, and then follow the directions given.

If you vote by Internet or telephone, you do not need to return your proxy card.

Voting by Mail. To vote by mail, please sign, date and return to CSS as soon as possible the enclosed proxy card. An envelope with postage paid, if mailed in the United States, is provided for this purpose. Properly executed proxies that are received in time and not subsequently revoked will be voted as instructed on the proxies. If you vote by Internet or by telephone as described above, you need not also mail a proxy to CSS.

Voting at the Meeting. You may vote by ballot in person at the Meeting. If you want to vote by ballot, and you hold your shares in street name (that is, through a bank or broker), you must obtain a legal proxy from that organization and bring it to the Meeting. Even if you plan to attend the Meeting, you are encouraged to submit a proxy card or vote by Internet or telephone to ensure that your vote is received and counted. If you vote in person at the Meeting, you will revoke any prior proxy you may have submitted.

Instructions for “Street Name” Stockholders. If you own your CSS common stock in the name of a brokerage firm, bank, bank nominee or other nominee holder, you are considered the beneficial owner of shares held in “street name” and only such entity can vote your CSS common stock and only upon receipt of your voting instructions. Thus, in order for your CSS common stock to be voted at the Meeting, provide such entity with your voting instructions for your CSS common stock by following the instructions on the voting instruction form provided by your brokerage firm, bank, bank nominee or other nominee holder. If your brokerage firm, bank, bank nominee or other nominee holder permits you to provide voting instructions via the Internet or by telephone, you may vote that way as well.

HOW DOES THE BOARD OF DIRECTORS RECOMMEND THAT I VOTE?

Our Board unanimously recommends that you vote as follows:

1. “FOR” each of the following seven nominees for election to the Board to each serve until our next annual meeting and until their respective successors shall have been duly elected and qualified:

Robert E. Chappell

Stephen P. Crane

Elam M. Hitchner, III

Rebecca C. Matthias

Harry J. Mullany, III

Christopher J. Munyan

William Rulon-Miller

2. “FOR” ratification of the selection of KPMG LLP as the independent registered public accounting firm for CSS and its subsidiaries for the fiscal year ending March 31, 2019; and

3. “FOR” approval, on an advisory basis, of the compensation paid to CSS’s named executive officers for the fiscal year ended March 31, 2018.

HOW WILL THE VOTES BE COUNTED?

In order to have an effective vote on any matter at the 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. Based on the number of shares of CSS common stock outstanding on the record date, the holders of 4,559,875 shares of CSS common stock are required to be present in person or represented by proxy in order to have a quorum at the Meeting. Each share of CSS common stock entitles the holder thereof to one vote on the election of each of the nominees for director and one vote on each other matter that may properly come before the Meeting.

Directors will be elected by a majority of the votes of the shares present at the Meeting (either in person or represented by proxy) and cast with respect to that director at the Meeting. The affirmative vote of the holders of a majority of the shares present at the Meeting (either in person or represented by proxy) and entitled to vote will be required: to ratify the selection of KPMG LLP (“KPMG”) as our independent registered public accounting firm for the fiscal year ending March 31, 2019; to approve, on an advisory basis, the compensation paid to our named executive officers for the fiscal year ended March 31, 2018; and to approve any other matter to be voted on at the Meeting.

An abstention and a “broker non-vote” will count as present at the Meeting for purposes of determining a quorum, but will not count as a vote cast with respect to any matter for which abstain is specified or a broker non-vote applies.

Therefore, abstentions and broker non-votes will have no effect on the outcome of matters determined by a majority of the votes cast, and they will have the same effect as an “against” vote for matters determined by a majority of the shares present at the Meeting. A broker non-vote occurs when a nominee (such as a broker) does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that proposal and has not received voting instructions from the beneficial owner.

WHAT IF OTHER MATTERS ARE VOTED ON AT THE MEETING?

With respect to any other matter that properly comes before the Meeting, the proxy holders will vote the proxies in their discretion in accordance with their best judgment and in the manner they believe to be

in the best interest of CSS. For example, if you do not give instructions on your proxy card or by Internet or telephone, and a nominee for Director listed on the proxy card withdraws before the election (which is not now anticipated), your shares will be voted by the proxy holders for any substitute nominee as may be nominated by the Board of Directors. The proxy holders are Robert E. Chappell, Elam M. Hitchner, III, and Rebecca C. Matthias.

On the date we filed this proxy statement with the Securities and Exchange Commission, the Board did not know of any other matters to be brought before the Meeting other than those described in this proxy statement.

HOW WILL MY SHARES BE VOTED IF I MARK "ABSTAIN" ON ANY PROPOSAL ON MY PROXY CARD?

We will count a properly executed proxy card marked "Abstain" as present for purposes of determining whether a quorum is present, but the shares represented by that proxy card will not be voted at the Meeting for the proposals so marked.

HOW DO I REVOKE MY PROXY?

You may revoke your proxy at any time before the vote is taken at the Meeting. You may revoke your proxy by submitting a proxy bearing a date later than the date of the proxy that you wish to revoke. You may submit your later-dated proxy over the Internet, by telephone or by mail, in each case by following the instructions on the enclosed proxy card. Your shares will be voted as instructed by you in your latest-dated proxy that is timely submitted. You also may revoke your proxy by submitting a written notice of revocation to the Secretary of CSS at our mailing address shown on the Notice of Annual Meeting of Stockholders that accompanies this proxy statement. You also may revoke your proxy by attending the Meeting and voting in person. Your attendance at the Meeting will not in and of itself constitute revocation of a proxy if you do not submit a written revocation, submit a later-dated proxy or vote in person.

WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE PROXY CARD OR VOTING INSTRUCTION FORM?

If you hold your shares in more than one account, you will receive a proxy card or voting instruction form for each account. To ensure that all of your shares are voted, please vote using each proxy card or voting instruction form you receive or, if you vote by Internet or telephone, you will need to enter each of your Control Numbers. Remember, you may vote by telephone, Internet or by signing, dating and returning the proxy card in the postage-paid envelope provided.

WHO WILL SOLICIT PROXIES ON BEHALF OF THE BOARD?

Proxies may be solicited on behalf of the Board, without additional compensation, by CSS's directors, officers and regular employees. Additionally, we may engage a proxy solicitor to solicit proxies from stockholders in connection with the Meeting.

The original solicitation of proxies by mail may be supplemented by telephone, telegram, facsimile, electronic mail, and personal solicitation by our directors, officers or other regular employees (who will receive no additional compensation for such solicitation activities). You may also be solicited by advertisements in periodicals, press releases issued by us and postings on our corporate website. Unless expressly indicated otherwise, information contained on our corporate website is not part of this proxy statement.

WHO WILL PAY THE COSTS OF THIS PROXY SOLICITATION?

The entire cost of soliciting proxies, including the costs of preparing, assembling, printing and mailing this proxy statement, the proxy card and any additional soliciting materials furnished to stockholders, will be borne by CSS. Copies of solicitation material will be furnished to banks, brokerage houses, dealers, voting trustees, their respective nominees and other agents holding shares in their names, which are

beneficially owned by others, so that they may forward this solicitation material, together with our Annual Report on Form 10-K for the fiscal year ended March 31, 2018, to beneficial owners. In addition, if asked, we will reimburse these persons for their reasonable expenses in forwarding these materials to the beneficial owners.

Directors, officers and regular employees of CSS who solicit proxies in connection with the Meeting will not receive payment specifically for such services. If we engage a proxy solicitor to solicit proxies from stockholders in connection with the Meeting, we may agree to pay a fee for such services and to reimburse the solicitor for all reasonable disbursements. Any such fee is estimated to be approximately \$10,000.

HOW CAN I OBTAIN ADDITIONAL COPIES OF THESE MATERIALS OR COPIES OF OTHER DOCUMENTS?

Complete copies of this proxy statement and our Annual Report on Form 10-K for the fiscal year ended March 31, 2018 are also available on the Internet at <http://www.viewproxy.com/CSSIndustries/2018>.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JULY 31, 2018:

The Notice of the CSS Industries, Inc. Annual Meeting of Stockholders to be held on July 31, 2018, the Proxy Statement for the Meeting and the CSS Industries, Inc. Annual Report for the fiscal year ended March 31, 2018 are available on the Internet at <http://www.viewproxy.com/CSSIndustries/2018>.

OUR BOARD OF DIRECTORS

The business and affairs of CSS is managed under the direction of our Board, which currently has eight members. We recently expanded the depth, breadth and range of experience represented on our Board by electing Stephen P. Crane as our newest Board member. One of our current directors, Scott A. Beaumont, who has served on our Board since 2005, will not stand for re-election at the Meeting. Mr. Beaumont will continue to serve as a director until the election of directors at the Meeting. Upon the recommendation of our Nominating and Governance Committee, we are reducing the size of our Board to seven members effective upon the election of directors at the Meeting. We have nominated for election to the Board the individuals listed below, all of whom currently serve on our Board. Below, we provide biographical information about each of our nominees, including, in the “qualifications” section below each director’s name, information about each director’s specific experience, qualifications, attributes and skills that led our Board to conclude that he or she should serve on our Board. We have also provided a chart that summarizes this information for the full Board. Ages are stated as of the date of the Meeting.

Robert E. Chappell, age 73, served as Chairman of The Penn Mutual Life Insurance Company (“Penn Mutual”), a mutual life insurance company providing life insurance and annuity products, from 1996 until 2013, and he currently serves on Penn Mutual’s Board of Trustees. He served as Penn Mutual’s Chief Executive Officer (“CEO”) from April 1995 until February 2011 and as its President from January 2008 to March 2010. Prior to joining Penn Mutual, Mr. Chappell served as Chairman of Provident National Bank, a commercial bank, and executive vice president of its parent company, PNC Bank Corp. He previously served as a director of the Federal Reserve Bank of Philadelphia. Mr. Chappell currently serves on the board of directors of Quaker Chemical Corporation, a producer and marketer of formulated chemical specialty products and provider of chemical management services. He has served as one of our directors since September 2012.

Qualifications: From his distinguished career in executive leadership roles in the insurance, financial services and commercial banking industries and his extensive experience serving on boards of public and private companies, including his service as Chair of the Governance Committee of Quaker Chemical Corporation, Mr. Chappell brings to our Board highly advanced knowledge, experience and skills in corporate governance, accounting and finance, financial reporting, risk assessment, organizational development, global organizations, strategic planning and corporate development.

Stephen P. Crane, age 63, served as an Audit Partner of Ernst & Young LLP (“E&Y”), an accounting firm, from October 1989 until his retirement in July 2015. At E&Y, Mr. Crane served as lead assurance partner on numerous public and privately held clients. He has served on the Board of Trustees of Thomas Jefferson University (“Jefferson”) since May 2015, and he has served as Chair of Jefferson’s Board of Trustees since July 2017. He previously served on the Board of Trustees of Abington Health System from 2006 until its merger with Jefferson in May 2015. Mr. Crane has served on our Board since March 2018.

Qualifications: Mr. Crane brings more than 40 years of experience advising both private and publicly held companies on accounting, auditing, private capital, mergers and acquisitions, initial public offerings and subsequent registrations with the U.S. Securities and Exchange Commission. He has extensive experience providing executive and financial guidance with other business issues in a variety of industries, including private equity, biotechnology and other healthcare companies, distribution, manufacturing, logistics, gaming, leasing, service and technology. He brings to our Board advanced knowledge and skills in the areas of accounting, financial reporting, risk management, finance and capital allocation.

Elam M. Hitchner, III, age 71, is a retired former partner of the law firm Pepper Hamilton LLP (“Pepper Hamilton”). He was a partner of Pepper Hamilton from May 1992 to June 1999, and returned to the firm in January 2001 as a partner and subsequently as “of counsel” through 2004. From 2005 until December 2015, he provided consulting services to Pepper Hamilton, which provides legal services to CSS. Mr. Hitchner is no longer associated with Pepper Hamilton. When he was associated with Pepper Hamilton, Mr. Hitchner did not participate in the firm’s provision of legal services to CSS. From July 1999 through December 2000, Mr. Hitchner was a general partner of venture capital firms Meridian Venture Partners and Meridian Venture Partners II. From 1994 to 2011, Mr. Hitchner served as a director of Destination Maternity Corporation (“Destination Maternity”), a designer and retailer of maternity

apparel, and from 2004 to 2012, he was a director of eResearch Technology, Inc. (“eResearch Technology”), a provider of services and customizable medical devices to biopharmaceutical and healthcare organizations. In addition to previously serving on the Audit and Nominating and Governance Committees of Destination Maternity (where he chaired both committees) and eResearch Technology, he previously served as non-executive Chairman of the Board of Destination Maternity and as Lead Independent Director of eResearch Technology, in addition to serving on its Compensation Committee. Mr. Hitchner has been a member of our Board since May 2013.

Qualifications: From his extensive experience with Pepper Hamilton as a corporate transactional lawyer with an emphasis on mergers and acquisitions, including public companies, private equity and venture capital, Mr. Hitchner possesses expertise in complex business transactions, including mergers and acquisitions and financings. His contributions to our Board are broadened by his prior experience as a general partner of two venture capital firms. In addition to bringing valuable perspective and insight from his prior service as a director on other public company boards, Mr. Hitchner brings substantial board leadership experience from serving other public companies as non-executive Chairman of the Board, as Independent Lead Director and as Chairman of an Audit Committee, and a Nominating and Governance Committee.

Rebecca C. Matthias, age 65, has served as non-executive Chair of our Board since July 2015 and has served as one of our directors since 2003. Ms. Matthias founded Destination Maternity in 1982 and took the company public in 1993. She served as President of Destination Maternity from inception until 2010 and as a director from inception until February 2011. She also served as its Chief Operating Officer from 1993 until 2007, and as its Chief Creative Officer from 2007 until 2010. Since September 2010, Ms. Matthias has served as a director of Penn Series Funds, Inc. (“Penn Series Funds”), a diversified management investment company with total assets of approximately \$8 billion across multiple investment portfolios, where Ms. Matthias serves as Audit Committee Chair and lead director. From 2004 to 2006, Ms. Matthias served as a director of then-public company Russell Corporation, an athletic and sporting goods company, where Ms. Matthias served on the Management Development and Compensation Committee. Ms. Matthias serves as a director of the privately held “honeygrow” restaurant chain, and she is an emeritus member of the Industry Advisory Board of The Jay H. Baker Retailing Center, an interdisciplinary industry research center at the Wharton School of the University of Pennsylvania. In 1992, Ms. Matthias was chosen as “Regional Entrepreneur of the Year” by Inc. Magazine and Merrill Lynch Corporation, and in September 2003, Ms. Matthias was recognized as a top woman entrepreneur by the United States Small Business Administration.

Qualifications. Under the leadership of Ms. Matthias, Destination Maternity grew from a home-based start-up business to the leading designer and retailer of maternity apparel in the United States and the only nationwide chain of maternity apparel specialty stores. From her experience driving Destination Maternity’s growth from conception to public company with a nationwide presence and annual net sales of more \$500 million, Ms. Matthias possesses exceptional consumer products industry knowledge, particularly in the areas of product design, development and marketing, international sourcing, and sales and distribution through both specialty and mass market retailer channels. In addition to her extensive consumer products industry experience, Ms. Matthias brings valuable corporate governance and other perspective and insight from her service on the boards of other companies, both public and private.

Harry J. Mullany, III, age 60, has served as CEO of HJM Consulting LLC, a business consulting firm, since founding the firm in 2016. Previously, he served as President of Toys R Us, Inc., a global toy and baby products retail company, from November 2013 until August 2015. From February 2011 until May 2013, he served as CEO of The ServiceMaster Company, Inc., a leading provider of essential residential and commercial services. From January 2006 until November 2010, Mr. Mullany served in various capacities with Wal-Mart Stores, Inc., a global retailer, including as Executive Vice President and as President North Business. From 2003 to 2006, he served as Executive Vice President and Chief Operating Officer of the Kimmel Center for Performing Arts, an operator of multiple performing arts venues. From 1988 until 2002, Mr. Mullany served in various positions, including as President, with Genuardi’s Family Markets, L.P., a regional supermarket chain acquired in 2001 by Safeway, Inc. Mr. Mullany has served as one of our directors since February 2017.

Qualifications. Mr. Mullany is a seasoned business leader with a record of accomplishment improving the performance of large (multi-million and multi-billion dollar), complex, multi-brand organizations in

competitive categories. He brings to our Board demonstrated skills in the areas of strategic planning, talent acquisition and management, business transformation, cultural transformation and executional excellence. From his executive leadership roles with Toys R Us, Inc., Wal-Mart Stores, Inc. and Genuardi's Family Markets, L.P., Mr. Mullany contributes expansive retail industry knowledge to our Board. Further, our Board benefits from his e-commerce industry knowledge garnered from overseeing the management, development and growth of multiple e-commerce platforms while serving in executive leadership roles in retail and with The ServiceMaster Company, Inc. Christopher J. Munyan, age 53, has been our President and CEO since July 2006. He served as our Executive Vice President and Chief Operating Officer from October 2005 until June 2006. From 1999 until 2005, Mr. Munyan served as President of our Berwick Offray LLC ("Berwick Offray") business. From 1993 to 1999, Mr. Munyan served Berwick Offray in various capacities, including Senior Vice President - Finance and Administration. Mr. Munyan has served as one of our directors since 2006. Prior to joining Berwick Offray in 1993, Mr. Munyan worked in public accounting, finance and consulting, including positions with automobile distributor Subaru of America, Inc. and public accounting firm Coopers and Lybrand.

Qualifications: In addition to bringing intimate knowledge of the Company's operations, the talents and capabilities of the Company's management team, and a sophisticated understanding of the expectations of the Company's customers, Mr. Munyan brings to our Board extensive managerial, accounting, financial and leadership skills. He also brings significant and valuable insight from his experience overseeing the identification of suitable acquisition candidates, the negotiation of acquisition agreements, and the integration of acquired businesses into the Company's existing operations.

William Rulon-Miller, age 70, Mr. Rulon-Miller served as either Director or Co-Director of the Investment Banking Group for Janney Montgomery Scott, a financial services firm, from 1982 to 2009, and he served on its board of directors from 2005 to 2009. He served as a Managing Director of Cross Atlantic Capital Partners, a venture capital firm, from 2009 until 2012. He served as President of Knowles Teacher Initiative, a non-profit organization, from March 2012 to February 2016, and he currently serves on its board of trustees. Mr. Rulon-Miller previously served on the board of directors of public companies Metrologic Instruments, Inc., a designer and manufacturer of optical imaging equipment, Intelligent Electronics, Inc., an information technology products and services company, The JPM Company, a manufacturer of cable assemblies and wire harnesses, and Destination Maternity. He has been a member of our Board since March 2016.

Qualifications: With over 35 years of experience as an investment banker and venture capitalist, Mr. Rulon-Miller has been involved in numerous mergers and acquisitions transactions ranging in size from \$10 million to \$500 million, and he has actively participated in multiple private and public transactions, raising over \$15 billion for client companies cumulatively during his career. With such experience, Mr. Rulon-Miller brings to our Board seasoned expertise in the areas of mergers and acquisitions, including target identification, valuation analysis and deal structuring, and an advanced knowledge and understanding of capital markets. He also brings valuable insight from his significant leadership roles with Janney Montgomery Scott, Cross Atlantic Capital Partners, and Knowles Teacher Initiative, and his experience serving on the boards of private and public companies, including public companies with significant domestic manufacturing operations.

Summary of Director Qualifications and Experience

Qualifications and Experience Robert E. Stephen P. Elam M.
Chappell Crane Hitchner, III Rebecca C.