SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Form: 10-K

Date Filed: 2010-06-01

Corporate Issuer CIK: 20629

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark one)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended March 31, 2010

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 1-2661

CSS INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**13-1920657**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
1845 Walnut Street, Philadelphia, PA	**19103**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code:
(215) 569-9900

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.10 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer ☑	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☑

The aggregate market value of the voting stock held by non-affiliates of the registrant is $167,305,009. Such aggregate market value was computed by reference to the closing price of the common stock of the registrant on the New York Stock Exchange on September 30, 2009, being the last trading day of the registrant's most recently completed second fiscal quarter. Such calculation excludes the shares of common stock beneficially owned at such date by certain directors and officers of the registrant, by the Farber Foundation and by the Farber Family Foundation, as described under the section entitled "Ownership of CSS Common Stock" in the proxy statement to be filed by the registrant for its 2010 Annual Meeting of Stockholders. In making such calculation, registrant does not determine the affiliate or non-affiliate status of any holders of the shares of common stock for any other purpose.

At May 19, 2010, there were outstanding 9,678,246 shares of common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2010 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

CSS INDUSTRIES, INC.

FORM 10-K
FOR THE FISCAL YEAR ENDED MARCH 31, 2010

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PART I

Item 1. *Business.*

General

CSS Industries, Inc. ("CSS" or the "Company") is a consumer products company primarily engaged in the design, manufacture, procurement, distribution and sale of seasonal and all occasion social expression products, principally to mass market retailers. These seasonal and all occasion products include gift wrap, gift bags, gift boxes, gift card holders, boxed greeting cards, gift tags, decorative tissue paper, decorations, classroom exchange Valentines, decorative ribbons and bows, floral accessories, Halloween masks, costumes, make-up and novelties, Easter egg dyes and novelties, craft and educational products, stickers, memory books, stationery, journals, notecards, infant and wedding photo albums, scrapbooks, and other gift items that commemorate life's celebrations. CSS' product breadth provides its retail customers the opportunity to use a single vendor for much of their seasonal product requirements. A substantial portion of CSS' products are manufactured, packaged and/or warehoused in thirteen facilities located in the United States, with the remainder purchased primarily from manufacturers in Asia and Mexico. The Company's products are sold to its customers by national and regional account sales managers, sales representatives, product specialists and by a network of independent manufacturers' representatives. CSS maintains a purchasing office in Hong Kong to administer Asian sourcing opportunities. The Company's principal operating subsidiaries include Paper Magic Group, Inc. ("Paper Magic"), BOC Design Group (consisting of Berwick Offray LLC ("Berwick Offray") and Cleo Inc ("Cleo")) and C.R. Gibson, LLC ("C.R. Gibson"). The C.R. Gibson business was acquired on December 3, 2007.

The Company's fiscal year ends on March 31. References to a particular year refer to the fiscal year ending in March of that year. For example fiscal 2010 refers to the fiscal year ended March 31, 2010.

In fiscal 2007, the Company combined the operations of its Cleo and Berwick Offray subsidiaries in order to improve profitability and efficiency through the elimination of redundant back office functions and certain management positions. The Company consolidated its accounts receivable, accounts payable and payroll functions into a combined back office operation, which was substantially completed in the first quarter of fiscal 2010. Also completed in the first quarter of fiscal 2010 was the implementation of a phase of integrating the Company's enterprise resource planning systems standardization project.

In fiscal 2009, CSS completed acquisitions of several businesses that are complementary to its existing businesses. On May 16, 2008, a subsidiary of the Company completed the acquisition of substantially all of the business and assets of iota™ ("iota"). iota is a designer, manufacturer and marketer of stationery products such as notecards, gift wrap, journals and stationery kits. On August 5, 2008, a subsidiary of the Company completed the acquisition of substantially all of the business and assets of Hampshire Paper Corp. ("Hampshire Paper") which is a manufacturer and supplier of pot covers, waxed tissue, paper and foil to the wholesale floral and horticultural industries. On February 20, 2009, a subsidiary of the Company completed the acquisition of substantially all of the business and assets of Seastone L.C. ("Seastone") which is a provider of specialty gift card holders.

On May 27, 2009, a subsidiary of the Company completed the acquisition of substantially all of the business and assets of Designer Dispatch Ribbon, Inc. ("Designer Dispatch Ribbon"). Designer Dispatch Ribbon was a manufacturer of stock and custom ribbon and bows and related products. The acquisition was accounted for as a purchase and there was no goodwill recorded in this transaction.

The Company's goal is to expand by developing new or complementary products, by entering new markets, by acquiring companies that are complementary with its existing operating businesses and by acquiring other businesses with leading market positions.

Principal Products CSS designs, manufactures, procures, distributes and sells a broad range of seasonal consumer products primarily through the mass market distribution channel. Christmas products include gift wrap, gift bags, gift boxes, gift card holders, boxed greeting cards, gift tags, decorative tissue paper, decorations and decorative ribbons and bows. CSS' Valentine product offerings include classroom exchange Valentine cards and other related Valentine products, while its Easter product offerings include Dudley's® brand of Easter egg dyes and related Easter seasonal products. For Halloween, CSS offers a full line of Halloween merchandise including make-up, costumes, masks and novelties. In addition to seasonal products, CSS also designs and markets all occasion boxed greeting cards, gift wrap, gift bags, gift boxes, gift card holders, decorative and waxed tissue, decorative ribbons and bows, decorative films and foils, stickers, memory books, stationery, journals, notecards, infant and wedding photo albums, scrapbooks, floral accessories and other gift and craft items to its mass market, craft, specialty and floral retail and wholesale distribution customers, and teachers' aids and other learning oriented products to the education market through mass market retailers, school supply distributors and teachers' stores.

Key brands include Paper Magic®, Berwick®, Offray®, Cleo®, C.R. Gibson®, Lion Ribbon Company®, Markings®, Creative Papers®, Tapestry®, Seastone®, Dudley's®, Don Post Studios®, Eureka®, Learning Playground®, Stickerfitti® and iota®.

CSS operates thirteen manufacturing and/or distribution facilities located in Pennsylvania, Maryland, New Hampshire, South Carolina, Alabama, Tennessee and Texas. A description of the Company's product lines and related manufacturing and/or distribution facilities is as follows:

- Boxed greeting cards are produced by Asian manufacturers to our specifications. Domestically distributed products are warehoused in a distribution facility in Pennsylvania.
- Gift tags and classroom exchange Valentine products are domestically manufactured or imported from Asian manufacturers. Manufacturing processes include a wide range of finishing, assembly and packaging operations. Domestically distributed products are warehoused in a facility in Pennsylvania.
- Halloween make-up and Easter egg dye products are manufactured in Asia to specific formulae by contract manufacturers who meet regulatory requirements for the formularization and packaging of such products. Domestically distributed products are warehoused in a distribution facility in Pennsylvania.
- Ribbons and bows are primarily manufactured and warehoused in seven facilities located in Pennsylvania, Maryland, South Carolina and Texas. The manufacturing process is vertically integrated. Non-woven ribbon and bow products are primarily made from polypropylene resin, a petroleum-based product, which is mixed with color pigment, melted and pressed through an extruder. Large rolls of extruded film go through various combinations of manufacturing processes before being made into bows or packaged on ribbon spools or reels as required by various markets and customers. Woven fabric ribbons are manufactured domestically or imported from Mexico and Asia. Imported woven products are either narrow woven or converted from bulk rolls of wide width textiles. Domestic woven products are narrow woven.
- Gift wrap is primarily manufactured in one facility in Memphis, Tennessee. Manufacturing includes web printing, finishing, rewinding and packaging. Finished gift wrap products are warehoused and shipped from both the production facility and a separate facility in Memphis. A small portion of gift wrap products are imported from Asia.
- Memory books, stationery, journals and notecards, infant and wedding photo albums, scrapbooks, and other gift items are imported from Asian manufacturers and warehoused and distributed from a distribution facility in Florence, Alabama.
- Floral accessories, including pot covers, foil, waxed tissue, shred, aisle runners, corsage bags and other paper and film products, are manufactured in a facility located in Milford, New Hampshire. Manufacturing includes gravure and flexo printing, waxing and converting. Products are warehoused and distributed from a separate location near the manufacturing facility.

Other products including, but not limited to, decorative tissue paper, gift bags, gift boxes, gift card holders, decorations and school products are designed to the specifications of CSS and are imported primarily from Asian manufacturers.

During our 2010 fiscal year, CSS experienced no material difficulties in obtaining raw materials or finished goods from suppliers.

Intellectual Property Rights CSS has a number of copyrights, patents, tradenames, trademarks and intellectual property licenses which are used in connection with its products. Substantially all of its designs and artwork are protected by copyright. Intellectual property license rights which CSS has obtained are viewed as especially important to the success of its classroom exchange Valentines, stickers and juvenile gift wrap. It is CSS' view that its operations are not dependent upon any individual patent, tradename, trademark, copyright or intellectual property license. The collective value of CSS' intellectual property is viewed as substantial and CSS seeks to protect its rights in all patents, copyrights, tradenames, trademarks and intellectual property licenses.

Sales and Marketing Most of CSS' products are sold in the United States and Canada by national and regional account sales managers, sales representatives, product specialists and by a network of independent manufacturers' representatives. CSS maintains permanent showrooms in New York City, Memphis, Dallas, Atlanta, Las Vegas and Hong Kong where buyers for major retail customers will typically visit for a presentation and review of the new lines. Products are also displayed and presented in showrooms maintained by various independent manufacturers' representatives in major cities in the United States and Canada. Relationships are developed with key retail customers by CSS sales personnel and independent manufacturers' representatives. Customers are generally mass market retailers, discount department stores, specialty chains, warehouse clubs, drug and food chains, dollar stores, independent card, gift and floral shops and retail teachers' stores. Net sales to Wal-Mart Stores, Inc. and its affiliates and Target Corporation accounted for approximately 26% and 10% of total net sales, respectively, during fiscal 2010. No other customer accounted for 10% or more of the Company's net sales in fiscal 2010. Approximately 59% of the Company's sales are attributable to seasonal (Christmas, Halloween, Valentine's Day and Easter) products, with the remainder attributable to all occasion products. Approximately 46% of CSS' sales relate to the Christmas season. Seasonal products are generally designed and marketed beginning up to 18 to 20 months before the holiday event and manufactured during an eight to ten month production cycle. Due to these long lead time requirements, timely communication with third party factories, retail customers and independent manufacturers' representatives is critical to the timely production of seasonal products. Because the products themselves are primarily seasonal, sales terms do not generally require payment until just before or just after the holiday, in accordance with industry practice. C.R. Gibson's social stationery products are sold by a national organization of sales representatives that specialize in the gift and card shop channel, as well as by C.R. Gibson's sales representatives. The Company also sells custom products to private label customers, to other social expression companies, and to converters of the Company's ribbon products. Custom products are sold by both independent manufacturers' representatives and CSS sales managers. CSS products, with some customer specific exceptions, are not sold under guaranteed or return privilege terms. All occasion ribbon and bow products are also sold through sales representatives or independent manufacturers' representatives to wholesale distributors and independent small retailers who serve the floral, craft and retail packaging trades.

Competition among retailers in the sale of the Company's products to end users is intense. CSS seeks to assist retailers in developing merchandising programs designed to enable the retailers to meet their revenue objectives while appealing to their consumers' tastes. These objectives are met through the development and manufacture of custom configured and designed products and merchandising programs. CSS' years of experience in merchandising program development and product quality are key competitive advantages in helping retailers meet their objectives.

Competition CSS' principal competitor in Christmas products is American Greetings Corporation. Image Arts, Inc., a subsidiary of Hallmark Cards, Incorporated ("Hallmark"), is also a competitor in the boxed greeting card business. CSS competes, to a limited extent, with other product offerings of Hallmark and American Greetings Corporation. These competitors are larger and have greater resources than the Company. In addition, CSS also competes with various domestic and foreign companies in each of its other product offerings.

CSS believes its products are competitively positioned in their primary markets. Since competition is based primarily on category knowledge, timely delivery, creative design, price and, with respect to seasonal products, the ability to serve major retail customers with single, combined product shipments for each holiday event, CSS' focus on products combined with consistent service levels allows it to compete effectively in its core markets.

Employees

At May 19, 2010, approximately 2,000 persons were employed by CSS (increasing to approximately 2,800 as seasonal employees are added).

With the exception of the bargaining units at the gift wrap facilities in Memphis, Tennessee and the ribbon manufacturing facility in Hagerstown, Maryland, which totaled approximately 650 employees as of May 19, 2010, CSS employees are not represented by labor unions. Because of the seasonal nature of certain of its businesses, the number of production employees fluctuates during the year. The collective bargaining agreement with the labor union representing Cleo's production and maintenance employees at the Cleo gift wrap plant and warehouses in Memphis, Tennessee remains in effect until December 31, 2010. The collective bargaining agreement with the labor union representing the Hagerstown-based production and maintenance employees remains in effect until December 31, 2011.

The Company believes that relationships with its employees are good.

SEC Filings

The Company's Internet address is *www.cssindustries.com*. Through its website, the following filings are made available free of charge as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission: its annual report on Form 10-K, its quarterly reports on Form 10-Q, its current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

Item 1A. *Risk Factors.*

You should carefully consider each of the risk factors we describe below, as well as other factors described in this annual report on Form 10-K and elsewhere in our SEC filings.

Our results of operations fluctuate on a seasonal basis, and quarter to quarter comparisons may not be a good indicator of our performance. Seasonal demand fluctuations may adversely affect our cash flow and our ability to sell our products.

Approximately 59% of our sales are attributable to seasonal (Christmas, Halloween, Valentine's Day and Easter) products, with the remainder being attributable to all occasion products. Approximately 46% of our sales relate to the Christmas season. The seasonal nature of our business has historically resulted in lower sales levels and operating losses in our first and fourth quarters, and higher sales levels and operating profits in our second and third quarters. As a result, our quarterly results of operations fluctuate during our fiscal year, and a quarter to quarter comparison is not a good indication of our performance or how we will perform in the future. For example, our overall results of operations in the future may fluctuate substantially based on seasonal demand for our products. Such variations in demand could have a material adverse effect on the timing of cash flow and therefore our ability to meet our obligations with respect to our debt and other financial commitments. Seasonal fluctuations also affect our inventory levels. We must carry significant amounts of inventory, especially before the Christmas retail selling period. If we are not successful in selling the inventory during the relevant period, we may have to sell the inventory at significantly reduced prices, or we may not be able to sell the inventory at all.

We rely on a few mass market retailers, warehouse clubs and national drug store chains for a significant portion of our sales. The loss of sales, or a significant reduction of sales, to one or more of our large customers may adversely affect our business, results of operations and financial condition. Past and future consolidation within the retail sector also may lead to reduced profit margins, which may adversely affect our business, results of operations and financial condition.

A few of our customers are material to our business and operations. Our sales to Wal-Mart Stores, Inc. and its affiliates and Target Corporation accounted for approximately 26% and 10% of our sales, respectively, during our 2010 fiscal year. No other single customer accounted for 10% or more of our sales in fiscal 2010. Our ten largest customers, which include mass market retailers, warehouse clubs and national drug store chains, accounted for approximately 60% of our sales in our 2010 fiscal year. Our business depends, in part, on our ability to identify and define product and market trends, and to anticipate, understand and react to changing consumer demands in a timely manner. There can be no assurance that our large customers will continue to purchase our products in the same quantities that they have in the past. The loss of sales, or a significant reduction of sales, to one or more of our large customers may adversely affect our business, results of operations and financial condition. Further, in recent years there has been consolidation among our retail customer base. As the retail sector consolidates, our customers become larger, and command increased leverage in negotiating prices and other terms of sale of our products, including credits, discounts, allowances and other incentive considerations to these customers. Past and future consolidation may lead to reduced profit margins, which may adversely affect our business, results of operations and financial condition.

Increases in raw material and energy costs, resulting from general economic conditions, acts of nature, such as hurricanes, earthquakes or pandemics, or other factors, may raise our cost of goods sold and adversely affect our business, results of operations and financial condition.

Paper and petroleum-based materials are essential in the manufacture of our products, and the cost of such materials is significant to our cost of goods sold. Energy costs, especially fuel costs, also are significant expenses in the production and delivery of our products. Increased costs of raw materials or energy resulting from general economic conditions, acts of nature, such as hurricanes, earthquakes or pandemics, or other factors, may result in declining margins and operating results if market conditions prevent us from passing these increased costs on to our customers through timely price increases on our products.

Risks associated with our use of foreign suppliers may adversely affect our business, results of operations and financial condition.

For a large portion of our product lines, particularly our Halloween, Easter, Christmas boxed greeting cards, gift bags, gift tags, gift boxes, gift card holders, decorative tissue paper, classroom exchange Valentines, craft and educational products, stickers, memory books, stationery, journals, notecards, infant and wedding photo albums and scrapbook product lines, we use foreign suppliers to manufacture a significant portion of our products. Approximately 54% of our sales in fiscal 2010 were related to products sourced from foreign suppliers. Our use of foreign suppliers exposes us to risks inherent in doing business outside of the United States, including risks associated with foreign currency fluctuations, transportation costs and delays, difficulties in maintaining and monitoring quality control, enforceability of agreed upon contract terms, compliance with United States and foreign laws and regulations, such as the United States Foreign Corrupt Practices Act, costs relating to the imposition or retrospective application of antidumping and countervailing duties or other trade-related sanctions on imported products, economic or political instability, international public health issues, and restrictions on the repatriation of profits and assets.

Increased overseas sourcing by our competitors and our customers may reduce our market share and profit margins, adversely affecting our business, results of operations and financial condition.

We have relatively high market share in many of our seasonal product categories. Most of our product markets have shown little or no growth, and some of our product markets have declined, in recent years, and we continue to confront significant cost pressure as our competitors source certain products from overseas and certain customers increase direct sourcing from overseas factories. Increased overseas sourcing by our competitors and certain customers may result in a reduction of our market share and profit margins, adversely affecting our business, results of operations and financial condition.

Difficulties encountered by our key customers may cause them to reduce their purchases from us and/or increase our exposure to losses from bad debts, and adversely affect our business, results of operations and financial condition.

Many of our largest customers are national and regional retail chains. The retail channel in the United States has experienced significant shifts in market share among competitors in recent years. In addition, leveraged buyouts of certain large retailers in recent years have left these companies with significant levels of debt. Furthermore, affects from the worldwide economic slowdown that began in our 2009 fiscal year, including reduced, delayed or foregone consumer spending and increased difficulty and costs associated with obtaining the financing and capital needed by retailers to operate their businesses, has adversely affected retailers in general, including our key customers. A continuation or worsening of the worldwide economic slowdown, or even an uncertain economic outlook, could further adversely affect our key customers. Our business, results of operations and financial condition may be adversely affected if, as a result of these factors, our customers file for bankruptcy protection and/or cease doing business, significantly reduce the number of stores they operate, significantly reduce their purchases from us, do not pay us for their purchases, or if their payments to us are delayed because of bankruptcy or other factors beyond our control.

Our business, results of operations and financial condition may be adversely affected by volatility in the demand for our products.

Our success depends on the sustained demand for our products. Many factors affect the level of consumer spending on our products, including, among other things, general business conditions, interest rates, the availability of consumer credit, taxation, the effects of war, terrorism or threats of war, fuel prices, consumer demand for our products based upon, among other things, consumer trends and the availability of alternative products, and consumer confidence in future economic conditions. The worldwide economic slowdown that began in our 2009 fiscal year, in addition to adversely affecting our customers, has adversely affected consumer spending on discretionary items, including our products, which, in turn, has adversely affected our business, results of operations and financial condition. A continuation or worsening of the worldwide economic slowdown, or even an uncertain economic outlook, could further adversely affect consumer spending on discretionary items, including our products, which, in turn, could further adversely affect our business, results of operations and financial condition. We also routinely utilize new artwork, designs or licensed intellectual property in connection with our products, and our inability to design, select, procure, maintain or sell consumer-desired artwork, designs or licensed intellectual property could adversely affect the demand for our products, which could adversely affect our business, results of operations and financial condition.

Our business, results of operations and financial condition may be adversely affected if we are unable to compete successfully against our competitors.

Our success depends in part on our ability to compete against our competitors in our highly competitive markets. Our competitors, including large domestic corporations, such as Hallmark and American Greetings Corporation, foreign manufacturers who market directly to our customer base, importers of products produced overseas and small privately owned businesses, may be able to offer similar products with more favorable pricing and/or terms of sale or may be able to provide products that more readily meet customer requirements or consumer preferences. Our inability to successfully compete against our competitors could adversely affect our business, results of operations and financial condition.

Our business, results of operations and financial condition may be adversely affected if we are unable to hire and retain sufficient qualified personnel.

Our success depends, to a substantial extent, on the ability, experience and performance of our senior management. In order to hire and retain qualified personnel, including our senior management team, we seek to provide competitive compensation programs. Our inability to retain our senior management team, or our inability to attract and retain qualified replacement personnel, may adversely affect us. We also regularly hire a large number of seasonal employees. Any difficulty we may encounter in hiring seasonal employees may result in significant increases in labor costs, which may have an adverse effect on our business, results of operations and financial condition.

Our business, results of operations and financial condition may be adversely affected if we fail to extend or renegotiate our collective bargaining contracts with our labor unions as they expire from time to time, or if our unionized employees were to engage in a strike, or other work stoppage.

Approximately 650 of our employees at our ribbon manufacturing facility in Hagerstown, Maryland and at our gift wrap facilities in Memphis, Tennessee are represented by labor unions. The collective bargaining agreement with the labor union representing the Hagerstown-based production and maintenance employees will expire on December 31, 2011. The collective bargaining agreement with the labor union representing Cleo’s production and maintenance employees at the Cleo gift wrap plant and warehouses in Memphis, Tennessee will expire on December 31, 2010. Although we believe our relations with our employees are satisfactory, no assurance can be given that we will be able to successfully extend or renegotiate our collective bargaining agreements as they expire from time to time. If we fail to extend or renegotiate our collective bargaining agreements, if disputes with our unions arise, or if our unionized workers engage in a strike or other work related stoppage, we could incur higher ongoing labor costs or experience a significant disruption of operations, which could have an adverse effect on our business, results of operations and financial condition.

Employee benefit costs may adversely affect our business, results of operations and financial condition.

We seek to provide competitive employee benefit programs to our employees. Employee benefit costs, such as healthcare costs of our eligible and participating employees, may increase significantly at a rate that is difficult to forecast, in part because we are unable to determine the impact that newly enacted federal healthcare legislation may have on our employer-sponsored medical plans. Higher employee benefit costs could have an adverse effect on our business, results of operations and financial condition.

Our acquisition strategy involves risks, and difficulties in integrating potential acquisitions may adversely affect our business, results of operations and financial condition.

We regularly evaluate potential acquisition opportunities to support, strengthen and grow our business. We cannot be sure that we will be able to locate suitable acquisition candidates, acquire possible acquisition candidates, acquire such candidates on commercially reasonable terms, or integrate acquired businesses successfully. Future acquisitions may require us to incur additional debt and contingent liabilities, which may adversely affect our business, results of operations and financial condition. The process of integrating acquired businesses into our existing operations may result in operating, contract and supply chain difficulties, such as the failure to retain customers or management personnel. Also, prior to our completion of any acquisition, we could fail to discover liabilities of the acquired business for which we may be responsible as a successor owner or operator in spite of any investigation we may make prior to the acquisition. Such difficulties may divert significant financial, operational and managerial resources from our existing operations, and make it more difficult to achieve our operating and strategic objectives. The diversion of management attention, particularly in a difficult operating environment, may adversely affect our business, results of operations and financial condition.

Our inability to protect our intellectual property rights, or infringement claims asserted against us by others, may adversely affect our business, results of operations and financial condition.

We have a number of copyrights, patents, tradenames, trademarks and intellectual property licenses which are used in connection with our products. While our operations are not dependent upon any individual copyright, patent, tradename, trademark or intellectual property license, we believe that the collective value of our intellectual property is substantial. We rely upon copyright and trademark laws in the United States and other jurisdictions and on confidentiality agreements with some of our employees and others to protect our proprietary rights. If our proprietary rights were infringed, our business could be adversely affected. In addition, our activities could infringe upon the proprietary rights of others, who could assert infringement claims against us. We could face costly litigation if we are forced to defend these claims. If we are unsuccessful in defending such claims, our business, results of operations and financial condition could be adversely affected.

We seek to register our trademarks in the United States and elsewhere. These registrations could be challenged by others or invalidated through administrative process or litigation. In addition, our confidentiality agreements with some employees or others may not provide adequate protection in the event of unauthorized use or disclosure of our proprietary information, or if our proprietary information otherwise becomes known, or is independently developed by competitors.

Various laws and governmental regulations applicable to a manufacturer or distributor of consumer products may adversely affect our business, results of operations and financial condition.

Our business is subject to numerous federal, state, provincial, local and foreign laws and regulations, including laws and regulations with respect to labor and employment, product safety, including regulations enforced by the United States Consumer Products Safety Commission, import and export activities, antitrust issues, taxes, chemical usage, air emissions, wastewater and storm water discharges and the generation, handling, storage, transportation, treatment and disposal of waste materials, including hazardous materials. Although we believe that we are in substantial compliance with all applicable laws and regulations, because legal requirements frequently change and are subject to interpretation, we are unable to predict the ultimate cost of compliance or the consequences of non-compliance with these requirements, or the affect on our operations, any of which may be significant. If we fail to comply with applicable laws and regulations, we may be subject to criminal sanctions or civil remedies, including fines, injunctions, or prohibitions on importing or exporting. A failure to comply with applicable laws and regulations, or concerns about product safety, also may lead to a recall or post-manufacture repair of selected products. There is risk that any claims or liabilities, including product liability claims, relating to such noncompliance may exceed, or fall outside the scope of, our insurance coverage. We cannot be certain that existing laws or regulations, as currently interpreted or reinterpreted in the future, or future laws or regulations, will not have an adverse effect on our business, results of operations and financial condition.

Our business, results of operations and financial condition may be adversely affected by national or global changes in economic or political conditions.

Our business, results of operations and financial condition may be adversely affected by national or global changes in economic or political conditions, including foreign currency fluctuations and fluctuations in inflation and interest rates, a national or international economic downturn, and any future terrorist attacks, and the national and global military, diplomatic and financial exposure to such attacks or other threats.

Our business, results of operations and financial condition may be adversely affected by our ability to successfully implement our enterprise resource planning systems standardization project.

We are in the process of standardizing our enterprise resource planning systems, master data and business processes across all of our businesses. We believe that this multiple year project, a portion of which we completed in our 2010 fiscal year, will provide a sound, cost effective foundation for our future growth, as well as provide the systems and business process infrastructure for future acquisitions and operating efficiencies. Such an implementation carries substantial operations risk, including loss of data or information, unanticipated increases in costs, disruption of operations or business interruption. Further, we may not be successful in implementing new systems or any new system may not perform as expected. Our inability to successfully implement this project could adversely affect our business, results of operations and financial condition.

We are subject to a number of restrictive covenants under our borrowing and accounts receivable securitization financing arrangements, including customary operating restrictions and customary financial covenants. Our business, results of operations and financial condition may be adversely affected if we are unable to maintain compliance with such covenants.

Our borrowing arrangements contain a number of restrictive covenants, including customary operating restrictions that limit our ability to engage in such activities as borrowing and making investments, capital expenditures, dividends and other distributions on our capital stock, and engaging in mergers, acquisitions, asset sales and repurchases of our capital stock. Under such arrangements, we are also subject to customary financial covenants, including covenants requiring us to maintain our capital expenditures and leverage ratio below certain maximum levels and to keep our fixed charge coverage ratio and consolidated net worth at or above certain minimum levels. Under our accounts receivable securitization facility, our accounts receivable “pool” that forms the basis for the funding provided by this facility is required to comply with covenants setting maximum permissible levels for default, dilution and delinquency ratios for the receivables pool as a whole, and setting a maximum permissible level for the “current days sales outstanding” for a portion of the receivables pool. Compliance with the financial covenants contained in our borrowing arrangements is based on financial measures derived from our operating results, and compliance with the financial covenants under our accounts receivable securitization facility is based on the performance of our accounts receivable pool forming the basis for funding under that facility.

If our business, results of operations or financial condition or our accounts receivable pool forming the basis for funding under our accounts receivable securitization facility is adversely affected by one or more of the risk factors described above, or other factors described in this annual report on Form 10-K or elsewhere in our filings with the SEC, we may be unable to maintain compliance with these financial covenants. If we fail to comply with such covenants, our lenders under our borrowing arrangements and the providers of funds under our accounts receivable securitization facility could stop advancing funds to us under these arrangements and/or demand immediate payment of amounts outstanding under such arrangements. Under such circumstances, we would need to seek alternate financing sources to fund our ongoing operations and to repay amounts outstanding and satisfy our other obligations under our existing borrowing and financing arrangements. Such financing may not be available on favorable terms, if at all. Consequently, we may be restricted in how we fund ongoing operations and strategic initiatives and deploy capital, and in our ability to make acquisitions and to pay dividends. As a result, our business, results of operations and financial condition may be further adversely affected if we are unable to maintain compliance with the covenants under our borrowing arrangements and accounts receivable securitization facility.

If our business, results of operations or financial condition is adversely affected as a result of any of the risk factors described above or elsewhere in this annual report on Form 10-K or our other SEC filings, we may be required to incur financial statement charges, such as goodwill impairment charges, which may, in turn, have a further adverse affect on our results of operations and financial condition.

In the fourth quarter of fiscal 2010 we recorded a non-cash pre-tax impairment charge of $44,315,000 due to a full impairment of goodwill in our BOC Design Group and C.R. Gibson reporting units, and partial impairments of trademarks used by such entities. If our business, results of operations or financial condition are adversely affected by one or more circumstances, such as any one or more of the risk factors above or other factors described in this annual report on Form 10-K and elsewhere in our SEC filings, we then may be required under applicable accounting rules to incur additional charges associated with reducing the carrying value on our financial statements of certain assets, such as goodwill.

Goodwill is subject to an assessment for impairment using a two-step fair value-based test, the first step of which must be performed at least annually, or more frequently if events or circumstances indicate that goodwill might be impaired. We perform our required annual assessment as of our fiscal year end. The first step of the test compares the fair value of a reporting unit to its carrying amount, including goodwill, as of the date of the test. We use both a market approach and an income approach to determine the fair value of our reporting units because we believe that the use of multiple valuation techniques results in a more accurate indicator of the fair value of each of our reporting units. If the carrying amount of the reporting unit exceeds its fair value, the second step is performed. The second step compares the carrying amount of the goodwill to the implied fair value of the goodwill. If the implied fair value of the goodwill is less than the carrying amount of the goodwill, an impairment loss will be reported.

Other indefinite lived intangible assets, such as our tradenames, also are required to be tested annually. We calculate the fair value of our tradenames using a "relief from royalty payments" methodology. We also review long-lived assets, except for goodwill and indefinite lived intangible assets, for impairment when circumstances indicate the carrying value of an asset may not be recoverable. If such assets are considered to be impaired, we will recognize, for impairment purposes, an amount by which the carrying amount of the assets exceeds the fair value of the assets.

If we are required to incur any of the foregoing financial charges, our results of operations and financial condition may be further adversely affected.

Item 1B. ***Unresolved Staff Comments.***

None.

Item 2. ***Properties.***

The following table sets forth the location and approximate square footage of the Company's manufacturing and distribution facilities:

Location	Use	Approximate Square Feet Owned	Leased
Danville, PA	Distribution	133,000	—
Berwick, PA	Manufacturing and distribution	213,000	—
Berwick, PA	Manufacturing and distribution	220,000	—
Berwick, PA	Distribution	226,000	—
Berwick, PA	Distribution	—	521,000
Memphis, TN	Manufacturing and distribution	—	1,006,000
Memphis, TN	Distribution	—	404,000
Hagerstown, MD	Manufacturing and distribution	284,000	—
Hartwell, SC	Manufacturing	229,000	—
El Paso, TX	Distribution	—	100,000
Florence, AL	Distribution	—	180,000
Milford, NH	Manufacturing	—	56,000
Milford, NH	Distribution	—	61,000
Total		1,305,000	2,328,000

The Company also owns a former manufacturing facility aggregating approximately 253,000 square feet which it is in the process of selling, and utilizes owned and leased space aggregating approximately 217,000 square feet for various marketing and administrative purposes, including approximately 21,000 square feet utilized as an office and showroom in Hong Kong. The Company also owns administrative office space of approximately 6,000 square feet which has been leased to a third party. The headquarters and principal executive office of the Company are located in Philadelphia, Pennsylvania.

Item 3. ***Legal Proceedings.***

CSS and its subsidiaries are involved in ordinary, routine legal proceedings that are not considered by management to be material. In the opinion of Company counsel and management, the ultimate liabilities resulting from such legal proceedings will not materially affect the consolidated financial position of the Company or its results of operations or cash flows.

Item 4. ***Submission of Matters to a Vote of Security Holders.***

Not applicable.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.*

The common stock of the Company is listed for trading on the New York Stock Exchange. The following table sets forth the high and low sales prices per share of that stock, and the dividends declared per share, for each of the quarters during fiscal 2010 and fiscal 2009.

Fiscal 2010	High	Low	Dividends Declared
First Quarter	$ 23.53	$ 15.20	$ .15
Second Quarter	27.28	18.25	.15
Third Quarter	21.93	17.19	.15
Fourth Quarter	21.85	16.09	.15

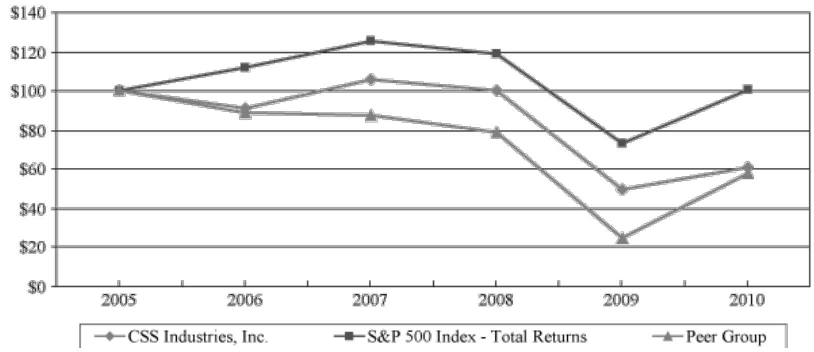
Fiscal 2009	High	Low	Dividends Declared
First Quarter	$ 36.83	$ 23.71	$ .15
Second Quarter	30.83	23.30	.15
Third Quarter	25.98	15.15	.15
Fourth Quarter	18.94	10.02	.15

At May 19, 2010, there were approximately 2,230 holders of the Company's common stock and there were no shares of preferred stock outstanding.

The ability of the Company to pay any cash dividends on its common stock is dependent on the Company's earnings and cash requirements and is further limited by maintaining compliance with financial covenants contained in the Company's credit facilities. The Company anticipates that quarterly cash dividends will continue to be paid in the future.

Performance Graph

The graph below compares the cumulative total stockholders' return on the Company's common stock for the period from April 1, 2005 through March 31, 2010, with (i) the cumulative total return on the Standard and Poors 500 ("S&P 500") Index and (ii) a peer group, as described below (assuming the investment of $100 in our common stock, the S&P 500 Index, and the peer group on April 1, 2005 and reinvestment of all dividends).



The peer group utilized consists of American Greetings Corporation, Blyth, Inc., Kid Brands, Inc. (formerly known as Russ Berrie and Company, Inc.), JAKKS Pacific, Inc. and Lifetime Brands, Inc. (the "Peer Group"). The Company selected this group as its Peer Group because they are engaged in businesses that are sometimes categorized with the Company's business. However, management believes that a comparison of the Company's performance to this Peer Group will be flawed, because the businesses of the Peer Group companies are in large part different from the Company's business. In this regard, the Company competes with only certain smaller product lines of American Greetings; Blyth is principally focused on fragranced candle products and related candle accessories, competing only with some of the Company's products; Lifetime Brands is principally focused on food preparation, tabletop and home décor, competing only with some of the Company's products; and the other companies principally sell toy and/or juvenile products.

Item 6. ***Selected Financial Data.***

	2010(a)	2009	2008	2007	2006
	Years Ended March 31, (In thousands, except per share amounts)				
Statement of Operations Data:					
Net sales	$ 448,450	$ 482,424	$ 498,253	$ 530,686	$ 525,494
(Loss) income before income taxes	(30,987)	25,890	38,833	36,804	32,716
Net (loss) income	(23,739)	16,986	25,358	23,889	21,841
Net (loss) income per common share:					
Basic	$ (2.46)	$ 1.71	$ 2.36	$ 2.25	$ 2.08
Diluted	$ (2.46)	$ 1.70	$ 2.31	$ 2.19	$ 2.00
Balance Sheet Data:					
Working capital	$ 130,897	$ 114,371	$ 136,000	$ 188,309	$ 161,482
Total assets	281,762	322,259	345,041	343,070	334,149
Current portion of long-term debt	481	10,479	10,246	10,195	10,169
Long-term debt	66	485	10,192	20,392	30,518
Stockholders' equity	233,045	259,254	262,353	261,110	232,510
Cash dividends declared per common share	$ .60	$ .60	$ .56	$ .48	$ .48

(a) In the fourth quarter of fiscal 2010, the Company recorded a non-cash pre-tax impairment charge of $44,315,000 due to a full impairment of goodwill in two of its reporting units, C.R. Gibson, LLC and BOC Design Group (consisting of Berwick Offray LLC and Cleo Inc), and partial impairments of tradenames used by such entities. The foregoing impairment charge was partially offset by an $11,692,000 tax benefit.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

Overview

Approximately 59% of the Company's sales are attributable to seasonal (Christmas, Valentine's Day, Easter and Halloween) products, with the remainder being attributable to all occasion products. Seasonal products are sold primarily to mass market retailers, and the Company has relatively high market share in many of these categories. Most of these markets have shown little growth and in some cases have declined in recent years, and the Company continues to confront significant price pressure as its competitors source certain products from overseas and its customers increase direct sourcing from overseas factories. Increasing customer concentration has augmented their bargaining power, which has also contributed to price pressure. In recent fiscal years, the Company experienced lower sales in its gift wrap, boxed greeting card, ribbons and bow, gift tissue and gift bag lines. In addition, both seasonal and all occasion sales declines were further exacerbated as the current economic downturn deepened in the fall of calendar 2008 and continued through the current fiscal year as we experienced slowness or reductions in order patterns by our customers. In the fourth quarter of fiscal 2010, the Company recorded a non-cash pre-tax impairment charge of $44,315,000 due to a full impairment of goodwill in the Company's BOC Design Group and C.R. Gibson reporting units, and partial impairments of trademarks used by such entities. See Note 3 to the consolidated financial statements.

The Company has taken several measures to respond to sales volume, cost and price pressures. The Company believes it continues to have strong core Christmas product offerings which has helped us to maintain market share in this competitive market. In addition, we are aggressively pursuing new product initiatives related to seasonal, craft and all occasion products, including new licensed and non-licensed product offerings. CSS continually invests in product and packaging design and product knowledge to assure it can continue to provide unique added value to its customers. In addition, CSS maintains an office and showroom in Hong Kong to be able to provide alternatively sourced products at competitive prices. CSS continually evaluates the efficiency and productivity of its

North American production and distribution facilities and of its back office operations to maintain its competitiveness. In the last six fiscal years, the Company has closed five manufacturing plants and five warehouses totaling 1,209,000 square feet. Additionally, in fiscal 2007 the Company combined the management and back office support for its Memphis, Tennessee based Cleo gift wrap operation into its Berwick Offray ribbon and bow subsidiary. The Company consolidated its human resources, accounts receivable, accounts payable and payroll functions into a combined back office operation, which was substantially completed in the first quarter of fiscal 2010. Also completed in the first quarter of fiscal 2010 was the implementation of a phase of integrating the Company's enterprise resource planning systems standardization project.

In recent months, our domestically-manufactured narrow woven ribbon product lines have experienced significant price pressure and the prospect of reduced future sales volume due to competition from low-priced imports from Taiwan and China. Based on its belief that these competitor products may be imported from Taiwan and China at less-than-fair-value and that the imports of these products from China may benefit from governmental subsidies, our Berwick Offray company filed a petition in July 2009 with the U.S. International Trade Commission ("ITC") and the U.S. Department of Commerce ("Commerce Department") seeking the imposition of antidumping duties on narrow woven ribbon imported from Taiwan and China, and seeking the imposition of countervailing duties on narrow woven ribbon imported from China. We expect that the proceedings before the ITC and Commerce Department will conclude by not later than August 2010. If the petition is successful, duties potentially may be imposed on import shipments that arrived in the U.S. from and after as early as September 15, 2009 for countervailing duties, and from and after as early as approximately mid-December 2009 for antidumping duties. The potential impact of these proceedings is not determinable at this time, but management believes that any impact will not have a material affect on the Company's consolidated results of operations or financial condition.

The Company's all occasion craft, gift card holder, stickers, stationery and memory product lines have higher inherent growth potential due to higher market growth rate. Further, the Company's all occasion craft, gift card holder, stickers, stationery and floral product lines have higher inherent growth potential due to CSS' relatively low current market share. The Company continues to pursue sales growth in these and other areas.

The seasonal nature of CSS' business has historically resulted in lower sales levels and operating losses in the first and fourth quarters and comparatively higher sales levels and operating profits in the second and third quarters of the Company's fiscal year, which ends March 31, thereby causing significant fluctuations in the quarterly results of operations of the Company.

Historically, significant revenue growth at CSS has come through acquisitions. Management anticipates that it will continue to utilize acquisitions to stimulate further growth.

On May 27, 2009, a subsidiary of the Company completed the acquisition of substantially all of the business and assets of Designer Dispatch Ribbon for $225,000 in cash. Designer Dispatch Ribbon was a manufacturer of stock and custom ribbon and bows and related products. The acquisition was accounted for as a purchase and there was no goodwill recorded in this transaction.

On February 20, 2009, a subsidiary of the Company completed the acquisition of substantially all of the business and assets of Seastone for $1,139,000 in cash. The purchase price is subject to adjustment, equal to 5% of net sales of certain products sold, through fiscal 2014. Seastone is a provider of specialty gift card holders. The acquisition was accounted for as a purchase and there was no goodwill recorded in this transaction.

On August 5, 2008, a subsidiary of the Company completed the acquisition of substantially all of the business and assets of Hampshire Paper for approximately $9,725,000 in cash, including transaction costs of approximately $49,000. Hampshire Paper is a manufacturer and supplier of pot covers, waxed tissue, paper and foil to the wholesale floral and horticultural industries. The acquisition was accounted for as a purchase and was included in the BOC Design Group reporting unit. The excess of cost over fair market value of the net tangible and identifiable intangible assets acquired of $897,000 was recorded as goodwill as of March 31, 2009. This goodwill was subsequently written off as a result of the Company's annual impairment testing performed in fiscal 2010 as further described in Note 3 to the consolidated financial statements.

On May 16, 2008, a subsidiary of the Company completed the acquisition of substantially all of the business and assets of iota for approximately $300,000 in cash and a note payable to the seller in the amount of $100,000. The purchase price is subject to adjustment, based on future sales volume through fiscal 2014, up to a maximum of $2,000,000. The amount recorded through March 31, 2010 was immaterial. In addition, the seller retains a 50% interest in royalty income associated with the sale by third parties of licensed iota products through the fifth anniversary of the closing date. iota is a designer, manufacturer and marketer of stationery products such as notecards, gift wrap, journals, and stationery kits. The acquisition was accounted for as a purchase and there was no goodwill recorded in this transaction.

On December 3, 2007, the Company completed the acquisition of substantially all of the business and assets of C.R. Gibson, which is a designer, marketer and distributor of memory books, stationery, journals and notecards, infant and wedding photo albums, scrapbooks, and other gift items that commemorate life's celebrations. In consideration, the Company paid approximately $73,847,000 in cash, including transaction costs of approximately $200,000. The acquisition was accounted for as a purchase and the excess of cost over the fair market value of the net tangible and identifiable intangible assets acquired of $17,409,000 was recorded as goodwill as of March 31, 2009. This goodwill and certain identifiable intangible assets were subsequently written off as a result of the Company's annual impairment testing performed in fiscal 2010 as further described in Note 3 to the consolidated financial statements.

Litigation

CSS and its subsidiaries are involved in ordinary, routine legal proceedings that are not considered by management to be material. In the opinion of Company counsel and management, the ultimate liabilities resulting from such legal proceedings will not materially affect the consolidated financial position of the Company or its results of operations or cash flows.

Results of Operations

Fiscal 2010 Compared to Fiscal 2009

Consolidated net sales for fiscal 2010 decreased 7% to $448,450,000 from $482,424,000 in fiscal 2009. The decrease in net sales was primarily due to reduced customer purchases following weak retail sales in the preceding Christmas selling season. Sales of all occasion products in the current fiscal year have also been negatively impacted by the current economic downturn as retailers replenishment rates were lower than expected. Partially offsetting these declines were sales of businesses acquired since the beginning of last fiscal year and growth in our baby memory products business. Excluding sales of businesses acquired since the beginning of last fiscal year, sales declined 9%.

Cost of sales, as a percentage of net sales, increased to 75% in fiscal 2010 from 74% in fiscal 2009. The increase in cost of sales was primarily due to lower gross margins on domestically produced Christmas products resulting from competitive pricing pressures and manufacturing inefficiencies, some of which were compounded by difficulties encountered from the implementation of a phase of our enterprise resource planning systems standardization project, partially offset by improved margins on imported seasonal products.

Selling, general and administrative ("SG&A") expenses decreased to $95,667,000 in fiscal 2010 from $96,723,000 in fiscal 2009. The decrease in SG&A expenses is primarily due to lower compensation expense and incentives in fiscal 2010 compared to the prior year.

An impairment of goodwill and intangible assets of $44,315,000 was recorded in fiscal 2010 as a result of the full impairment of goodwill in two of the Company's reporting units, C.R. Gibson and BOC Design Group, and partial impairments of tradenames used by such entities. See further discussion in Note 3 to the consolidated financial statements. There was no impairment of goodwill and intangible assets in fiscal 2009.

Restructuring expenses were $207,000 in fiscal 2010 and $1,138,000 in fiscal 2009. The decrease in restructuring expenses was due to the absence of costs in the current year related to a reduction in workforce that was announced in the prior year. See Note 4 to the consolidated financial statements for further discussion.

Interest expense, net decreased to $1,885,000 in fiscal 2010 from $2,551,000 in fiscal 2009. The decrease in interest expense, net was primarily due to lower average borrowing levels as a result of cash generated from operations in fiscal 2010 compared to the prior year as acquisitions and stock repurchases required higher average borrowing levels during fiscal 2009.

The loss before income taxes was $30,987,000, or 7% of net sales, in fiscal 2010 compared to income before income taxes of $25,890,000, or 5% of net sales, in fiscal 2009. Excluding the charge related to the impairment of goodwill and intangible assets in fiscal 2010, income before income taxes decreased 49% to $13,328,000 in fiscal 2010 from $25,890,000 in fiscal 2009.

Income taxes, as a percentage of income before taxes, were 23% in fiscal 2010 and 34% in fiscal 2009. The decrease in fiscal 2010 was primarily attributable to a portion of the goodwill impairment being non-deductible for tax purposes.

The net loss for the year ended March 31, 2010 was $23,739,000 compared to net income of $16,986,000 in fiscal 2009. Excluding the charge related to the impairment of goodwill and intangible assets in fiscal 2010, net income decreased 48% to $8,884,000 in fiscal 2010 from $16,986,000 in fiscal 2009 and diluted earnings per share decreased 46% to $0.92 in fiscal 2010 compared to prior year diluted earnings per share of $1.70. This decline in net income was primarily attributable to lower Christmas sales volume and lower margins due to competitive pricing pressures and Christmas product manufacturing inefficiencies combined with difficulties encountered from the implementation of a phase of our enterprise resource planning systems standardization project. Partially offsetting these negative factors were reduced SG&A expenses, lower restructuring expenses, reduced interest expense and an increase in other income.

Reconciliation of Certain Non-GAAP Measures

Management believes that presentation of results of operations adjusted for the affects of non-recurring charges related to the impairment of goodwill and intangible assets provides useful information to investors because it enhances comparability between the reporting periods.

	Year Ended March 31, 2010		
	(Loss) Income Before Income Taxes	Net (Loss) Income	Diluted (Loss) Earnings per Share
	(In thousands, except per share amounts)		
As Reported	$ (30,987)	$ (23,739)	$ (2.46)
Impairment of goodwill and intangible assets	44,315	32,623	3.37
Non-GAAP Measurement	$ 13,328	$ 8,884	$ .92

Diluted earnings per share does not add due to rounding.

Fiscal 2009 Compared to Fiscal 2008

Consolidated net sales for fiscal 2009 decreased 3% to $482,424,000 from $498,253,000 in fiscal 2008. Excluding net sales of businesses acquired over the last two fiscal years, sales declined 12%. Our fiscal 2009 Christmas business was negatively impacted by reduced sales of Christmas gift wrap, gift bags and decorative tissue paper and generally reduced purchases by many of our retailer customers in response to poor retail sales during the calendar 2007 Christmas (fiscal 2008) selling season. The weakening economy in the second half of fiscal 2009 further impacted our sales of all occasion and Christmas products, as some of our customers canceled or delayed purchases and, in certain cases, returned products in the face of the poor retail environment.

Cost of sales, as a percentage of net sales, increased to 74% in fiscal 2009 from 72% in fiscal 2008. The increase in the percentage of cost of goods sold to net sales is primarily due to increased material costs and increased fixed manufacturing overhead costs per unit due to reduced production volume.

SG&A expenses of $96,723,000 in fiscal 2009 remained relatively unchanged from $96,703,000 in fiscal 2008. SG&A expenses, as a percentage of net sales, increased to 20% in fiscal 2009 from 19% in fiscal 2008. The increase, as a percentage of net sales, is primarily due to a full year of C.R. Gibson activity and the lower sales base in fiscal 2009. C.R. Gibson, acquired on December 3, 2007, maintains a higher level of SG&A expenses, relative to its sales, than our other businesses. Partially offsetting this increase was lower incentive compensation expense compared to the prior year.

Restructuring expenses were $1,138,000 in fiscal 2009 and $1,717,000 in fiscal 2008. The decline in restructuring expenses represents lower costs recorded in fiscal 2009 compared to fiscal 2008 related to the closure of two production facilities and a distribution center and a net gain of $761,000 recorded in fiscal 2009 related to the sale of two buildings that were previously classified as available for sale. Partially offsetting this decline were severance costs recorded in fiscal 2009 associated with permanent workforce reductions and the consolidation of certain back office operations.

Interest expense, net increased to $2,551,000 in fiscal 2009 from $974,000 in fiscal 2008. The increase in interest expense, net was primarily due to higher average borrowing levels primarily as a result of acquisitions and stock repurchases during fiscal 2009 compared to the prior year. The impact of higher average borrowings was partially offset by a lower average interest rate compared to the prior year.

Income before income taxes was $25,890,000, or 5% of sales, in fiscal 2009 and $38,833,000, or 8% of sales, in fiscal 2008.

Income taxes, as a percentage of income before taxes, were 34% in fiscal 2009 and 35% in fiscal 2008. The decrease in fiscal 2009 was primarily due to the reduction of tax reserves, partially offset by a reduction in tax exempt interest income and higher state taxes.

Net income for the year ended March 31, 2009 decreased 33% to $16,986,000 from $25,358,000 in fiscal 2008. The decrease in net income was primarily attributable to reduced sales volume, higher material costs, plant inefficiencies resulting from lower production volume and higher interest expense, partially offset by lower incentive compensation.

Liquidity and Capital Resources

At March 31, 2010, the Company had working capital of $130,897,000 and stockholders' equity of $233,045,000. Operating activities provided net cash of $48,676,000 in fiscal 2010 compared to $27,921,000 in fiscal 2009. The net loss of $23,739,000 in fiscal 2010 was offset by a non-cash impairment charge of $44,315,000 related to goodwill and intangibles, depreciation and amortization of $12,560,000, a reduction in inventory of $21,245,000, primarily due to improved inventory management, and an increase in accounts payable of $5,263,000. Net cash provided by operating activities in fiscal 2009 consisted primarily of net income of $16,986,000, depreciation and amortization of $13,195,000, a decrease in inventories of $9,127,000, offset by a decrease of $7,477,000 in accrued expenses and other long-term obligations.

Our investing activities used net cash of $3,920,000 in fiscal 2010, as compared to $24,780,000 in fiscal 2009, consisting primarily of capital expenditures of $4,447,000. In fiscal 2009, our investing activities consisted primarily of cash paid of $11,164,000 for the acquisitions of businesses during fiscal 2009 and the final payment of a purchase price for a business acquired in fiscal 2008 in the amount of $2,700,000, as well as capital expenditures of $14,143,000, which included non-recurring costs associated with the enterprise resource planning system integration project.

Our financing activities used net cash of $19,718,000 in fiscal 2010, consisting primarily of a $10,000,000 principal repayment on our Senior Notes, repayments of $4,150,000 on our short term credit facilities and payments of cash dividends of $5,784,000. In fiscal 2009, financing activities used net cash of $29,074,000, consisting primarily of cash paid for the repurchase of our common stock. Under stock repurchase programs previously authorized by the Company's Board of Directors, the Company repurchased 687,000 shares of the Company's common stock for $16,687,000 in fiscal 2009 and there were no repurchases of the Company's common stock by the Company during fiscal 2010. As of March 31, 2010, the Company had 313,000 shares remaining available for repurchase under the Board's authorization. Also in fiscal 2009, the Company used net cash for a $10,000,000 principal repayment on our Senior Notes and payments of cash dividends of $5,939,000, which was partially offset by borrowings under our short term credit facilities of $4,150,000.

The Company relies primarily on cash generated from its operations and seasonal borrowings to meet its liquidity requirements throughout the year. Historically, a significant portion of the Company's revenues have been seasonal, with approximately 80% of sales recognized in the second and third quarters. As payment for sales of Christmas related products is usually not received until just before or just after the holiday selling season in accordance with general industry practice, short-term borrowing needs increase throughout the second and third quarters, peaking prior to Christmas and dropping thereafter. Seasonal financing requirements are met under a $110,000,000 revolving credit facility with four banks and an accounts receivable securitization facility with an issuer of receivables-backed commercial paper. Reflecting the seasonality of the Company's business, this facility had a funding limit of $75,000,000 from May 2009 until January 2010, and it has had a funding limit of $25,000,000 since February 2010. This facility is due to expire on July 6, 2010. These financing facilities are available to fund the Company's seasonal borrowing needs and to provide the Company with sources of capital for general corporate purposes, including acquisitions as permitted under the revolving credit facility. The Company made its final repayment of 4.48% senior notes in December 2009. At March 31, 2010, there were no borrowings outstanding under the Company's short-term credit facilities. For information concerning these credit facilities, see Note 9 to the consolidated financial statements. In addition, the Company had approximately $496,000 of capital leases outstanding at March 31, 2010.

Based on its current operating plan, the Company believes its sources of available capital are adequate to meet its ongoing cash needs for at least the next 12 months.

As of March 31, 2010, the Company's contractual obligations and commitments are as follows (in thousands):

Contractual Obligations	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years	Total
Short-term debt	$ —	$ —	$ —	$ —	$ —
Note payable to seller	51	—	—	—	51
Capital lease obligations	430	66	—	—	496
Operating leases	8,461	8,500	4,628	2,397	23,986
Other long-term obligations(1)	45	463	362	2,120	2,990
	$ 8,987	$ 9,029	$ 4,990	$ 4,517	$ 27,523

(1) Other long-term obligations consist primarily of postretirement medical liabilities and deferred compensation arrangements. Future timing of payments for other long-term obligations is estimated by management.

The above table excludes any potential uncertain income tax liabilities that may become payable upon examination of the Company's income tax returns by taxing authorities. Such amounts and periods of payment cannot be reliably estimated. See Note 8 to the consolidated financial statements for further explanation of the Company's uncertain tax positions.

As of March 31, 2010, the Company's other commitments are as follows (in thousands):

	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years	Total
Letter of credit	$ 3,336	$ —	$ —	$ —	$3,336

The Company has a reimbursement obligation with respect to stand-by letters of credit that guarantee the funding of workers compensation claims and guarantee the funding of obligations to a certain vendor. The Company has no financial guarantees or other similar arrangements with any third parties or related parties other than its subsidiaries.

In the ordinary course of business, the Company enters into arrangements with vendors to purchase merchandise in advance of expected delivery. These purchase orders do not contain any significant termination payments or other penalties if cancelled.

Critical Accounting Policies

In preparing our consolidated financial statements, management is required to make estimates and assumptions that, among other things, affect the reported amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are most significant where they involve levels of subjectivity and judgment necessary to account for highly uncertain matters or matters susceptible to change, and where they can have a material impact on our financial condition and operating performance. Below are the most significant estimates and related assumptions used in the preparation of our consolidated financial statements. If actual results were to differ materially from the estimates made, the reported results could be materially affected.

Revenue

Revenue is recognized from product sales when goods are shipped, title and risk of loss have been transferred to the customer and collection is reasonably assured. The Company records estimated reductions to revenue for customer programs, which may include special pricing agreements for specific customers, volume incentives and other promotions. In limited cases, the Company may provide the right to return product as part of its customer programs with certain customers. The Company also records estimated reductions to revenue, based primarily on historical experience, for customer returns and chargebacks that may arise as a result of shipping errors, product damaged in transit or for other reasons that become known subsequent to recognizing the revenue. These provisions are recorded in the period that the related sale is recognized and are reflected as a reduction from gross sales, and the related reserves are shown as a reduction of accounts receivable, except for reserves for customer programs which are shown as a current liability. If the amount of actual customer returns and chargebacks were to increase or decrease significantly from the estimated amount, revisions to the estimated allowance would be required.

Accounts Receivable

The Company offers seasonal dating programs related to certain seasonal product offerings pursuant to which customers that qualify for such programs are offered extended payment terms. While some customers are granted return rights as part of their sales program, customers generally do not have the right to return product except for reasons the Company believes are typical of our industry, including damaged goods, shipping errors or similar occurrences. The Company is generally not required to repurchase products from its customers, nor does the Company have any regular practice of doing so. In addition, the Company endeavors to mitigate its exposure to bad debts by evaluating the creditworthiness of its major customers utilizing established credit limits and purchasing credit insurance when warranted in management’s judgment and available on terms that management deems appropriate. Bad debt and returns and allowances reserves are recorded as an offset to accounts receivable while reserves for customer programs are recorded as accrued liabilities. The Company evaluates accounts receivable related reserves and accruals monthly by specifically reviewing customer’s creditworthiness, historical recovery percentages and outstanding customer deductions and program arrangements.

Inventory Valuation

Inventories are valued at the lower of cost or market. Cost is primarily determined by the first-in, first-out method although certain inventories are valued based on the last-in, first-out method. The Company writes down its inventory for estimated obsolescence in an amount equal to the difference between the cost of the inventory and the estimated market value based upon assumptions about future demand, market conditions, customer planograms and sales forecasts. Additional inventory write downs could result from unanticipated additional carryover of finished goods and raw materials, or from lower proceeds offered by parties in our traditional closeout channels.

Goodwill

When a company is acquired, the difference between the fair value of its net assets, including intangibles, and the purchase price is recorded as goodwill. Goodwill is subject to an assessment for impairment using a two-step fair value-based test, the first step of which must be performed at least annually or more frequently if events or circumstances indicate that goodwill might be impaired. The Company performs its required annual assessment as of the fiscal year end. The first step of the test compares the fair value of a reporting unit to its carrying amount, including goodwill, as of the date of the test. The Company uses a dual approach to determine the fair value of its reporting units including both a market approach and an income approach. The market approach computes fair value using a multiple of earnings before interest, income taxes, depreciation and amortization which was developed considering both the multiples of recent transactions as well as trading multiples of consumer products companies. The income approach is based on the present value of discounted cash flows and a terminal value projected for each reporting unit. The income approach requires significant judgments including the Company's projected net cash flows, the weighted average cost of capital ("WACC") used to discount the cash flows and terminal value assumptions. The projected net cash flows are derived using the most recent available estimate for each reporting unit. The WACC rate is based on an average of the capital structure, cost of capital and inherent business risk profiles of the Company and peer consumer products companies. We believe the use of multiple valuation techniques results in a more accurate indicator of the fair value of each reporting unit. Changes to our judgments regarding assumptions and estimates could result in a significantly different estimate of the fair market value of the reporting units, which could result in an impairment of goodwill.

In the fourth quarter of fiscal 2010, the Company recorded a non-cash pre-tax impairment charge of $44,315,000 due to a full impairment of goodwill in two of its reporting units, C.R. Gibson and BOC Design Group, and partial impairments of tradenames used by such entities. See Note 3 to the consolidated financial statements for further discussion.

Accounting for Income Taxes

As part of the process of preparing our consolidated financial statements, we are required to estimate our actual current tax expense or benefit (state, federal and foreign), including the impact of permanent and temporary differences resulting from differing bases and treatment of items for tax and accounting purposes, such as the carrying value of intangibles, deductibility of expenses, depreciation of property, plant and equipment, and valuation of inventories. Temporary differences and operating loss and credit carryforwards result in deferred tax assets and liabilities, which are included within our consolidated balance sheets. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income. Actual results could differ from this assessment if sufficient taxable income is not generated in future periods. To the extent we determine the need to establish a valuation allowance or increase such allowance in a period, we would record additional tax expense in the accompanying consolidated statements of operations. The management of the Company periodically estimates the probable tax obligations of the Company using historical experience in tax jurisdictions and informed judgments. There are inherent uncertainties related to the interpretation of tax regulations. The judgments and estimates made at a point in time may change based on the outcome of tax audits, as well as changes to or further interpretations of regulations. If such changes take place, there is a risk that the tax rate may increase or decrease in any period.

Share-Based Compensation

The Company accounts for its share-based compensation using a fair-value based recognition method. Share-based compensation cost is estimated at the grant date based on the fair value of the award and is expensed ratably over the requisite service period of the award. Determining the appropriate fair-value model and calculating the fair value of share-based awards at the grant date requires considerable judgment, including estimating stock price volatility and the expected option life.

The Company uses the Black-Scholes option valuation model to value employee stock options. The Company estimates stock price volatility based on historical volatility of its common stock. Estimated option life assumptions are also derived from historical data. Had the Company used alternative valuation methodologies and assumptions, compensation cost for share-based payments could be significantly different. The Company recognizes compensation expense using the straight-line amortization method for share-based compensation awards with graded vesting.

Accounting Pronouncements

See Note 14 to the consolidated financial statements for information concerning recent accounting pronouncements and the impact of those standards.

Forward-Looking and Cautionary Statements

This report includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding continued use of acquisitions to stimulate further growth; the expected future impact of legal proceedings and changes in accounting principles; the anticipated effects of measures taken by the Company to respond to sales volume, cost and price pressures; strengthened product lines and new product initiatives; and the Company's anticipation that quarterly cash dividends will continue to be paid in the future. Forward-looking statements are based on the beliefs of the Company's management as well as assumptions made by and information currently available to the Company's management as to future events and financial performance with respect to the Company's operations. Forward-looking statements speak only as of the date made. The Company undertakes no obligation to update any forward-looking statements to reflect the events or circumstances arising after the date as of which they were made. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including without limitation, general market and economic conditions; increased competition (including competition from foreign products which may be imported at less than fair value and from foreign products which may benefit from foreign governmental subsidies); increased operating costs, including labor-related and energy costs and costs relating to the imposition or retrospective application of duties on imported products; currency risks and other risks associated with international markets; risks associated with acquisitions, including realization of intangible assets and recoverability of long-lived assets, and acquisition integration costs and the risk that the Company may not be able to integrate and derive the expected benefits from such acquisitions; risks associated with the Company's enterprise resource planning systems standardization project, including the risk that the cost of the project will exceed expectations, the risk that the expected benefits of the project will not be realized and the risk that implementation of the project will interfere with and adversely affect the Company's operations and financial performance; the risk that customers may become insolvent, may delay payments or may impose deductions or penalties on amounts owed to the Company; costs of compliance with governmental regulations and government investigations; liability associated with non-compliance with governmental regulations, including regulations pertaining to the environment, Federal and state employment laws, and import and export controls and customs laws, and other factors described more fully elsewhere in this annual report on Form 10-K and in the Company's previous filings with the Securities and Exchange Commission. As a result of these factors, readers are cautioned not to place undue reliance on any forward-looking statements included herein or that may be made elsewhere from time to time by, or on behalf of, the Company.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk.***

The Company's activities expose it to a variety of market risks, including the effects of changes in interest rates and foreign currency exchange rates. These financial exposures are monitored and, where considered appropriate, managed by the Company as described below.

Interest Rate Risk

The Company's primary market risk exposure with regard to financial instruments is to changes in interest rates. Pursuant to the Company's variable rate lines of credit, a change in either the lender's base rate or the London Interbank Offered Rate (LIBOR) would affect the rate at which the Company could borrow funds thereunder. Based on average borrowings under these credit facilities of $40,889,000 for the year ended March 31, 2010, a 1% increase or decrease in floating interest rates would have increased or decreased annual interest expense by approximately $409,000. Based on an average cash balance of $7,766,000 for the year ended March 31, 2010, a 1% increase or decrease in interest rates would have increased or decreased annual interest income by approximately $78,000.

Foreign Currency Risk

Approximately 2% of the Company's sales in fiscal 2010 were denominated in a foreign currency. The Company considers its risk exposure with regard to foreign currency fluctuations insignificant as it enters into foreign currency forward contracts to hedge the majority of firmly committed transactions and related receivables that are denominated in a foreign currency. The Company has designated its foreign currency forward contracts as fair value hedges. The gains or losses on the fair value hedges are recognized in earnings and generally offset the transaction gains or losses on the foreign denominated assets that they are intended to hedge.

Item 8. ***Financial Statements and Supplementary Data.***

CSS INDUSTRIES, INC. AND SUBSIDIARIES

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
CSS Industries, Inc.:

We have audited the accompanying consolidated balance sheets of CSS Industries, Inc. and subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations and comprehensive (loss) income, stockholders' equity and cash flows for each of the years in the three-year period ended March 31, 2010. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CSS Industries, Inc. and subsidiaries as of March 31, 2010 and 2009, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2010, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in note 14 to the consolidated financial statements, effective April 1, 2008, CSS Industries, Inc. adopted EITF 06-10, *Accounting for Collateral Assignment Split-Dollar Life Insurance Agreements* (incorporated into Accounting Standards Codification (ASC) Topic 715, "Compensation — Retirement Benefits").

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), CSS Industries, Inc.'s internal control over financial reporting as of March 31, 2010, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated May 28, 2010 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

May 28, 2010
Philadelphia, PA

CSS INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 2010	March 31, 2009
	(In thousands, except share and per share amounts)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 27,217	$ 2,179
Accounts receivable, net of allowances of $4,742 and $5,166	45,711	43,741
Inventories	78,851	99,971
Deferred income taxes	6,165	5,758
Assets held for sale	1,363	1,363
Other current assets	15,986	15,295
Total current assets	175,293	168,307
NET PROPERTY, PLANT AND EQUIPMENT	47,786	54,942
DEFERRED INCOME TAXES	5,439	—
OTHER ASSETS		
Goodwill	17,233	49,258
Intangible assets, net of accumulated amortization of $3,676 and $2,383	32,027	45,649
Other	3,984	4,103
Total other assets	53,244	99,010
Total assets	$ 281,762	$ 322,259
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	$ —	$ 4,150
Current portion of long-term debt	481	10,479
Accounts payable	19,595	14,332
Accrued income taxes	555	72
Accrued payroll and other compensation	7,691	5,677
Accrued customer programs	8,380	9,909
Accrued other expenses	7,694	9,317
Total current liabilities	44,396	53,936
LONG-TERM DEBT, NET OF CURRENT PORTION	66	485
OTHER LONG-TERM OBLIGATIONS	4,255	4,376
DEFERRED INCOME TAXES	—	4,208
COMMITMENTS AND CONTINGENCIES (Notes 10 and 12)		
STOCKHOLDERS' EQUITY		
Preferred stock, Class 2, $.01 par, 1,000,000 shares authorized, no shares issued	—	—
Common stock, $.10 par, 25,000,000 shares authorized, 14,703,084 shares issued at March 31, 2010 and 2009	1,470	1,470
Additional paid-in capital	49,295	46,813
Retained earnings	321,510	352,674
Accumulated other comprehensive loss, net of tax	(74)	(81)
Common stock in treasury, 5,027,306 and 5,097,753 shares, at cost	(139,156)	(141,622)
Total stockholders' equity	233,045	259,254
Total liabilities and stockholders' equity	$ 281,762	$ 322,259

See accompanying notes to consolidated financial statements.

CSS INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME

	For the Years Ended March 31,		
	2010	2009	2008
	(In thousands, except per share amounts)		
NET SALES	$ 448,450	$ 482,424	$ 498,253
COSTS AND EXPENSES			
Cost of sales	337,852	356,115	360,708
Selling, general and administrative expenses	95,667	96,723	96,703
Impairment of goodwill and intangible assets	44,315	—	—
Restructuring expenses, net	207	1,138	1,717
Interest expense, net of interest income of $14, $137 and $1,163	1,885	2,551	974
Other (income) expense, net	(489)	7	(682)
	479,437	456,534	459,420
(LOSS) INCOME BEFORE INCOME TAXES	(30,987)	25,890	38,833
INCOME TAX (BENEFIT) EXPENSE	(7,248)	8,904	13,475
NET (LOSS) INCOME	$ (23,739)	$ 16,986	$ 25,358
NET (LOSS) INCOME PER COMMON SHARE			
Basic	$ (2.46)	$ 1.71	$ 2.36
Diluted	$ (2.46)	$ 1.70	$ 2.31
COMPREHENSIVE (LOSS) INCOME			
Net (loss) income	$ (23,739)	$ 16,986	$ 25,358
Foreign currency translation adjustment	—	3	2
Postretirement medical plan, net of tax	7	6	(91)
Comprehensive (loss) income	$ (23,732)	$ 16,995	$ 25,269

See accompanying notes to consolidated financial statements.

CSS INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended March 31,		
	2010	2009	2008
		(In thousands)	
Cash flows from operating activities:			
Net (loss) income	$ (23,739)	$ 16,986	$ 25,358
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	12,560	13,195	13,218
Impairment of goodwill and intangible assets	44,315	—	—
Provision for doubtful accounts	110	525	5
Asset impairments	—	—	1,222
Deferred tax (benefit) provision	(10,054)	3,244	2,622
Gain on sale or disposal of assets	(20)	(925)	(386)
Share-based compensation expense	2,323	2,632	2,830
Changes in assets and liabilities, net of effects of acquisitions:			
(Increase) decrease in accounts receivable	(2,080)	(4,012)	9,204
Decrease (increase) in inventories	21,245	9,127	(10,737)
(Increase) decrease in other assets	(738)	537	(1,274)
Increase (decrease) in accounts payable	5,263	(3,943)	(196)
Increase (decrease) in accrued income taxes	370	(1,968)	3,493
Decrease in accrued expenses and other long-term obligations	(879)	(7,477)	(3,665)
Net cash provided by operating activities	48,676	27,921	41,694
Cash flows from investing activities:			
Purchase of businesses, net of cash received of $2 in 2008	(225)	(11,164)	(71,145)
Final payment of purchase price for a business previously acquired	—	(2,700)	—
Purchase of property, plant and equipment	(4,447)	(14,143)	(8,330)
Proceeds from sale of assets	752	3,227	3,092
Net cash used for investing activities	(3,920)	(24,780)	(76,383)
Cash flows from financing activities:			
Payments on long-term debt obligations	(10,609)	(10,417)	(10,149)
Borrowings on notes payable	346,405	545,385	186,900
Payments on notes payable	(350,555)	(541,235)	(186,900)
Payment of financing transaction costs	—	(621)	—
Dividends paid	(5,784)	(5,939)	(5,983)
Purchase of treasury stock	—	(16,687)	(25,449)
Proceeds from exercise of stock options	825	435	3,936
Tax benefit realized for stock options exercised	—	5	350
Net cash used for financing activities	(19,718)	(29,074)	(37,295)
Effect of exchange rate changes on cash and cash equivalents	—	3	2
Net increase (decrease) in cash and cash equivalents	25,038	(25,930)	(71,982)
Cash and cash equivalents at beginning of period	2,179	28,109	100,091
Cash and cash equivalents at end of period	$ 27,217	$ 2,179	$ 28,109

See accompanying notes to consolidated financial statements.

CSS INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Preferred Stock		Common Stock		Additional Paid-in	Retained	Accumulated Other Comprehensive	Common Stock in Treasury		
	Shares	Amount	Shares	Amount	Capital	Earnings	Loss	Shares	Amount	Total
					(In thousands, except share and per share amounts)					
BALANCE, APRIL 1, 2007	—	$ —	14,703,084	$ 1,470	$ 40,680	$ 325,246	$ (1)	(3,857,571)	$ (106,285)	$ 261,110
Tax benefit associated with exercise of stock options	—	—	—	—	640	—	—	—	—	640
Share-based compensation expense	—	—	—	—	2,830	—	—	—	—	2,830
Issuance of common stock upon exercise of stock options	—	—	—	—	—	(1,933)	—	167,670	5,869	3,936
Increase in treasury shares	—	—	—	—	—	—	—	(747,424)	(25,449)	(25,449)
Foreign currency translation adjustment	—	—	—	—	—	—	2	—	—	2
Cash dividends ($.56 per common share)	—	—	—	—	—	(5,983)	—	—	—	(5,983)
Postretirement medical plan, net of tax	—	—	—	—	—	—	(91)	—	—	(91)
Net income	—	—	—	—	—	25,358	—	—	—	25,358
BALANCE, MARCH 31, 2008	—	—	14,703,084	1,470	44,150	342,688	(90)	(4,437,325)	(125,865)	262,353
Cumulative effect of adoption of EITF 06-10	—	—	—	—	—	(566)	—	—	—	(566)
Tax benefit associated with exercise of stock options	—	—	—	—	31	—	—	—	—	31
Share-based compensation expense	—	—	—	—	2,632	—	—	—	—	2,632
Issuance of common stock upon exercise of stock options	—	—	—	—	—	(495)	—	26,572	930	435
Increase in treasury shares	—	—	—	—	—	—	—	(687,000)	(16,687)	(16,687)
Foreign currency translation adjustment	—	—	—	—	—	—	3	—	—	3
Cash dividends ($.60 per common share)	—	—	—	—	—	(5,939)	—	—	—	(5,939)
Postretirement medical plan, net of tax	—	—	—	—	—	—	6	—	—	6
Net income	—	—	—	—	—	16,986	—	—	—	16,986
BALANCE, MARCH 31, 2009	—	—	14,703,084	1,470	46,813	352,674	(81)	(5,097,753)	(141,622)	259,254
Tax benefit associated with exercise of stock options	—	—	—	—	159	—	—	—	—	159
Share-based compensation expense	—	—	—	—	2,323	—	—	—	—	2,323
Issuance of common stock upon exercise of stock options	—	—	—	—	—	(1,641)	—	70,447	2,466	825
Cash dividends ($.60 per common share)	—	—	—	—	—	(5,784)	—	—	—	(5,784)
Postretirement medical plan, net of tax	—	—	—	—	—	—	7	—	—	7
Net loss	—	—	—	—	—	(23,739)	—	—	—	(23,739)
BALANCE, MARCH 31, 2010	—	$ —	14,703,084	$ 1,470	$ 49,295	$ 321,510	$ (74)	(5,027,306)	$ (139,156)	$ 233,045

See accompanying notes to consolidated financial statements.

CSS INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of CSS Industries, Inc. ("CSS" or the "Company") and all of its subsidiaries. All significant intercompany transactions and accounts have been eliminated in consolidation.

Foreign Currency Translation and Transactions

Translation adjustments are charged or credited to a separate component of stockholders' equity. Gains and losses on foreign currency transactions are not material and are included in other (income) expense, net in the consolidated statements of operations.

Nature of Business

CSS is a consumer products company primarily engaged in the design, manufacture, procurement, distribution and sale of seasonal and all occasion social expression products, principally to mass market retailers. These seasonal and all occasion products include gift wrap, gift bags, gift boxes, gift card holders, boxed greeting cards, gift tags, decorative tissue paper, decorations, classroom exchange Valentines, decorative ribbons and bows, floral accessories, Halloween masks, costumes, make-up and novelties, Easter egg dyes and novelties, craft and educational products, stickers, memory books, stationery, journals, notecards, infant and wedding photo albums, scrapbooks, and other gift items that commemorate life's celebrations. CSS' product breadth provides its retail customers the opportunity to use a single vendor for much of their seasonal product requirements. A substantial portion of CSS' products are manufactured, packaged and/or warehoused in thirteen facilities located in the United States, with the remainder purchased primarily from manufacturers in Asia and Mexico. The Company's products are sold to its customers by national and regional account sales managers, sales representatives, product specialists and by a network of independent manufacturers' representatives. CSS maintains a purchasing office in Hong Kong to administer Asian sourcing opportunities.

The Company's principal operating subsidiaries include Paper Magic Group, Inc. ("Paper Magic"), BOC Design Group (consisting of Berwick Offray LLC ("Berwick Offray") and Cleo Inc ("Cleo")) and C.R. Gibson, LLC ("C.R. Gibson"). The C.R. Gibson business was acquired on December 3, 2007. In fiscal 2007, the Company combined the operations of its Cleo and Berwick Offray subsidiaries in order to improve profitability and efficiency through the elimination of redundant back office functions and certain management positions. The Company consolidated its human resources, accounts receivable, accounts payable and payroll functions into a combined back office operation, which was substantially completed in the first quarter of fiscal 2010. Also completed in the first quarter of fiscal 2010 was the implementation of a phase of integrating the Company's enterprise resource planning systems standardization project.

Approximately 650 of its 2,000 employees (increasing to approximately 2,800 as seasonal employees are added) are represented by labor unions. The collective bargaining agreement with the labor union representing the production and maintenance employees in Memphis, Tennessee remains in effect until December 31, 2010. The collective bargaining agreement with the labor union representing the production and maintenance employees in Hagerstown, Maryland remains in effect until December 31, 2011.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Judgments and assessments of uncertainties are required in applying the Company's accounting policies in many areas. Such estimates pertain to the valuation of inventory and accounts receivable, the assessment of the recoverability of goodwill and other intangible assets, income tax accounting, the valuation of share-based awards and resolution of litigation and other proceedings. Actual results could differ from these estimates.

Accounts Receivable

The Company offers seasonal dating programs related to certain seasonal product offerings pursuant to which customers that qualify for such programs are offered extended payment terms. With some exceptions, customers do not have the right to return product except for reasons the Company believes are typical of our industry, including damaged goods, shipping errors or similar occurrences. The Company generally is not required to repurchase products from its customers, nor does the Company have any regular practice of doing so. In addition, the Company mitigates its exposure to bad debts by evaluating the creditworthiness of its major customers utilizing established credit limits and purchasing credit insurance when appropriate and available. Bad debt and returns and allowances reserves are recorded as an offset to accounts receivable while reserves for customer programs are recorded as accrued liabilities. The Company evaluates accounts receivable related reserves and accruals monthly by specifically reviewing customers' creditworthiness, historical recovery percentages and outstanding customer deductions and program arrangements.

Inventories

The Company records inventory when title is transferred, which occurs upon receipt or prior to receipt dependent on supplier shipping terms. The Company adjusts unsaleable and slow-moving inventory to its estimated net realizable value. Substantially all of the Company's inventories are stated at the lower of first-in, first-out (FIFO) cost or market. The remaining portion of the inventory is valued at the lower of last-in, first-out (LIFO) cost or market, which was $996,000 and $711,000 at March 31, 2010 and 2009, respectively. Had all inventories been valued at the lower of FIFO cost or market, inventories would have been greater by $854,000 and $851,000 at March 31, 2010 and 2009, respectively. Inventories consisted of the following (in thousands):

	March 31,	
	2010	2009
Raw material	$ 12,696	$ 17,533
Work-in-process	20,881	25,437
Finished goods	45,274	57,001
	$ 78,851	$ 99,971

Assets Held for Sale

Assets held for sale in the amount of $1,363,000 at March 31, 2010 and 2009 represents a former manufacturing facility which the Company is in the process of selling. The Company expects to sell this facility within the next 12 months for an amount greater than the current carrying value. The Company ceased depreciating this facility at the time it was classified as held for sale.

Property, Plant and Equipment

Property, plant and equipment are stated at cost and include the following (in thousands):

	March 31, 2010	March 31, 2009
Land	$ 2,508	$ 2,608
Buildings, leasehold interests and improvements	45,165	44,803
Machinery, equipment and other	147,305	149,410
	194,978	196,821
Less — Accumulated depreciation	(147,192)	(141,879)
Net property, plant and equipment	$ 47,786	$ 54,942

Depreciation is provided generally on the straight-line method and is based on estimated useful lives or terms of leases as follows:

Buildings, leasehold interests and improvements	Lease term to 45 years
Machinery, equipment and other	3 to 15 years

When property is retired or otherwise disposed of, the related cost and accumulated depreciation and amortization are eliminated from the consolidated balance sheet. Any gain or loss from the disposition of property, plant and equipment is included in other (income) expense, net with the exception of a gain of $761,000 recorded in fiscal 2009 related to the sale of two facilities associated with a restructuring program (see Note 4). Maintenance and repairs are expensed as incurred while improvements are capitalized and depreciated over their estimated useful lives.

The Company leased $1,125,000 of computer equipment and $184,000 of trucks (which had total accumulated amortization of $712,000) under capital leases as of March 31, 2010. As of March 31, 2009, the Company leased $1,031,000 of computer equipment and $183,000 of trucks (which had total accumulated amortization of $239,000) under capital leases as of March 31, 2009. The amortization of capitalized assets is included in depreciation expense. Depreciation expense was $10,967,000, $10,936,000 and $12,604,000 for the years ended March 31, 2010, 2009 and 2008, respectively.

Impairment of Long-Lived Assets including Goodwill and Other Intangible Assets

When a company is acquired, the difference between the fair value of its net assets, including intangibles, and the purchase price is recorded as goodwill. Goodwill is subject to an assessment for impairment using a two-step fair value-based test, the first step of which must be performed at least annually, or more frequently if events or circumstances indicate that goodwill might be impaired. The Company performs its required annual assessment as of the fiscal year end. The first step of the test compares the fair value of a reporting unit to its carrying amount, including goodwill, as of the date of the test. The Company uses a dual approach to determine the fair value of its reporting units including both a market approach and an income approach. The market approach computes fair value using a multiple of earnings before interest, income taxes, depreciation and amortization which was developed considering both the multiples of recent transactions as well as trading multiples of consumer products companies. The income approach is based on the present value of discounted cash flows and a terminal value projected for each reporting unit. The income approach requires significant judgments including the Company's projected net cash flows, the weighted average cost of capital ("WACC") used to discount the cash flows and terminal value assumptions. The projected net cash flows are derived using the most recent available estimate for each reporting unit. The WACC rate is based on an average of the capital structure, cost of capital and inherent business risk profiles of the Company and peer consumer products companies. We believe the use of multiple valuation techniques results in a more accurate indicator of the fair value of each reporting unit.

The Company then corroborates the reasonableness of the total fair value of the reporting units by reconciling the aggregate fair values of the reporting units to the Company's total market capitalization adjusted to include an estimated control premium. The estimated control premium is derived from reviewing observable transactions involving the purchase of controlling interests in comparable companies. The market capitalization is calculated using the relevant shares outstanding and an average closing stock price which considers volatility around the test date. The exercise of reconciling the market capitalization to the computed fair value further supports the Company's conclusion on the fair value. If the carrying amount of the reporting unit exceeds its fair value, the second step is performed. The second step compares the carrying amount of the goodwill to the implied fair value of the goodwill. If the implied fair value of the goodwill is less than the carrying amount of the goodwill, an impairment loss would be reported.

Other indefinite lived intangible assets consist primarily of tradenames which are also required to be tested annually. The fair value of the Company's tradenames is calculated using a "relief from royalty payments" methodology. This approach involves first estimating reasonable royalty rates for each trademark then applying these royalty rates to a net sales stream and discounting the resulting cash flows to determine the fair value. The royalty rate is estimated using both a market and income approach. The market approach relies on the existence of identifiable transactions in the marketplace involving the licensing of tradenames similar to those owned by the Company. The income approach uses a projected pretax profitability rate relevant to the licensed income stream. We believe the use of multiple valuation techniques results in a more accurate indicator of the fair value of each tradename. This fair value is then compared with the carrying value of each tradename.

Long-lived assets, except for goodwill and indefinite lived intangible assets, are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to future net cash flows estimated by the Company to be generated by such assets. If such assets are considered to be impaired, the impairment to be recognized is the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are recorded at the lower of their carrying value or estimated net realizable value.

In the fourth quarter of fiscal 2010, 2009 and 2008, the Company performed the required annual impairment test of the carrying amount of goodwill and indefinite lived intangible assets. Refer to Note 3 for the results of the annual impairment testing performed in fiscal 2010. The Company determined that no impairment existed in fiscal 2009 and 2008.

Derivative Financial Instruments

The Company uses certain derivative financial instruments as part of its risk management strategy to reduce foreign currency risk. Derivatives are not used for trading or speculative activities.

The Company recognizes all derivatives on the consolidated balance sheet at fair value. On the date the derivative instrument is entered into, the Company generally designates the derivative as either (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"), or (2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"). Changes in the fair value of a derivative that is designated as, and meets all the required criteria for, a fair value hedge, along with the gain or loss on the hedged asset or liability that is attributable to the hedged risk, are recorded in current period earnings. Changes in the fair value of a derivative that is designated as, and meets all the required criteria for, a cash flow hedge are recorded in accumulated other comprehensive (loss) income and reclassified into earnings as the underlying hedged item affects earnings. The portion of the change in fair value of a derivative associated with hedge ineffectiveness or the component of a derivative instrument excluded from the assessment of hedge effectiveness is recorded currently in earnings. Also, changes in the entire fair value of a derivative that is not designated as a hedge are recorded immediately in earnings. The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes relating all derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the consolidated balance sheet or to specific firm commitments or forecasted transactions.

The Company also formally assesses, both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. If it is determined that a derivative is not highly effective as a hedge or if a derivative ceases to be a highly effective hedge, the Company will discontinue hedge accounting prospectively.

The Company enters into foreign currency forward contracts in order to reduce the impact of certain foreign currency fluctuations. Firmly committed transactions and the related receivables and payables may be hedged with forward exchange contracts. Gains and losses arising from foreign currency forward contracts are recognized in income or expense as offsets of gains and losses resulting from the underlying hedged transactions. There were no open forward exchange contracts as of March 31, 2010 and 2009.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Uncertain tax positions are recognized and measured under provisions in ASC 740. These provisions require that the Company recognize in its consolidated financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based solely on the technical merits of the position. See Note 8 for further discussion.

Revenue Recognition

The Company recognizes revenue from product sales when the goods are shipped, title and risk of loss have been transferred to the customer and collection is reasonably assured. Provisions for returns, allowances, rebates to customers and other adjustments are provided in the same period that the related sales are recorded.

Product Development Costs

Product development costs consist of purchases of outside artwork, printing plates, cylinders, catalogs and samples. For seasonal products, the Company typically begins to incur product development costs approximately 18 to 20 months before the applicable holiday event. Historically, these costs have been amortized monthly over the selling season, which is generally within two to four months of the holiday event. Development costs related to all occasion products are incurred within a period beginning six to nine months prior to the applicable sales period. Historically, these costs generally have been amortized over a six to twelve month selling period. During fiscal 2010, the Company revised the period to two years over which certain product development costs are amortized to better align with the period over which the Company expects to utilize these assets. The expense of certain product development costs that are related to the manufacturing process are recorded in cost of sales while the portion that relates to creative and selling efforts are recorded in selling, general and administrative expenses.

Product development costs capitalized as of March 31, 2010 and 2009 were $6,747,000 and $7,368,000, respectively, and are included in other current assets in the consolidated financial statements. Product development expense of $10,009,000, $9,809,000 and $9,194,000 was recognized in the years ended March 31, 2010, 2009 and 2008, respectively.

Shipping and Handling Costs

Shipping and handling costs are reported in cost of sales in the consolidated statements of operations.

Share-Based Compensation

Effective April 1, 2006, the Company used the modified prospective transition method, and began accounting for its share-based compensation using a fair-value based recognition method. Share-based compensation cost is estimated at the grant date based on a fair-value model. Calculating the fair value of share-based awards at the grant date requires considerable judgment, including estimating stock price volatility and expected option life.

The Company uses the Black-Scholes option valuation model to value employee stock options. The Company estimates stock price volatility based on historical volatility of its common stock. Estimated option life assumptions are also derived from historical data. Had the Company used alternative valuation methodologies and assumptions, compensation cost for share-based payments could be significantly different. The Company recognizes compensation expense using the straight-line amortization method for share-based compensation awards with graded vesting.

Net (Loss) Income Per Common Share

The following table sets forth the computation of basic net (loss) income per common share and diluted net (loss) income per common share for the years ended March 31, 2010, 2009 and 2008.

	For the Years Ended March 31,		
	2010	2009	2008
	(In thousands, except per share amounts)		
Numerator:			
Net (loss) income	$ (23,739)	$ 16,986	$ 25,358
Denominator:			
Weighted average shares outstanding for basic (loss) income per common share	9,637	9,909	10,732
Effect of dilutive stock options	—	81	261
Adjusted weighted average shares outstanding for diluted (loss) income per common share	9,637	9,990	10,993
Basic net (loss) income per common share	$ (2.46)	$ 1.71	$ 2.36
Diluted net (loss) income per common share	$ (2.46)	$ 1.70	$ 2.31

Options on 942,000 shares, 1,434,000 shares and 232,000 shares of common stock were not included in computing diluted net (loss) income per common share for the years ended March 31, 2010, 2009 and 2008, respectively, because their effects were antidilutive.

Statements of Cash Flows

For purposes of the consolidated statements of cash flows, the Company considers all holdings of highly liquid debt instruments with a maturity at time of purchase of three months or less to be cash equivalents.

Supplemental Schedule of Cash Flow Information

	For the Years Ended March 31,		
	2010	2009	2008
		(In thousands)	
Cash paid during the year for:			
Interest	$ 1,892	$ 2,896	$ 2,413
Income taxes	$ 3,036	$ 7,741	$ 8,445
Details of acquisitions:			
Fair value of assets acquired	$ 225	$ 11,560	$ 82,442
Liabilities assumed	—	296	8,595
Net assets acquired	225	11,264	73,847
Amount due seller	—	100	2,700
Cash paid	225	11,164	71,147
Less cash acquired	—	—	2
Net cash paid for acquisitions	$ 225	$ 11,164	$ 71,145

(2) BUSINESS ACQUISITIONS

On May 27, 2009, a subsidiary of the Company completed the acquisition of substantially all of the business and assets of Designer Dispatch Ribbon, Inc. ("Designer Dispatch Ribbon") for $225,000 in cash. Designer Dispatch Ribbon was a manufacturer of stock and custom ribbon and bows and related products. The acquisition was accounted for as a purchase and there was no goodwill recorded in this transaction.

On February 20, 2009, a subsidiary of the Company completed the acquisition of substantially all of the business and assets of Seastone L.C. ("Seastone") for $1,139,000 in cash. The purchase price is subject to adjustment, equal to 5% of net sales of certain products sold, through fiscal 2014. Seastone is a provider of specialty gift card holders. The acquisition was accounted for as a purchase and there was no goodwill recorded in this transaction.

On August 5, 2008, a subsidiary of the Company completed the acquisition of substantially all of the business and assets of Hampshire Paper Corp. ("Hampshire Paper") for approximately $9,725,000 in cash, including transaction costs of approximately $49,000. Hampshire Paper is a manufacturer and supplier of pot covers, waxed tissue, paper and foil to the wholesale floral and horticultural industries. The acquisition was accounted for as a purchase and was included in the BOC Design Group reporting unit. The excess of cost over fair market value of the net tangible and identifiable intangible assets acquired of $897,000 was recorded as goodwill in the accompanying consolidated balance sheet as of March 31, 2009. This goodwill was subsequently written off as a result of the Company's annual impairment testing performed in fiscal 2010 as further described in Note 3.

On May 16, 2008, a subsidiary of the Company completed the acquisition of substantially all of the business and assets of iotaTM ("iota") for approximately $300,000 in cash and a note payable to the seller in the amount of $100,000. The purchase price is subject to adjustment, based on future sales volume through fiscal 2014, up to a maximum of $2,000,000. The amount recorded through March 31, 2010 was immaterial. In addition, the seller retains a 50% interest in royalty income associated with the sale by third parties of licensed iota products through the fifth anniversary of the closing date. iota is a designer, manufacturer and marketer of stationery products such as notecards, gift wrap, journals, and stationery kits. The acquisition was accounted for as a purchase and there was no goodwill recorded in this transaction.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisitions in fiscal 2009 (in thousands):

Currents assets	$ 5,418
Property, plant and equipment	593
Intangible assets	4,652
Goodwill	897
Total assets acquired	11,560
Current liabilities	205
Other long-term obligations	91
Total liabilities assumed	296
Net assets acquired	$ 11,264

On December 3, 2007, the Company completed the acquisition of substantially all of the business and assets of C.R. Gibson, Inc. ("C.R. Gibson"), through a newly-formed subsidiary, C.R. Gibson, LLC, for approximately $73,847,000 in cash, including transaction costs of approximately $200,000. In the first quarter of fiscal 2009, $2,700,000 of the purchase price was paid as settlement of an obligation assumed as contemplated in the Asset Purchase Agreement. C.R. Gibson, headquartered in Nashville, Tennessee, is a designer, marketer and distributor of memory books, stationery, journals, notecards, infant and wedding photo albums, scrapbooks, and other gift items that commemorate life's celebrations. The acquisition was accounted for as a purchase and the excess of cost over the fair market value of the net tangible and identifiable intangible assets acquired of $17,409,000 was recorded as goodwill in the accompanying consolidated balance sheet as of March 31, 2009. This goodwill was subsequently written off as a result of the Company's annual impairment testing performed in fiscal 2010 as further described in Note 3.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition in fiscal 2008 (in thousands):

Current assets	$ 25,470
Property, plant and equipment	963
Intangible assets	38,600
Goodwill	17,409
Total assets acquired	82,442
Current liabilities	8,595
Total liabilities assumed	8,595
Net assets acquired	$ 73,847

(3) GOODWILL AND OTHER INTANGIBLE ASSETS

The Company performs its annual review of goodwill and indefinite lived intangibles in the fourth quarter of each fiscal year. However, in the third quarter of fiscal 2010, the Company determined that, due to the decline in fiscal 2010 earnings, a triggering event occurred which required testing for impairment of goodwill in that fiscal quarter. The results of testing indicated that the C.R. Gibson reporting unit, acquired in fiscal 2008, passed the first step of the test and, therefore, no impairment of the goodwill associated with the reporting unit was recognized. However, the testing results also indicated that the fair value of the reporting unit as of the testing date was not substantially in excess of the carrying value. The Company disclosed in its quarterly report on Form 10-Q for the third quarter of fiscal 2010 that if the financial results of this reporting unit decline, or if there are changes in certain economic factors that impact the assumptions in our valuation models change, such as market valuation multiples, borrowing costs and equity risk factors, an impairment of the goodwill associated with the C.R. Gibson reporting unit could be required in the future.

Upon performing our annual impairment test in the fourth quarter of fiscal 2010, we determined that the C.R. Gibson reporting unit, as well as the BOC Design Group reporting unit, had a fair market value which was less than the carrying value and, therefore, failed step one of the test. The factors that led to failing step one of the test included a deterioration of the financial performance in these reporting units during the fourth quarter of fiscal 2010 as well as a decline in the outlook for future periods. There were no major changes in key assumptions between the third and fourth quarter tests that impacted the valuation models other than earnings results for the current year and forecasted earnings. The second step of the test resulted in the Company recording a non-cash pre-tax goodwill impairment charge of $17,409,000 for the C.R. Gibson reporting unit and $14,616,000 for the BOC Design Group reporting unit.

During the fourth quarter annual impairment test of indefinite-lived tradenames performed in fiscal 2010, the Company determined that the carrying value of the C.R. Gibson tradename exceeded its fair value. The decline in the fair value of the C.R. Gibson tradename was due to the same circumstances as those that caused the goodwill impairment for the C.R. Gibson reporting unit. The Company recorded a non-cash pre-tax tradename impairment charge of $8,000,000 related to the C.R. Gibson tradename.

Additionally, the Company determined that it would discontinue the use of the indefinite-lived tradename related to the Crystal branded bag and tissue products. The Company's determination to discontinue the tradename is part of a strategic decision made by management to streamline the use of product branding within the Company's portfolio of products. In the future, the bag and tissue products will use the Berwick tradename. As a result, the Company recorded a non-cash pre-tax charge of $4,290,000 related to the Crystal tradename.

The change in the carrying amount of goodwill and indefinite lived intangible assets for the year ended March 31, 2010 is as follows (in thousands):

	Goodwill	Tradenames and Trademarks
Balance as of March 31, 2009	$ 49,258	$ 25,083
Impairment charge	(32,025)	(12,290)
Balance as of March 31, 2010	$ 17,233	$ 12,793

The change in the gross carrying amount of other intangible assets for the year ended March 31, 2010 is as follows (in thousands):

	Customer Relationships	Patents
Balance as of March 31, 2009	$ 21,957	$ 89
Acquisition of Designer Dispatch Ribbon	100	—
Seastone royalty earn-out	—	161
Balance as of March 31, 2010	$ 22,057	$ 250

The gross carrying amount and accumulated amortization of other intangible assets as of March 31, 2010 and 2009 is as follows (in thousands):

	March 31, 2010		March 31, 2009	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Tradenames and trademarks	$ 12,793	$ —	$ 25,083	$ —
Customer relationships	22,057	3,358	21,957	1,860
Non-compete	200	117	500	367
Trademarks	403	153	403	123
Patents	250	48	89	33
	$ 35,703	$ 3,676	$ 48,032	$ 2,383

The weighted-average amortization period of customer relationships, trademarks and patents are 7 years, 10 years and 10 years, respectively.

Amortization expense was $1,593,000 for fiscal 2010, $1,458,000 for fiscal 2009 and $474,000 for fiscal 2008. The estimated amortization expense for the next five fiscal years is as follows (in thousands):

Fiscal 2011	$1,609
Fiscal 2012	1,593
Fiscal 2013	1,559
Fiscal 2014	1,559
Fiscal 2015	1,541

The Company assesses the impairment of long-lived assets, including identifiable intangible assets subject to amortization and property and plant and equipment, whenever events or changes in circumstances indicate the carrying value may not be recoverable. Factors the Company considers important that could trigger an impairment review include significant changes in the use of any assets, changes in historical trends in operating performance, changes in projected operating performance, stock price, loss of a major customer, failure to pass step one of the goodwill impairment test and significant negative economic trends. The Company performed a recoverability test during the fourth quarter of fiscal 2010, 2009 and 2008 using an undiscounted cash flow approach on certain long lived assets that yielded no impairment.

(4) BUSINESS RESTRUCTURING

During fiscal 2009, the Company reduced its workforce to improve efficiency and to a lesser extent as a result of the consolidation of various back office operations among its subsidiaries. Involuntary termination benefits offered to terminated employees were under the Company's pre-existing severance program. The Company recorded approximately $1,321,000 in employee severance charges during fiscal 2009 and the remaining liability of $1,015,000 was classified as a current liability in the accompanying consolidated balance sheet as of March 31, 2009. During the year ended March 31, 2010, the Company made payments of $971,000 for costs related to severance. During fiscal 2010, there was a reduction in the restructuring accrual of $44,000 for costs that were less than originally estimated.

On January 4, 2008, the Company announced a restructuring plan to close the Company's Elysburg, Pennsylvania production facilities and its Troy, Pennsylvania distribution facility. This restructuring was undertaken as the Company has increasingly shifted from domestically manufactured to foreign sourced boxed greeting cards and gift tags. Under the restructuring plan, both facilities were closed as of March 31, 2008. As part of the restructuring plan, the Company recorded a restructuring reserve of $628,000, including severance related to 75 employees. Also, in connection with the restructuring plan, the Company recorded an impairment of property, plant and equipment at the affected facilities of $1,222,000, which was included in restructuring expenses in the fourth quarter of fiscal 2008. During the quarter ended December 31, 2008, the Company sold two facilities associated with this restructuring program and recognized a gain of $761,000 related to this sale of assets. During fiscal 2009, there was an increase in the restructuring reserve in the amount of $426,000 primarily related to the ratable recognition of retention bonuses for employees providing service until their termination date. During the year ended March 31, 2010, the Company made payments of $55,000 for costs related to severance.

Selected information relating to the fiscal 2008 restructuring follows (in thousands):

	Termination Costs	Other Costs	Total
Restructuring reserve as of March 31, 2008	$ 309	$ 10	$ 319
Cash paid — fiscal 2009	(690)	—	(690)
Charges to expense — fiscal 2009	436	(10)	426
Restructuring reserve as of March 31, 2009	55	—	55
Cash paid — fiscal 2010	(55)	—	(55)
Restructuring reserve as of March 31, 2010	$ —	$ —	$ —

(5) TREASURY STOCK TRANSACTIONS

Under stock repurchase programs authorized by the Company's Board of Directors, the Company repurchased 687,000 shares of the Company's common stock for $16,687,000 in fiscal 2009 and 747,424 shares of the Company's common stock for $25,449,000 in fiscal 2008. There were no repurchases of the Company's common stock by the Company during fiscal 2010. As of March 31, 2010, the Company had 313,000 shares remaining available for repurchase under the Board's authorization.

(6) SHARE-BASED PLANS

Under the terms of the 2004 Equity Compensation Plan ("2004 Plan"), the Human Resources Committee ("Committee") of the Board of Directors may grant incentive stock options, non-qualified stock options, restricted stock grants, stock appreciation rights, stock bonuses and other awards to officers and other employees. Grants under the 2004 Plan may be made through August 3, 2014. The term of each grant is at the discretion of the Committee, but in no event greater than ten years from the date of grant. The Committee has discretion to determine the date or dates on which granted options become exercisable. All options outstanding as of March 31, 2010 become exercisable at the rate of 25% per year commencing one year after the date of grant. Outstanding performance-vested restricted stock units ("RSUs") vest on the third anniversary of the date on which the award was granted, provided that certain performance metrics have been met during the performance period, and outstanding time-vested RSUs vest at the rate of 50% of the shares underlying the grant on each of the third and fourth anniversaries of the date on which the award was granted. At March 31, 2010, 1,118,669 shares were available for grant under the 2004 Plan.

Under the terms of the CSS Industries, Inc. 2006 Stock Option Plan for Non-Employee Directors ("2006 Plan"), non-qualified stock options to purchase up to 200,000 shares of common stock are available for grant to non-employee directors at exercise prices of not less than the fair market value of the underlying common stock on the date of grant. Under the 2006 Plan, options to purchase 4,000 shares of the Company's common stock are granted automatically to each non-employee director on the last day that the Company's common stock is traded in November from 2006 to 2010. Each option will expire five years after the date the option is granted and commencing one year after the date of grant, options begin vesting and are excisable at the rate of 25% per year. At March 31, 2010, 108,000 shares were available for grant under the 2006 Plan.

The Company uses the modified prospective transition method to account for its share-based compensation. Under that transition method, stock compensation cost recognized in fiscal 2010, 2009 and 2008 includes: (a) compensation cost for all share-based payments granted prior to, but not vested as of April 1, 2006, based on the estimated grant date fair value (b) compensation cost for all share-based payments granted subsequent to April 1, 2006, based on the grant date fair value, and (c) compensation cost for all share-based payments modified, repurchased, or cancelled subsequent to April 1, 2006. Compensation cost is recognized on a straight-line basis over the vesting period during which employees perform related services.

Stock Options

Compensation cost related to stock options recognized in operating results (included in selling, general and administrative expenses) was $1,797,000, $2,460,000 and $2,830,000 in the years ended March 31, 2010, 2009 and 2008, respectively, and the associated future income tax benefit recognized was $653,000, $843,000 and $775,000 in the years ended March 31, 2010, 2009 and 2008, respectively.

The Company issues treasury shares for stock option exercises. The cash flows resulting from the tax benefits from tax deductions in excess of the compensation cost recognized for those share awards (referred to as excess tax benefits) were presented as financing cash flows in the consolidated statements of cash flows.

Activity and related information pertaining to stock options for the years ended March 31, 2010, 2009 and 2008 was as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at April 1, 2007	1,508,110	$ 26.94		
Granted	234,000	34.41		
Exercised	(175,245)	24.17		
Forfeited/cancelled	(43,775)	29.14		
Outstanding at March 31, 2008	1,523,090	28.34		
Granted	98,000	24.00		
Exercised	(29,622)	18.27		
Forfeited/cancelled	(145,270)	28.82		
Outstanding at March 31, 2009	1,446,198	28.20		
Granted	96,210	20.15		
Exercised	(123,783)	15.55		
Forfeited/cancelled	(296,962)	31.77		
Outstanding at March 31, 2010	1,121,663	$ 27.96	2.2 years	$ 772,000
Exercisable at March 31, 2010	819,283	$ 28.27	1.7 years	$ 649,000

Expected volatilities are based on historical volatility of the Company's common stock. The expected life of the option is estimated using historical data pertaining to option exercises and employee terminations. The risk-free interest rate is based on U.S. Treasury yields in effect at the time of grant.

The fair value of each stock option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following average assumptions:

	For the Years Ended March 31,		
	2010	2009	2008
Expected dividend yield at time of grant	2.98%	2.64%	1.64%
Expected stock price volatility	54%	38%	30%
Risk-free interest rate	2.92%	2.96%	4.20%
Expected life of option (in years)	4.2	4.3	4.3

The weighted average fair value of options granted during fiscal 2010, 2009 and 2008 was $7.40, $6.77, and $9.30 per share, respectively. The total intrinsic value of options exercised during the years ended March 31, 2010, 2009 and 2008 was $611,000, $252,000, and $2,512,000, respectively.

As of March 31, 2010, there was $1,755,000 of total unrecognized compensation cost related to non-vested stock option awards granted under the Company's equity incentive plans which is expected to be recognized over a weighted average period of 2.2 years.

Restricted Stock Units

Compensation cost related to time-vested RSUs recognized in operating results (included in selling, general and administrative expenses) was $526,000 and $172,000 in the years ended March 31, 2010 and 2009, respectively, and the associated future income tax benefit recognized was $191,000 and $60,000 in the years ended March 31, 2010 and 2009, respectively. For the performance-based RSUs that were issued in the first quarter of fiscal 2009, there was no compensation cost recognized in the year ended March 31, 2009 as it was subsequently determined in the third quarter of fiscal 2009 that the performance measures associated with these RSUs were improbable of achievement. There were no issuances of performance-based RSUs prior to fiscal 2009 and none were issued in fiscal 2010. All RSUs granted during fiscal 2010 were subject solely to service-based vesting conditions.

Activity and related information pertaining to RSUs for the years ended March 31, 2010 and 2009 was as follows:

	Number of RSUs	Weighted Average Fair Value	Weighted Average Contractual Life
Outstanding at April 1, 2008	—	$ —	
Granted	58,150	25.70	
Exercised	—	—	
Forfeited/cancelled	(9,800)	26.02	
Outstanding at March 31, 2009	48,350	25.63	
Granted	98,760	16.70	
Exercised	—	—	
Forfeited/cancelled	(18,940)	20.41	
Outstanding at March 31, 2010	128,170	$ 19.52	4.7 years

The fair value of each RSU granted was estimated on the day of grant based on the closing price of the Company's common stock reduced by the present value of the expected dividend stream during the vesting period using the risk-free interest rate.

As of March 31, 2010, there was $1,397,000 of total unrecognized compensation cost related to non-vested RSUs granted under the Company's equity incentive plans which is expected to be recognized over a weighted average period of 2.5 years.

(7) RETIREMENT BENEFIT PLANS

Profit Sharing Plans

The Company and its subsidiaries maintain defined contribution profit sharing and 401(k) plans covering substantially all of their employees as of March 31, 2010. Annual contributions under the plans are determined by the Board of Directors of the Company or each subsidiary, as appropriate. Consolidated expense related to the plans for the years ended March 31, 2010, 2009 and 2008 was $112,000, $128,000 and $2,884,000, respectively.

Postretirement Medical Plan

The Company's Cleo subsidiary administers a postretirement medical plan covering certain persons who were employees or former employees of Crystal at the time of Cleo's acquisition of Crystal in October 2002. The plan is unfunded and was frozen to new participants prior to Crystal's acquisition by the Company.

The following table provides a reconciliation of the benefit obligation for the postretirement medical plan (in thousands):

	2010	2009
Benefit obligation at beginning of year	$ 1,022	$ 1,037
Interest cost	62	60
Actuarial gain	(8)	(7)
Benefits paid	(80)	(68)
Benefit obligation recognized in the consolidated balance sheet	$ 996	$ 1,022

The net loss recognized in accumulated other comprehensive loss at March 31, 2010 was $78,000, net of tax, and the actuarial loss expected to be amortized from accumulated other comprehensive loss into net periodic benefit cost during fiscal 2011 is approximately $2,000.

The assumptions used to develop the net periodic benefit cost and benefit obligation for the postretirement medical plan as of and for the years ended March 31, 2010, 2009 and 2008 were a discount rate of 6% (6.25% for 2009 and 6% for 2008) and assumed health care cost trend rates of 13% (14% for 2009 and 15% for 2008) trending down to an ultimate rate of 5% in 2018.

Net periodic pension and postretirement medical costs were $62,000, $60,000 and $48,000 for the years ended March 31, 2010, 2009 and 2008, respectively.

(8) INCOME TAXES

(Loss) income from operations before income tax (benefit) expense was as follows (in thousands):

	For the Years Ended March 31,		
	2010	2009	2008
United States	$ (41,157)	$ 18,478	$ 22,281
Foreign	10,170	7,412	16,552
	$ (30,987)	$ 25,890	$ 38,833

The following table summarizes the provision for U.S. federal, state and foreign taxes on (loss) income (in thousands):

	For the Years Ended March 31,		
	2010	2009	2008
Current:			
Federal	$ 1,099	$ 4,451	$ 8,147
State	29	(14)	(311)
Foreign	1,678	1,223	3,017
	2,806	5,660	10,853
Deferred:			
Federal	(9,439)	2,994	2,344
State	(615)	250	278
	(10,054)	3,244	2,622
	$ (7,248)	$ 8,904	$ 13,475

The differences between the statutory and effective federal income tax rates on (loss) income before income taxes were as follows:

	For the Years Ended March 31,		
	2010	2009	2008
U.S. federal statutory rate	35.0%	35.0%	35.0%
State income taxes, less federal benefit	.4	1.3	.8
Tax exempt interest income	—	(.1)	(.7)
Changes in tax reserves and valuation allowance	.5	(1.4)	.1
Nondeductible goodwill	(13.6)	—	—
Other, net	1.1	(.4)	(.5)
	23.4%	34.4%	34.7%

The Company receives distributions from its foreign operations and, therefore, does not assume that the income from operations of its foreign subsidiaries will be permanently reinvested.

Income tax benefits related to the exercise of stock options reduced current taxes payable and increased additional paid-in capital by $159,000 in fiscal 2010, $31,000 in fiscal 2009 and $640,000 in fiscal 2008.

Deferred taxes are recorded based upon differences between the financial statement and tax bases of assets and liabilities and available net operating loss and credit carryforwards. The following temporary differences gave rise to net deferred income tax assets (liabilities) as of March 31, 2010 and 2009 (in thousands):

	March 31, 2010	March 31, 2009
Deferred income tax assets:		
Accounts receivable	$ 229	$ 225
Inventories	4,155	3,947
Accrued expenses	3,316	3,434
State net operating loss and credit carryforwards	5,583	5,217
Share-based compensation	3,746	2,326
Intangibles	7,061	—
	24,090	15,149
Valuation allowance	(6,325)	(5,217)
	17,765	9,932
Deferred income tax liabilities:		
Property, plant and equipment	3,257	2,302
Intangibles	—	3,219
Unremitted earnings of foreign subsidiaries	2,538	2,211
Other	366	650
	6,161	8,382
Net deferred income tax asset	$ 11,604	$ 1,550

At March 31, 2010 and 2009, the Company had potential state income tax benefits of $6,325,000 (net of federal tax of $3,406,000) and $5,217,000 (net of federal tax of $2,809,000), respectively, from state deferred tax assets and state net operating loss carryforwards that expire in various years through 2030. These benefits were fully offset by a valuation allowance as the Company believes it is more likely than not that the deferred tax assets will not be realized through future taxable earnings or implementation of tax planning strategies.

Uncertain tax positions are recognized and measured under provisions in ASC 740. These provisions require that the Company recognize in its consolidated financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based solely on the technical merits of the position. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows (in thousands):

	March 31, 2010	March 31, 2009
Gross unrecognized tax benefits at April 1	$ 1,245	$ 1,987
Additions based on tax positions related to the current year	205	119
Additions for tax positions of prior years	—	85
Reductions for tax positions of prior years	—	(115)
Reductions relating to settlements with taxing authorities	(13)	(460)
Reductions as a result of a lapse of the applicable statute of limitations	(392)	(371)
Gross unrecognized tax benefits at March 31	$ 1,045	$ 1,245

The total amount of gross unrecognized tax benefits at March 31, 2010 of $1,045,000 was classified in other long-term obligations in the accompanying consolidated balance sheet and the amount that would favorably affect the effective tax rate in future periods, if recognized, is $705,000. The Company does not anticipate any significant changes to the amount of gross unrecognized tax benefits in the next 12 months.

Consistent with the Company's historical financial reporting, the Company recognizes potential accrued interest and/or penalties related to unrecognized tax benefits in income tax expense in the consolidated statements of operations. Approximately $265,000 of interest and penalties are accrued at March 31, 2010, $72,000 of which was recorded during the current year.

The Company is subject to U.S. federal income tax as well as income tax in multiple state and foreign jurisdictions. The Company's March 31, 2005 through March 31, 2007 federal tax returns were examined and settled with the Internal Revenue Service after minor adjustments. State and foreign income tax returns remain open back to March 31, 2004 in major jurisdictions in which the Company operates.

(9) LONG-TERM DEBT AND CREDIT ARRANGEMENTS

Long-term debt consisted of the following (in thousands):

	March 31,	
	2010	2009
4.48% Senior Notes due December 13, 2009	$ —	$ 10,000
Other	547	964
	547	10,964
Less — current portion	(481)	(10,479)
	$ 66	$ 485

On December 13, 2002, the Company issued $50,000,000 of 4.48% Senior Notes due December 13, 2009 (the "Senior Notes"). The Senior Notes were payable ratably over five years, beginning at the end of the third year of the seven year term of the agreement. The Company made its final repayment of Senior Notes in December 2009.

On November 21, 2008, the Company replaced its $50,000,000 revolving credit facility, which was due to expire on April 23, 2009, with a new $110,000,000 revolving credit facility with four banks. This facility expires on November 20, 2011. The loan agreement contains provisions to increase or reduce the interest pricing spread based on a measure of the Company's leverage. At the Company's option, interest on the facility currently accrues at (a) the one-, two-, three- or six-month London Interbank Offered Rate ("LIBOR") plus 1.25% or (b) the greater of (1) the prime rate (2) the federal funds open rate plus 0.5%, and (3) the daily LIBOR plus 1.25%. The revolving credit facility provides for commitment fees of 0.3% per annum on the daily average of the unused commitment, subject to adjustment based on a measure of the Company's leverage. The loan agreement also contains covenants, the most restrictive of which pertain to the ratio of operating cash flow to fixed charges, the ratio of debt to operating cash flow and limitations on capital expenditures. As of March 31, 2010, there were no amounts outstanding under this revolving credit facility and there was $1,200,000 outstanding as of March 31, 2009. The Company is in compliance with all financial debt covenants as of March 31, 2010.

On November 21, 2008, the Company also entered into an amendment to decrease its existing $100,000,000 accounts receivable facility to $75,000,000. As of March 31, 2010, this facility had an expiration date of May 7, 2010, subject to earlier termination in the event of termination of the commitments of the back-up purchasers. The agreement permits the sale (and repurchase) of an undivided interest in an accounts receivable pool. Reflecting the seasonality of the Company's business, the facility had a funding limit of $75,000,000 from May 2009 until January 2010, and it has had a funding limit of $25,000,000 since February 1, 2010. Under this arrangement, the Company sells, on an ongoing basis and without recourse, its trade accounts receivable to a wholly-owned special purpose subsidiary (the "SPS"), which in turn has the option to sell, on an ongoing basis and without recourse, to a commercial paper issuer an undivided percentage interest in the pool of accounts receivable. Under the agreement, new trade receivables are automatically sold to the SPS and become a part of the receivables pool. Financing costs for amounts funded under this facility are based on a variable commercial paper rate plus 1.5% and commitment fees of 0.5% per annum on the unused commitment are also payable under the facility. In addition, if the daily amount outstanding is less than 50% of the seasonally adjusted funding limit, an additional commitment fee of 0.25% per annum will also be payable under the facility. As of March 31, 2010, there were no amounts outstanding under this arrangement and $2,950,000 outstanding as of March 31, 2009.

Subsequent to year end, the Company entered into an extension of the aforementioned accounts receivable securitization facility through July 6, 2010, although it may terminate prior to such date in the event of termination of the commitments of the facility's back-up purchasers. As extended, the facility continues to have a $25,000,000 funding limit.

The weighted average interest rate under the revolving credit facilities for the years ended March 31, 2010, 2009 and 2008, was 4.12%, 4.07% and 7.43%, respectively. The average and peak borrowings were $40,889,000 and $97,140,000, respectively for the year ended March 31, 2010, and $50,372,000 and $129,230,000, respectively, for the year ended March 31, 2009. Additionally, outstanding letters of credit under the revolving credit facilities totaled $3,336,000 at March 31, 2010 and $4,100,000 at March 31, 2009. These letters of credit guarantee funding of workers compensation claims and guarantee the funding of obligations to a certain vendor.

The Company leases certain computer equipment and trucks under capital leases. The future minimum annual lease payments, including interest, associated with the capital lease obligations are as follows (in thousands):

2011	$436
2012	67
Total minimum lease obligations	503
Less amount representing interest	(7)
Present value of future minimum lease obligations	$496

The Company also has a note payable due to the seller of an acquired business of approximately $51,000 and $100,000 at March 31, 2010 and 2009, respectively.

Long-term debt, including capital lease obligations, matures as follows (in thousands):

2011	$481
2012	66
Total	$547

(10) OPERATING LEASES

The Company maintains various lease arrangements for property and equipment. The future minimum rental payments associated with all noncancelable lease obligations are as follows (in thousands):

2011	$ 8,461
2012	5,125
2013	3,375
2014	2,468
2015	2,160
Thereafter	2,397
Total	$ 23,986

Rent expense was $9,509,000, $10,229,000 and $8,405,000 for the years ended March 31, 2010, 2009 and 2008, respectively.

(11) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses certain derivative financial instruments as part of its risk management strategy to reduce foreign currency risk. The Company recognizes all derivatives on the consolidated balance sheet at fair value based on quotes obtained from financial institutions. There were no foreign currency contracts outstanding as of March 31, 2010 and 2009.

The Company maintains a Nonqualified Supplemental Executive Retirement Plan for highly compensated employees and invests assets to mirror the obligations under this Plan. The invested funds are maintained at a third party financial institution in the name of CSS and are invested in publicly traded mutual funds. The Company maintains separate accounts for each participant to reflect deferred contribution amounts and the related gains or losses on such deferred amounts. The investments are included in other current assets and the related liability is recorded as deferred compensation and included in other long-term obligations in the consolidated balance sheets. The fair value of the investments is based on the market price of the mutual funds as of March 31, 2010 and 2009.

The Company maintains two life insurance policies in connection with deferred compensation arrangements with two former executives. The cash surrender value of the policies is recorded in other long-term assets in the consolidated balance sheets and is based on quotes obtained from the insurance company as of March 31, 2010 and 2009.

To increase consistency and comparability in fair value measurements, the Financial Accounting Standards Board ("FASB") established a fair value hierarchy that prioritizes the inputs to valuation techniques, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial assets and liabilities fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The Company's recurring assets and liabilities recorded on the consolidated balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 — Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company has the ability to access.

Level 2 — Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Examples of Level 2 inputs included quoted prices for identical or similar assets or liabilities in non-active markets and pricing models whose inputs are observable for substantially the full term of the asset or liability.

Level 3 — Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The following table presents the Company's fair value hierarchy for those financial assets and liabilities measured at fair value on a recurring basis in its consolidated balance sheet as of March 31, 2010 and 2009.

	March 31, 2010	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In thousands)		
Assets				
Marketable securities	$ 821	$ 821	$ —	$ —
Cash surrender value of life insurance policies	863	—	863	—
Total assets	$ 1,684	$ 821	$ 863	$ —
Liabilities				
Deferred compensation plans	$ 821	$ 821	$ —	$ —
Total liabilities	$ 821	$ 821	$ —	$ —

	March 31, 2009	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In thousands)		
Assets				
Marketable securities	$ 628	$ 628	$ —	$ —
Cash surrender value of life insurance policies	837	—	837	—
Total assets	$ 1,465	$ 628	$ 837	$ —
Liabilities				
Deferred compensation plans	$ 628	$ 628	$ —	$ —
Total liabilities	$ 628	$ 628	$ —	$ —

Cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are reflected at carrying value in the consolidated balance sheets as such amounts are a reasonable estimate of their fair values due to the short-term nature of these instruments.

The fair value of long-term debt instruments is estimated using a discounted cash flow analysis. As of March 31, 2010, the carrying amount and estimated fair value of long-term debt was $547,000. As of March 31, 2009, the carrying amount of long-term debt was $10,964,000 and the fair value was estimated to be $10,950,000.

(12) COMMITMENTS AND CONTINGENCIES

CSS and its subsidiaries are involved in ordinary, routine legal proceedings that are not considered by management to be material. In the opinion of Company counsel and management, the ultimate liabilities resulting from such legal proceedings will not materially affect the consolidated financial position of the Company or its results of operations or cash flows.

(13) SEGMENT DISCLOSURE

The Company operates in a single reporting segment, the design, manufacture, procurement, distribution and sale of non-durable all occasion and seasonal social expression products, primarily to mass market retailers in the United States and Canada.

The Company's detail of revenues from its various products is as follows (in thousands):

	For the Years Ended March 31,		
	2010	2009	2008
Christmas	$ 206,641	$ 242,127	$ 285,848
All occasion	182,191	179,479	151,410
Other seasonal	59,618	60,818	60,995
Total	$ 448,450	$ 482,424	$ 498,253

One customer accounted for sales of $115,511,000, or 26% of total sales in fiscal 2010, $127,894,000, or 27% of total sales in fiscal 2009 and $133,456,000, or 27% of total sales in fiscal 2008. One other customer accounted for sales of $46,973,000, or 10% of total sales in fiscal 2010, $47,437,000, or 10% of total sales in fiscal 2009 and $59,907,000, or 12% of total sales in fiscal 2008.

(14) RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Standards Codification

In June 2009, the FASB issued authoritative guidance which replaced the previous hierarchy of Generally Accepted Accounting Principles ("GAAP") and establishes the FASB Codification as the single source of authoritative GAAP recognized by the FASB to be applied to nongovernmental entities and rules and interpretive releases of the SEC as authoritative GAAP for SEC registrants. The FASB Codification superseded all the existing non-SEC accounting and reporting standards upon its effective date, and on and after its effective date, the FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. This guidance was effective for the Company in the second quarter of fiscal 2010. The adoption of this guidance did not have an impact on the Company's financial position or results of operations.

Subsequent Events

In May 2009, the FASB issued authoritative guidance which establishes general standards of accounting for, and disclosure of, events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. This guidance was effective for the Company as of June 30, 2009. The adoption of this guidance did not have an impact on the Company's financial position or results of operations. The Company evaluated subsequent events through the date the accompanying consolidated financial statements were issued.

Fair Value of Financial Instruments Disclosure

In April 2009, the FASB revised the authoritative guidance which requires disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. The Company adopted the updated guidance effective June 30, 2009. Other than the required disclosures (see Note 11), the adoption of the updated guidance has no impact on the Company's consolidated financial statements.

In January 2010, the FASB issued authoritative guidance which requires separate disclosure of significant transfers in and out of Level 1 and Level 2 fair value measurements in addition to the presentation of purchases, sales, issuances and settlements for Level 3 fair value measurements. It also clarifies existing disclosures about the level of disaggregation and inputs and valuation techniques. The new disclosure requirements are effective for interim and annual periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements of Level 3 fair value measurements. Those disclosures are effective for interim and annual periods beginning after December 15, 2010. The adoption of the updated guidance had no impact on the Company's consolidated financial statements.

Business Combinations

In December 2007, the FASB revised the authoritative guidance for business combinations which retains the purchase method of accounting for acquisitions, but requires a number of changes, including changes in the way assets and liabilities are recognized in the purchase accounting method. It also changes the recognition of assets acquired and liabilities assumed arising from contingencies, requires the capitalization of in-process research and development at fair value, and requires the expensing of acquisition-related costs as incurred.

In April 2009, the FASB revised the authoritative guidance related to the initial recognition and measurement, subsequent measurement and accounting, and disclosures for assets and liabilities arising from contingencies in business combinations. This guidance became effective for all business acquisitions occurring on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company adopted the updated guidance for business combinations with an acquisition date on or after April 1, 2009.

(15) QUARTERLY FINANCIAL DATA (UNAUDITED)

2010	Quarters			
	First	Second	Third	Fourth
	(In thousands, except per share amounts)			
Net sales	$ 53,677	$ 160,273	$ 182,230	$ 52,270
Gross profit	$ 14,612	$ 40,643	$ 45,569	$ 9,774
Net (loss) income	$ (4,490)	$ 8,892	$ 12,700	$ (40,841)
Net (loss) income per common share:				
Basic(1)	$ (.47)	$ .92	$ 1.32	$ (4.22)
Diluted(1)	$ (.47)	$ .92	$ 1.31	$ (4.22)

2009	Quarters			
	First	Second	Third	Fourth
	(In thousands, except per share amounts)			
Net sales	$ 54,647	$ 174,161	$ 197,122	$ 56,494
Gross profit	$ 16,934	$ 44,707	$ 49,155	$ 15,513
Net (loss) income	$ (4,496)	$ 10,504	$ 16,412	$ (5,434)
Net (loss) income per common share:				
Basic(1)	$ (.44)	$ 1.05	$ 1.69	$ (.57)
Diluted(1)	$ (.44)	$ 1.03	$ 1.68	$ (.57)

CSS INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(1) Net (loss) income per common share amounts for each quarter are required to be computed independently and may not equal the amount computed for the total year.

Fourth quarter of fiscal 2010 net loss included a charge of $32,623,000 related to the impairment of goodwill and other intangible assets as further described in Note 3 to the consolidated financial statements.

Fourth quarter of fiscal 2009 net loss included expenses of $666,000 related to a workforce reduction as further described in Note 4 to the consolidated financial statements.

The seasonal nature of CSS' business has historically resulted in comparatively lower sales and operating losses in the first and fourth quarters and comparatively higher sales levels and operating profits in the second and third quarters of the Company's fiscal year, thereby causing significant fluctuations in the quarterly results of operations of the Company.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

Item 9A. ***Controls and Procedures.***

(a) Evaluation of Disclosure Controls and Procedures.

The Company's management, with the participation of the Company's President and Chief Executive Officer and Vice President — Finance and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Securities Exchange Act of 1934 ("Exchange Act") Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this report as required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15. Based upon that evaluation, the President and Chief Executive Officer and Vice President — Finance and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and procedures.

(b) Management's Report on Internal Control over Financial Reporting.

Management is responsible for establishing and maintaining adequate internal control over financial reporting of the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of March 31, 2010. Management's assessment of the effectiveness of the Company's internal control over financial reporting as of March 31, 2010 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which is included herein.

(c) Changes in Internal Control over Financial Reporting.

There was no change in the Company's internal control over financial reporting that occurred during the fourth quarter of fiscal year 2010 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(d) Report of Independent Registered Public Accounting Firm.

The Board of Directors and Stockholders of
CSS Industries, Inc.:

We have audited CSS Industries, Inc.'s internal control over financial reporting as of March 31, 2010, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). CSS Industries Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, CSS Industries, Inc. maintained, in all material respects, effective internal control over financial reporting as of March 31, 2010, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of CSS Industries, Inc. and subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations and comprehensive (loss) income, stockholders' equity and cash flows for each of the years in the three-year period ended March 31, 2010, and our report dated May 28, 2010 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

May 28, 2010
Philadelphia, PA

Item 9B. ***Other Information.***

None.

Part III

Item 10. ***Directors, Executive Officers and Corporate Governance.***

See “Election of Directors,” “Our Executive Officers,” “Section 16(a) Beneficial Ownership Reporting Compliance,” “Code of Ethics and Internal Disclosure Procedures (Employees) and Code of Business Conduct and Ethics (Board),” “Board Committees; Committee Membership; Committee Meetings” and “Audit Committee” in the Proxy Statement for the 2010 Annual Meeting of Stockholders of the Company, which is incorporated herein by reference.

Item 11. ***Executive Compensation.***

See “Compensation Discussion and Analysis,” “Executive Compensation,” “Human Resources Committee Interlocks and Insider Participation,” “Director Compensation” and “Human Resources Committee Report” in the Proxy Statement for the 2010 Annual Meeting of Stockholders of the Company, which is incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

See “Ownership of CSS Common Stock” and “Securities Authorized for Issuance Under CSS’ Equity Compensation Plans” in the Proxy Statement for the 2010 Annual Meeting of Stockholders of the Company, which is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence.***

See “Board Independence” and “Related Party Transactions” in the Proxy Statement for the 2010 Annual Meeting of Stockholders of the Company, which is incorporated herein by reference.

Item 14. ***Principal Accounting Fees and Services.***

See “Audit Committee” and “Our Independent Registered Public Accounting Firm, Their Fees and Their Attendance at the Annual Meeting” in the Proxy Statement for the 2010 Annual Meeting of Stockholders of the Company, which is incorporated herein by reference.

Part IV

Item 15. ***Exhibits, Financial Statement Schedules.***

(a) Following is a list of documents filed as part of this report:

1. Financial Statements

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets — March 31, 2010 and 2009

Consolidated Statements of Operations and Comprehensive (Loss) Income — for the years ended March 31, 2010, 2009 and 2008

Consolidated Statements of Cash Flows — for the years ended March 31, 2010, 2009 and 2008

Consolidated Statements of Stockholders' Equity — for the years ended March 31, 2010, 2009 and 2008

Notes to Consolidated Financial Statements

2. Financial Statement Schedules

Schedule II — Valuation and Qualifying Accounts

3. Exhibits required by Item 601 of Regulation S-K, Including Those Incorporated by Reference

Articles of Incorporation and By-Laws

3.1	Restated Certificate of Incorporation filed December 5, 1990 (incorporated by reference to Exhibit 3.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2006).
3.2	Amendment to Restated Certificate of Incorporation filed May 8, 1992 (incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2006).
3.3	Certificate eliminating Class 2, Series A, $1.35 Preferred stock filed September 27, 1991 (incorporated by reference to Exhibit 3.3 to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2006).
3.4	Certificate eliminating Class 1, Series B, Convertible Preferred Stock filed January 28, 1993 (incorporated by reference to Exhibit 3.4 to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2006).
3.5	Amendment to Restated Certificate of Incorporation filed August 4, 2004 (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q dated November 8, 2004).
3.6	Restated Certificate of Incorporation, as amended to date (as last amended August 4, 2004) (incorporated by reference to Exhibit 3.2 to the Registrant's Quarterly Report on Form 10-Q dated November 8, 2004).
3.7	By-laws of the Company, as amended to date (as last amended August 2, 2007) (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q dated October 25, 2007).

Material Contracts

10.1	Receivables Purchase Agreement among CSS Funding LLC, CSS Industries, Inc., Market Street Funding Corporation and PNC Bank, National Association, dated as of April 30, 2001 (incorporated by reference to Exhibit 10.9 to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended March 31, 2002).
10.2	Purchase and Sale Agreement between Various Entities Listed on Schedule I, as the Originators, CSS Industries, Inc. and CSS Funding LLC, dated as of April 30, 2001 (incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended March 31, 2002).
10.3	First Amendment to Receivables Purchase Agreement dated as of August 24, 2001 (incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended March 31, 2002).
10.4	First Amendment to Purchase and Sale Agreement dated as of August 24, 2001 (incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended March 31, 2002).

10.5	Second Amendment to Purchase and Sale Agreement dated as of July 29, 2003 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q dated November 8, 2004).
10.6	Third Amendment to Purchase and Sale Agreement dated June 1, 2004 (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q dated November 8, 2004).
10.7	Second Amendment to Receivables Purchase Agreement dated as of July 29, 2003 (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q dated November 8, 2004).
10.8	Third Amendment to Receivables Purchase Agreement dated as of April 26, 2004 (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q dated November 8, 2004).
10.9	Fourth Amendment to Receivables Purchase Agreement dated June 1, 2004 (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q dated November 8, 2004).
10.10	Fifth Amendment to Receivables Purchase Agreement dated as of August 1, 2007 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q dated January 31, 2008).
10.11	Second Amendment dated March 25, 2009 to Note Purchase Agreement dated December 12, 2002 pertaining to $50,000,000 4.48% Senior Notes due December 13, 2009 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on March 31, 2009).
10.12	Asset Purchase Agreement dated August 1, 2008 among Granite Acquisition Corp., Lion Ribbon Company, Inc., Hampshire Paper Corp. and the Shareholders of Hampshire Paper Corp. (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q dated October 3, 2008).
10.13	Second Amended and Restated Loan Agreement dated November 21, 2008 among CSS Industries, Inc., the lenders party thereto and PNC Bank, National Association, as Administrative agent for the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated November 21, 2008).
10.14	Sixth Amendment to Receivables Purchase Agreement dated November 21, 2008 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q dated February 5, 2009).
10.15	Seventh Amendment dated May 8, 2009 to Receivables Purchase Agreement dated April 30, 2001 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on May 14, 2009).
*10.16	First Amendment to Loan Agreement dated March 23, 2010 to Second Amended and Restated Loan Agreement dated November 21, 2008.
10.17	Eighth Amendment to Receivables Purchase Agreement dated May 7, 2010 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on May 12, 2010.)

Management Contracts, Compensatory Plans or Arrangements

10.18	CSS Industries, Inc. 1995 Stock Option Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996).
10.19	CSS Industries, Inc. 2000 Stock Option Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.14 to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended March 31, 2002).
10.20	CSS Industries, Inc. 1994 Equity Compensation Plan (as last amended August 7, 2002) (incorporated by reference to Exhibit 10.29 to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2004).
10.21	Employment Agreement dated as of May 12, 2006 between CSS Industries, Inc. and Christopher J. Munyan (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q dated August 9, 2006).
10.22	CSS Industries, Inc. 2006 Stock Option Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.34 to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2007).
10.23	CSS Industries, Inc. Management Incentive Program (as last amended June 3, 2008) (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on June 9, 2008).
*10.24	CSS Industries, Inc. FY2010 Management Incentive Program Criteria for CSS Industries, Inc.
*10.25	CSS Industries, Inc. FY2010 Management Incentive Program Criteria for BOC Design Group.
*10.26	CSS Industries, Inc. FY2010 Management Incentive Program Criteria for Paper Magic Group, Inc.

*10.27	CSS Industries, Inc. FY2010 Management Incentive Program Criteria for C.R. Gibson, LLC.
10.28	2004 Equity Compensation Plan (as last amended July 31, 2008) (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated July 31, 2008).
10.29	Employment Agreement dated as of July 25, 2008 between CSS Industries, Inc. and Paul Quick (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q dated October 30, 2008).
10.30	Amendment to Employment Agreement dated as of September 5, 2008 between CSS Industries, Inc. and Christopher J. Munyan (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q dated October 30, 2008).
10.31	Amendment dated December 26, 2008 to Employment Agreement between CSS Industries, Inc. and Christopher J. Munyan (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q dated February 5, 2009).
10.32	CSS Industries, Inc. Severance Pay Plan for Senior Management and Summary Plan Description (as last amended December 29, 2008) (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q dated February 5, 2009).
10.33	Nonqualified Supplemental Executive Retirement Plan Covering Officer-Employees of CSS Industries, Inc. and its Subsidiaries (Amended and Restated, Effective as of January 1, 2009) (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q dated February 5, 2009).
10.34	Amendment to Employment Agreement, dated as of May 27, 2009, between Paper Magic Group, Inc. and Paul Quick (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q dated August 4, 2009).
10.35	CSS Industries, Inc. Change of Control Severance Pay Plan for Executive Management effective May 27, 2009 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 2, 2009).
10.36	Form of Non-Qualified Stock Option Grant for grants under the CSS Industries, Inc. 2004 Equity Compensation Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on June 2, 2009).
10.37	Form of Stock Bonus Award Grant for time-vested restricted stock units under the CSS Industries, Inc. 2004 Equity Compensation Plan (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on June 2, 2009).
*10.38	Employment Agreement dated as of March 25, 2010 between CSS Industries, Inc. and Vincent A. Paccapaniccia.
*10.39	Separation Agreement and Release of Claims Agreement dated as of March 30, 2010 between CSS Industries, Inc. and Clifford E. Pietrafitta.
*10.40	Consulting Agreement dated as of April 15, 2010 between CSS Industries, Inc. and Clifford E. Pietrafitta.

Other

21.	List of Significant Subsidiaries of the Registrant (incorporated by reference to Exhibit 21 to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2008).
*23.	Consent of Independent Registered Public Accounting Firm.
*31.1	Certification of the Chief Executive Officer of CSS Industries, Inc. required by Rule 13a-14(a) under the Securities Exchange Act of 1934.
*31.2	Certification of the Chief Financial Officer of CSS Industries, Inc. required by Rule 13a-14(a) under the Securities Exchange Act of 1934.
*32.1	Certification of the Chief Executive Officer of CSS Industries, Inc. required by Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.
*32.2	Certification of the Chief Financial Officer of CSS Industries, Inc. required by Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.

* Filed or furnished with this Annual Report on Form 10-K.

CSS INDUSTRIES, INC. AND SUBSIDIARIES
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS

Column A	Column B	Column C		Column D	Column E
		Additions			
	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
			(In thousands)		
Year ended March 31, 2010					
Accounts receivable allowances	$ 5,166	$ 7,677	$ —	$ 8,101(a)	$ 4,742
Accrued restructuring expenses	1,070	—	—	1,070(b)	—
Year ended March 31, 2009					
Accounts receivable allowances	$ 5,291	$ 6,178	$ 39(c)	$ 6,342(a)	$ 5,166
Accrued restructuring expenses	319	1,747	—	996(d)	1,070
Year ended March 31, 2008					
Accounts receivable allowances	$ 4,850	$ 4,542	$ 997(e)	$ 5,098(a)	$ 5,291
Accrued restructuring expenses	1,456	628	—	1,765(b)	319

Notes:

(a) Includes amounts written off as uncollectible, net of recoveries.

(b) Includes payments and non cash reductions.

(c) Balance at acquisition of Hampshire Paper.

(d) Includes payments.

(e) Balance at acquisition of C.R. Gibson.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on behalf of the undersigned thereunto duly authorized.

CSS INDUSTRIES, INC.
Registrant

By /s/ Christopher J. Munyan
Christopher J. Munyan, President and
Chief Executive Officer
(principal executive officer)

Dated: May 28, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Christopher J. Munyan
Christopher J. Munyan, President and
Chief Executive Officer
(principal executive officer and a director)

Dated: May 28, 2010

/s/ Vincent A. Paccapaniccia
Vincent A. Paccapaniccia, Vice President — Finance and Chief Financial Officer
(principal financial and accounting officer)

Dated: May 28, 2010

/s/ Jack Farber
Jack Farber, Director

Dated: May 28, 2010

/s/ Scott A. Beaumont
Scott A. Beaumont, Director

Dated: May 28, 2010

/s/ James H. Bromley
James H. Bromley, Director

Dated: May 28, 2010

/s/ John J. Gavin
John J. Gavin, Director

Dated: May 28, 2010

/s/ Leonard E. Grossman
Leonard E. Grossman, Director

Dated: May 28, 2010

/s/ James E. Ksansnak
James E. Ksansnak, Director

Dated: May 28, 2010

/s/ Rebecca C. Matthias
Rebecca C. Matthias, Director

Dated: May 28, 2010

FIRST AMENDMENT TO LOAN AGREEMENT

THIS AMENDMENT OF LOAN AGREEMENT (this "Amendment") is made as of this **23rd** day of March, 2010, by and among CSS INDUSTRIES, INC. (the "Borrower"), the lenders from time to time parties to the Loan Agreement defined below (the "Lenders"), and PNC BANK, NATIONAL ASSOCIATION, as Administrative Agent (the "Administrative Agent") for the Lenders.

Background:

A. The Administrative Agent, the Lenders and the Borrower entered into a Second Amended and Restated Loan Agreement dated as of November 21, 2008 (as heretofore modified and amended, the "Loan Agreement"), pursuant to which the Lenders agreed to make Advances from time to time to the Borrower.

B. The Borrower has requested and the Administrative Agent and the Lenders have agreed to amend certain of the provisions in the Loan Agreement with respect to the Fixed Charge Coverage Ratio, all on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the legality and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Definitions. Capitalized terms used herein, including in the foregoing recitals, and not otherwise defined herein shall have the meanings assigned to them in the Loan Agreement.

2. Amendments to Loan Agreement. The Loan Agreement is hereby amended effective as of the date set forth above (the "Amendment Effective Date") as follows:

(a) The definition of "Fixed Charge Coverage Ratio" set forth in Section 1.1 is amended and restated to read in full as follows:

"'Fixed Charge Coverage Ratio': For any period, the ratio of (a) the Borrower's Consolidated EBITDA for such period to (b) the sum of the Borrower's (i) current portion of principal on all long-term Indebtedness (excluding the Revolving Credit and the NPA Final Payment) determined at the beginning of such period, plus (ii) Consolidated Interest Expense (including interest in respect of the Revolving Credit and discount payable in respect of the Accounts Receivable Securitization) for such period, plus (iii) Consolidated Tax Expense for such period, plus (iv) cash dividends paid by the Borrower to the holders of its Capital Stock during such period."

(b) The following new definition of "NPA Final Payment" is added to Section 1.1 in the appropriate alphabetical order:

"'NPA Final Payment': The final principal payment made by the Borrower as of December 13, 2009 on account of all its outstanding obligations to the Noteholders under the Note Purchase Agreement."

(c) Section 7.1 is amended and restated to read in full as follows:

"7.1 Fixed Charge Coverage Ratio. The Borrower shall have and maintain a Fixed Charge Coverage Ratio (measured on a rolling four quarter basis) of not less than (a) 1.25 to 1.00 when the aggregate amount of the current portion of principal payments on long-term Indebtedness (excluding the Revolving Credit and the NPA Final Payment) of the Borrower, on a consolidated basis, during such four quarter period then ending is equal to or greater than $1,000,000 and (b) 1.35 to 1.00 when the aggregate amount of the current portion of principal payments on long-term Indebtedness (excluding the Revolving Credit and the NPA Final Payment) of the Borrower, on a consolidated basis, during such four quarter period then ending is less than $1,000,000."

3. Amendment to the Loan Documents. All references to the Loan Agreement in the Loan Documents shall be deemed to refer to the Loan Agreement as amended hereby.

4. Ratification of the Loan Documents. Notwithstanding anything to the contrary herein contained or any claims of the parties to the contrary, the Administrative Agent, the Lenders and the Borrower agree that the Loan Documents are in full force and effect and each such document shall remain in full force and effect, as amended by this Amendment and the Borrower hereby ratifies and confirms its obligations thereunder.

5. Representations and Warranties.

(a) The Borrower hereby certifies that after giving effect to this Amendment, (i) the representations and warranties of the Borrower in the Loan Agreement are true and correct in all material respects as if made on the date hereof and (ii) no Event of Default and no event which could become an Event of Default with the passage of time or the giving of notice, or both, under the Loan Agreement or the other Loan Documents exists on the date hereof.

(b) The Borrower further represents that the Borrower has all the requisite power and authority to enter into and to perform its obligations under this Amendment, and that the execution, delivery and performance of this Amendment have been duly authorized by all requisite action and will not violate or constitute a default under any provision of any applicable law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect or of the Certificate of Incorporation, by-laws or other organizational documents of the Borrower, or of any indenture, note, loan or loan agreement, license or any other agreement, lease or instrument to which the Borrower is a party or by which the Borrower or any of its properties are bound.

(c) The Borrower also further represents that its obligations to repay the Advances, together with all interest accrued thereon, are absolute and unconditional, and there exists no right of set off or recoupment, counterclaim or defense of any nature whatsoever to payment of the Advances.

(d) The Borrower also further represents that there have been no changes to the Certificate of Incorporation, by-laws or other organizational documents of the Borrower since the most recent date true and correct copies thereof were delivered to the Administrative Agent.

6. Conditions Precedent. The amendments set forth herein shall be effective as of the Amendment Effective Date upon the fulfillment, to the satisfaction of the Administrative Agent and its counsel, of the following conditions precedent:

(a) The Borrower shall have delivered to the Administrative Agent the following, all of which shall be in form and substance satisfactory to the Administrative Agent and shall be duly completed and executed:

(i) counterparts of this Amendment executed by the Borrower and the Majority Lenders;

(ii) the Consent and Acknowledgment of Guarantors attached as Exhibit A hereto, executed by each Guarantor; and

(iii) such additional documents, certificates and information as the Administrative Agent may reasonably request.

(b) After giving effect to this Amendment, the representations and warranties set forth in the Loan Agreement shall be true and correct on and as of the date hereof.

(c) After giving effect to this Amendment, no Event of Default, and no event which, with the passage of time or the giving of notice, or both, would become such an Event of Default shall have occurred and be continuing as of the date hereof.

7. Miscellaneous

(a) To induce the Administrative Agent and the Lenders to enter into this Amendment, the Borrower and each Guarantors waive and releases and forever discharges the Administrative Agent and the Lenders and their respective officers, directors, attorneys, agents, and employees from any liability, damage, claim, loss or expense of any kind of which it has knowledge as of the date hereof against any of them arising out of or relating to the Loan Documents. The Borrower further agrees to indemnify and hold the Administrative Agent, the Lenders and their respective officers, directors, attorneys, agents and employees (collectively, the “Indemnitees”) harmless from any loss, damage, judgment, liability or expense (including reasonable attorneys’ fees), other than any such loss, damage judgment, liability or expense caused by the Indemnitee’s own willful misconduct or gross negligence, suffered by or rendered against any of them on account of any claims arising out of or relating to the Loan Documents.

The Borrower and each Guarantor further states that it has carefully read the foregoing release and indemnity, knows the contents thereof and grants the same as its own free act and deed.

(b) All terms, conditions, provisions and covenants in the Loan Documents and all other documents delivered to the Administrative Agent in connection therewith shall remain unaltered and in full force and effect except as modified or amended hereby. To the extent that any term or provision of this Amendment is or may be deemed expressly inconsistent with any term or provision in any Loan Document or any other document executed in connection therewith, the terms and provisions hereof shall control.

(c) This Amendment constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous understandings and agreements.

(d) In the event any provisions of this Amendment shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

(e) This Amendment shall be governed by and construed according to the laws of the Commonwealth of Pennsylvania.

(f) This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns and may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(g) The headings used in this Agreement are for convenience of reference only, do not form a part of this Amendment and shall not affect in any way the meaning or interpretation of this Amendment.

The Borrower expressly ratifies and confirms the waiver of jury trial provisions contained in the Loan Documents.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

CSS INDUSTRIES, INC.

By: /s/ Clifford E. Pietrafitta
Name: Clifford E. Pietrafitta
Title: Vice President — Finance

PNC BANK, NATIONAL ASSOCIATION,
as a Lender and as Administrative Agent

By: /s/ Meredith Jermann
Name: Meredith Jermann
Title: Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Stephen T. Dorosh
Name: Stephen T. Dorosh
Title: Vice President

CITIZENS BANK OF PENNSYLVANIA,
as a Lender

By: /s/ Jonathan H. Sprogell
Name: Jonathan H. Sprogell
Title: Senior Vice President

TD BANK, N.A., as a Lender

By: /s/ Robyn Zeller
Name: Robyn Zeller
Title: Senior Vice President

CSS INDUSTRIES, INC.

FY2010 Management Incentive Program Criteria

CSS Industries, Inc.

These FY2010 Management Incentive Program Criteria has been approved by the Human Resources Committee (the “Committee”) of the Board of Directors of CSS Industries, Inc. (“CSS” or the “Company”) in connection with the CSS Industries, Inc. Management Incentive Program (the “Program”). All defined terms used herein and not otherwise defined shall have the respective meanings set forth in the Program. These FY2010 Management Incentive Program Criteria are not intended in any way to alter, modify or supercede the terms of the Program, and reference should be made to such Program for a full description of the terms of the Program.

For CSS’ fiscal year ending March 31, 2010, these FY2010 Management Incentive Program Criteria shall apply solely to eligible Participants who are employed by the Company.

Notwithstanding any provision in this document or otherwise to the contrary, the Committee, in its sole discretion, reserves the right (a) to determine the eligibility requirements for participation in the Program; (b) to determine whether an employee satisfies the eligibility requirements for participation in the Program; (c) to award an Award, if any, to a Participant under the Program; (d) to deny payment of an Award to a Participant otherwise eligible under the terms of the Program or this document; (e) to make an Award, if any, to a Participant in a greater or lesser amount than provided for in the Program or this document; and/or (f) to make an Award, if any, in a manner or on a schedule other than as provided for in the Program or this document.

Participants

The Company’s employees eligible to be Participants under the Program are limited to the Company’s full-time employees having one or more of the job titles listed on Exhibit “A” attached hereto, which list may be modified from time to time, and at any time, at the sole discretion of the Committee upon the recommendation by the Company’s President. Notwithstanding any provision in this document or otherwise to the contrary, the Committee, in its sole discretion, reserves the right to change or modify the eligibility requirements for participation in the Program at any time and from time to time, and to determine whether an employee satisfies the eligibility requirements for participation in the Program. Any new or existing Company employee who becomes eligible for the first time to participate in the Program may, at the Company President’s sole discretion, be eligible to receive a bonus payment, if any, prorated for the months he or she is eligible to receive an Award under the Program; provided, however, that Committee approval shall be required for any Award under the Program to any newly eligible Company employee who is an executive officer of the Company or who has an annual base salary in excess of $200,000.

Participant Performance Criteria

For the Company’s fiscal year ending March 31, 2010, each Participant is eligible to receive an Award calculated using a base amount equal to such Participant’s Target Index Amount (as such term is defined below). Unless otherwise determined by the Committee, in its sole discretion, the Award is contingent upon the achievement by CSS of at least a minimum level of earnings per share (“EPS”) of CSS’ common stock, as determined by the Committee in its sole discretion. If a minimum level of EPS is not achieved, no Award will be paid. Any permitted adjustments to, or exclusions from, the determination of EPS shall be determined by the Committee, in its sole discretion, at the time that these FY2010 Management Incentive Program Criteria are approved by the Committee.

Target Index Amount

The "Target Index Amount" for each Participant is determined by multiplying (i) the Participant's guideline percentage (based upon the Participant's position and determined at the sole discretion of the Committee or, if not specifically determined by the Committee, at the sole discretion of the Company's President) by (ii) the Participant's base salary effective as of the later of April 1, 2009 or the date upon which such Participant becomes eligible to participate in the Program, as determined at the sole discretion of the Committee or, if not specifically determined by the Committee, at the sole discretion of the Company's President.

Example: a Participant has a base salary of $40,000 effective as of April 1, 2009 and has a guideline percentage of 15%.

Guideline Percentage	*	*Base Salary* as of *4/1/09*	=	*Target Index Amount*
15%	*	$40,000	=	$6,000

A Participant who changes job positions during the Fiscal Year (i.e., moves to a higher or lower job level that is an eligible position under the Program) will be eligible to receive an Award that is based upon the employee's annual salary and level in effect as of April 1, 2009, plus or minus any pro rata adjustment that is effective with the change in position.

Each Participant's Target Index Amount is not a guarantee that the applicable Participant will receive such Target Index Amount, or any Award. If awarded, the amount of any Award is subject to adjustment from the Target Index Amount based upon, among other factors, the actual level of EPS achievement and the level of achievement of a Participant's individual objectives. For example, if a Participant's performance is unsatisfactory, but CSS has favorable EPS results, then the Committee may determine, in its sole discretion, not to pay any Award to the unsatisfactory performer.

Allocation of Target Index Amount

If a minimum level of EPS is not achieved, no Award will be paid. If the Company achieves at least a minimum level of EPS, as determined by the Committee in its sole discretion, then the Target Index Amount will be allocated as follows, unless otherwise determined by the Committee, in its sole discretion:

(i) for the Company's President and Vice Presidents, 100% of the Target Index Amount will be allocated based upon the actual level of EPS achievement compared to targeted EPS; and

(ii) for all other Participants, (A) 50% of the Target Index Amount will be allocated based upon the actual level of EPS achievement compared to targeted EPS and (B) 50% of the Target Index Amount will be allocated based upon the applicable Participant's achievement of his or her performance goals (the "Individual Objective Component"). The amount, if any, attributable to each component will be adjusted based upon the Company's actual level of EPS achievement compared to targeted EPS.

In determining the adjustment based upon the Company's actual level of EPS achievement compared to targeted EPS, the computation set forth on Exhibit "B" attached hereto shall apply.

In addition, the computation of the Individual Objective Component will be determined based upon each Participant's achievement of his or her specific goals and objectives. Each Participant will develop with his or her supervisor specific goals and objectives to be achieved by the Participant during the Company's fiscal year ending March 31, 2010. Such goals and objectives should be documented in a manner acceptable to the Company's President, in his or her sole discretion, either at the beginning of the fiscal year, the date upon which the Participant becomes eligible to participate in the Program, the date upon which such Participant's position with the Company changes, or such other date as selected by the Company's President, in his or her sole discretion. At the end of the Company's fiscal year ending March 31, 2010, the level of each Participant's achievements of his or her goals and objectives will be determined by the applicable Participant's supervisor, in his or her sole discretion up to a maximum achievement of 150%, and submitted to the Company's President for review and approval, in his or her sole discretion. With respect to Participants who are executive officers of CSS or who have annual base salaries in excess of $200,000, the Committee, in its sole discretion, will review and approve, disapprove or modify the Company's determination as to each such Participant's level of achievement of his or her goals and objectives. The Program is not intended to duplicate the Company's merit salary review process, and a Participant's Individual Objective Component ratings may vary from his or her merit salary review performance rating.

Although a Participant's achievement of his or her goals and objectives may exceed 100%, up to a maximum of 150%, the aggregate amount payable to all Company Participants attributable to the Individual Objective Component shall not exceed the Company's budgeted bonus amount attributable to the Individual Objective Component without the prior approval of the Committee, in its sole discretion.

CSS INDUSTRIES, INC.

FY2010 Management Incentive Program Criteria

BOC Design Group

These FY2010 Management Incentive Program Criteria has been approved by the Human Resources Committee (the “Committee”) of the Board of Directors of CSS Industries, Inc. (“CSS”) in connection with the CSS Industries, Inc. Management Incentive Program (the “Program”). All defined terms used herein and not otherwise defined shall have the respective meanings set forth in the Program. These FY2010 Management Incentive Program Criteria are not intended in any way to alter, modify or supercede the terms of the Program, and reference should be made to such Program for a full description of the terms of the Program.

For CSS’ fiscal year ending March 31, 2010, these FY2010 Management Incentive Program Criteria shall apply solely to eligible Participants who are employed by CSS’ BOC Design Group, which is comprised of Berwick Offray LLC (including its subsidiaries Lion Ribbon Company, Inc. and Hampshire Paper Corp.) and Cleo Inc (collectively, the “Company”).

Notwithstanding any provision in this document or otherwise to the contrary, the Committee, in its sole discretion, reserves the right (a) to determine the eligibility requirements for participation in the Program; (b) to determine whether an employee satisfies the eligibility requirements for participation in the Program; (c) to award an Award, if any, to a Participant under the Program; (d) to deny payment of an Award to a Participant otherwise eligible under the terms of the Program or this document; (e) to make an Award, if any, to a Participant in a greater or lesser amount than provided for in the Program or this document; and/or (f) to make an Award, if any, in a manner or on a schedule other than as provided for in the Program or this document.

Participants

The Company’s employees eligible to be Participants under the Program are limited to the Company’s full-time employees having one or more of the job titles listed on Exhibit “A” attached hereto, which list may be modified from time to time, and at any time, at the sole discretion of the Committee upon the recommendation by the Company’s President. Notwithstanding any provision in this document or otherwise to the contrary, the Committee, in its sole discretion, reserves the right to change or modify the eligibility requirements for participation in the Program at any time and from time to time, and to determine whether an employee satisfies the eligibility requirements for participation in the Program. Any new or existing Company employee who becomes eligible for the first time to participate in the Program may, at the Company President’s sole discretion, be eligible to receive a bonus payment, if any, prorated for the months he or she is eligible to receive an Award under the Program; provided, however, that Committee approval shall be required for any Award under the Program to any newly eligible Company employee who is an executive officer of CSS or who has an annual base salary in excess of $200,000.

Participant Performance Criteria

For the Company’s fiscal year ending March 31, 2010, each Participant is eligible to receive an Award calculated using a base amount equal to such Participant’s Target Index Amount (as such term is defined below). Unless otherwise determined by the Committee, in its sole discretion, the Award is divided into two parts: (a) a part entirely contingent upon the achievement by the Company of at least a minimum level of OI (as such term is defined below), as determined by the Committee in its sole discretion, and (b) a part entirely contingent upon the achievement by CSS of at least a minimum level of earnings per share ("EPS") of CSS' common stock, as determined by the Committee in its sole discretion. If a minimum level for a part is not achieved, no Award for that part will be paid. For purposes of the Program, "OI" is defined as the Company's operating income for the Company's fiscal year ending March 31, 2010, as adjusted based upon any permitted adjustments to, or exclusions from, the determination of OI as determined by the Committee, in its sole discretion, at the time that these FY2010 Management Incentive Program Criteria are approved by the Committee. Unless otherwise set forth herein or determined by the Committee, in its sole discretion, a Participant's potential Award under the Program is allocated based upon the following three components, with the following respective percentages:

Company Component – Company OI Component	50%
Company Component – Company Individual Objective Component	20%
CSS Component — Earnings Per Share	30%

For the Company's President, however, such individual's potential Award under the Program is allocated based upon the following two components, with the following respective percentages:

Company Component – Company OI Component	60%
CSS Component — Earnings Per Share	40%

<u>Target Index Amount</u>

The "Target Index Amount" for each Participant is determined by multiplying (i) the Participant's guideline percentage (based upon the Participant's position and determined at the sole discretion of the Committee or, if not specifically determined by the Committee, at the sole discretion of the Company's President) by (ii) the Participant's base salary effective as of the later of April 1, 2009 or the date upon which such Participant becomes eligible to participate in the Program, as determined at the sole discretion of the Committee or, if not specifically determined by the Committee, at the sole discretion of the Company's President.

Example: a Participant has a base salary of $40,000 effective as of April 1, 2009 and has a guideline percentage of 15%.

Guideline Percentage		*Base Salary* as of *4/1/09*		*Target Index Amount*
15%	*	$40,000	=	$6,000

A Participant who changes job positions during the Fiscal Year (i.e., moves to a higher or lower job level that is an eligible position under the Program) will be eligible to receive an Award that is based upon the employee's annual salary and level in effect as of April 1, 2009, plus or minus any pro rata adjustment that is effective with the change in position.

Each Participant's Target Index Amount is not a guarantee that the applicable Participant will receive such Target Index Amount, or any Award. If awarded, the amount of any Award is subject to adjustment from the Target Index Amount based upon, among other factors, the actual financial results of CSS and the Company, and the level of achievement of a Participant's individual objectives. For example, if a Participant's performance is unsatisfactory, but either CSS or the Company has favorable fiscal year financial results, then the Committee may determine, in its sole discretion, not to pay any Award to the unsatisfactory performer.

Allocation of Target Index Amount

In determining the amount of the Award, the Target Index Amount is allocated as follows: (a) 70% is entirely contingent upon the achievement by the Company of at least a minimum level of OI, as determined by the Committee in its sole discretion (the “Company Component”), and (b) 30% is entirely contingent upon the achievement by CSS of at least a minimum level of EPS, as determined by the Committee in its sole discretion (the “CSS Component”). For the Company’s President, however, such individual’s Target Index Amount is allocated as follows: (a) the Company Component is 60% and (b) the CSS Component is 40%. If a minimum level for a part is not achieved, no portion of the Target Index Amount allocated to that part will be paid.

Company Component

The Company Component consists of (i) a portion (the “Company OI Component”) based upon the actual OI compared to targeted OI and (ii) a portion (the “Company Individual Objective Component”) based upon both the actual OI compared to targeted OI and the applicable Participant’s achievement of his or her performance goals.

(i) Company OI Component

If the Company achieves at least a minimum level of OI, as determined by the Committee in its sole discretion (the “Company OI Component Minimum Level”), then the Participant is eligible to receive the Company OI Component. The computation of the Company OI Component shall be determined by the Committee, in its sole discretion.

(ii) Company Individual Objective Component

If the Company achieves at least a minimum level of OI, as determined by the Committee in its sole discretion (the “Company Individual Objective Minimum Level”), then the Participant is eligible to receive the Company Individual Objective Component. The Company’s President is not eligible to receive the Company Individual Objective Component.

The computation of the Company Individual Objective Component will be based upon the actual OI compared to targeted OI, as modified by the applicable Participant’s achievement of his or her performance goals. The computation attributable to OI for the Company Individual Objective Component shall be determined by the Committee, in its sole discretion.

In addition, the computation of the Company Individual Objective Computation will be determined based upon each Participant’s achievement of his or her specific goals and objectives. Each Participant will develop with his or her supervisor specific goals and objectives to be achieved by the Participant during the Company’s fiscal year ending March 31, 2010. Such goals and objectives should be documented in a manner acceptable to the Company’s President, in his or her sole discretion, either at the beginning of the fiscal year, the date upon which the Participant becomes eligible to participate in the Program, the date upon which such Participant’s position with the Company changes, or such other date as selected by the Company’s President, in his or her sole discretion. At the end of the Company’s fiscal year ending March 31, 2010, the level of each Participant’s achievements of his or her goals and objectives will be determined by the applicable Participant’s supervisor, in his or her sole discretion up to a maximum achievement of 150%, and submitted to the Company’s President for review and approval, in his or her sole discretion. With respect to Participants who are executive officers of CSS or who have annual base salaries in excess of $200,000, the Committee, in its sole discretion, will review and approve, disapprove or modify the Company's determination as to each such Participant's level of achievement of his or her goals and objectives. The Program is not intended to duplicate the Company's merit salary review process, and a Participant's Company Individual Objective Component ratings may vary from his or her merit salary review performance rating.

Although a Participant's achievement of his or her goals and objectives may exceed 100%, up to a maximum of 150%, the aggregate amount payable to all Company Participants attributable to the Company Individual Objective Component shall not exceed the Company's budgeted bonus amount attributable to the Company Individual Objective Component without the prior approval of the Committee, in its sole discretion.

CSS Component

If CSS achieves at least a minimum level of EPS, as determined by the Committee in its sole discretion, then the Participant is eligible to receive the CSS Component, which will be adjusted for CSS' actual level of EPS achievement compared to the targeted EPS. If a minimum level of EPS is not achieved, no portion of the Target Index Amount allocated to EPS will be paid. The amount, if any, attributable to the CSS Component will be adjusted based upon CSS' actual level of EPS achievement compared to targeted EPS.

CSS INDUSTRIES, INC.

FY2010 Management Incentive Program Criteria

Paper Magic Group, Inc.

These FY2010 Management Incentive Program Criteria has been approved by the Human Resources Committee (the "Committee") of the Board of Directors of CSS Industries, Inc. ("CSS") in connection with the CSS Industries, Inc. Management Incentive Program (the "Program"). All defined terms used herein and not otherwise defined shall have the respective meanings set forth in the Program. These FY2010 Management Incentive Program Criteria are not intended in any way to alter, modify or supercede the terms of the Program, and reference should be made to such Program for a full description of the terms of the Program.

For CSS' fiscal year ending March 31, 2010, these FY2010 Management Incentive Program Criteria shall apply solely to eligible Participants who are employed by CSS' Paper Magic Group, Inc. and to its Don Post Studios, Inc. subsidiary (collectively, the "Company").

Notwithstanding any provision in this document or otherwise to the contrary, the Committee, in its sole discretion, reserves the right (a) to determine the eligibility requirements for participation in the Program; (b) to determine whether an employee satisfies the eligibility requirements for participation in the Program; (c) to award an Award, if any, to a Participant under the Program; (d) to deny payment of an Award to a Participant otherwise eligible under the terms of the Program or this document; (e) to make an Award, if any, to a Participant in a greater or lesser amount than provided for in the Program or this document; and/or (f) to make an Award, if any, in a manner or on a schedule other than as provided for in the Program or this document.

Participants

The Company's employees eligible to be Participants under the Program are limited to the Company's full-time employees having one or more of the job titles listed on Exhibit "A" attached hereto, which list may be modified from time to time, and at any time, at the sole discretion of the Committee upon the recommendation by the Company's President. Notwithstanding any provision in this document or otherwise to the contrary, the Committee, in its sole discretion, reserves the right to change or modify the eligibility requirements for participation in the Program at any time and from time to time, and to determine whether an employee satisfies the eligibility requirements for participation in the Program. Any new or existing Company employee who becomes eligible for the first time to participate in the Program may, at the Company President's sole discretion, be eligible to receive a bonus payment, if any, prorated for the months he or she is eligible to receive an Award under the Program; provided, however, that Committee approval shall be required for any Award under the Program to any newly eligible Company employee who is an executive officer of CSS or who has an annual base salary in excess of $200,000.

Participant Performance Criteria

For the Company's fiscal year ending March 31, 2010, each Participant is eligible to receive an Award calculated using a base amount equal to such Participant's Target Index Amount (as such term is defined below). Unless otherwise determined by the Committee, in its sole discretion, the Award is divided into two parts: (a) a part entirely contingent upon the achievement by the Company of at least a minimum level of OI (as such term is defined below), as determined by the Committee in its sole discretion, and (b) a part entirely contingent upon the achievement by CSS of at least a minimum level of earnings per share

(“EPS”) of CSS’ common stock, as determined by the Committee in its sole discretion. If a minimum level for a part is not achieved, no Award for that part will be paid. For purposes of the Program, “OI” is defined as the Company’s operating income for the Company’s fiscal year ending March 31, 2010, as adjusted based upon any permitted adjustments to, or exclusions from, the determination of OI as determined by the Committee, in its sole discretion, at the time that these FY2010 Management Incentive Program Criteria are approved by the Committee. Unless otherwise set forth herein or determined by the Committee, in its sole discretion, a Participant’s potential Award under the Program is allocated based upon the following three components, with the following respective percentages:

Company Component – Company OI Component	50%
Company Component – Company Individual Objective Component	20%
CSS Component — Earnings Per Share	30%

For the Company’s President, however, such individual’s potential Award under the Program is allocated based upon the following two components, with the following respective percentages:

Company Component – Company OI Component	60%
CSS Component — Earnings Per Share	40%

Target Index Amount

The “Target Index Amount” for each Participant is determined by multiplying (i) the Participant’s guideline percentage (based upon the Participant’s position and determined at the sole discretion of the Committee or, if not specifically determined by the Committee, at the sole discretion of the Company’s President) by (ii) the Participant’s base salary effective as of the later of April 1, 2009 or the date upon which such Participant becomes eligible to participate in the Program, as determined at the sole discretion of the Committee or, if not specifically determined by the Committee, at the sole discretion of the Company’s President.

Example: a Participant has a base salary of $40,000 effective as of April 1, 2009 and has a guideline percentage of 15%.

Guideline Percentage		*Base Salary* as of *4/1/09*		*Target Index Amount*
15%	*	$40,000	=	$6,000

A Participant who changes job positions during the Fiscal Year (i.e., moves to a higher or lower job level that is an eligible position under the Program) will be eligible to receive an Award that is based upon the employee’s annual salary and level in effect as of April 1, 2009, plus or minus any pro rata adjustment that is effective with the change in position.

Each Participant’s Target Index Amount is not a guarantee that the applicable Participant will receive such Target Index Amount, or any Award. If awarded, the amount of any Award is subject to adjustment from the Target Index Amount based upon, among other factors, the actual financial results of CSS and the Company, and the level of achievement of a Participant’s individual objectives. For example, if a Participant’s performance is unsatisfactory, but either CSS or the Company has favorable fiscal year financial results, then the Committee may determine, in its sole discretion, not to pay any Award to the unsatisfactory performer.

Allocation of Target Index Amount

In determining the amount of the Award, the Target Index Amount is allocated as follows: (a) 70% is entirely contingent upon the achievement by the Company of at least a minimum level of OI, as determined by the Committee in its sole discretion (the “Company Component”), and (b) 30% is entirely contingent upon the achievement by CSS of at least a minimum level of EPS, as determined by the Committee in its sole discretion (the “CSS Component”). For the Company’s President, however, such individual’s Target Index Amount is allocated as follows: (a) the Company Component is 60% and (b) the CSS Component is 40%. If a minimum level for a part is not achieved, no portion of the Target Index Amount allocated to that part will be paid.

Company Component

The Company Component consists of (i) a portion (the “Company OI Component”) based upon the actual OI compared to targeted OI and (ii) a portion (the “Company Individual Objective Component”) based upon both the actual OI compared to targeted OI and the applicable Participant’s achievement of his or her performance goals.

(i) Company OI Component

If the Company achieves at least a minimum level of OI, as determined by the Committee in its sole discretion (the “Company OI Component Minimum Level”), then the Participant is eligible to receive the Company OI Component. The computation of the Company OI Component shall be determined by the Committee, in its sole discretion.

(ii) Company Individual Objective Component

If the Company achieves at least a minimum level of OI, as determined by the Committee in its sole discretion (the “Company Individual Objective Minimum Level”), then the Participant is eligible to receive the Company Individual Objective Component. The Company’s President is not eligible to receive the Company Individual Objective Component.

The computation of the Company Individual Objective Component will be based upon the actual OI compared to targeted OI, as modified by the applicable Participant’s achievement of his or her performance goals. The computation attributable to OI for the Company Individual Objective Component shall be determined by the Committee, in its sole discretion.

In addition, the computation of the Company Individual Objective Computation will be determined based upon each Participant’s achievement of his or her specific goals and objectives. Each Participant will develop with his or her supervisor specific goals and objectives to be achieved by the Participant during the Company’s fiscal year ending March 31, 2010. Such goals and objectives should be documented in a manner acceptable to the Company’s President, in his or her sole discretion, either at the beginning of the fiscal year, the date upon which the Participant becomes eligible to participate in the Program, the date upon which such Participant’s position with the Company changes, or such other date as selected by the Company’s President, in his or her sole discretion. At the end of the Company’s fiscal year ending March 31, 2010, the level of each Participant’s achievements of his or her goals and objectives will be determined by the applicable Participant’s supervisor, in his or her sole discretion up to a maximum achievement of 150%, and submitted to the Company’s President for review and approval, in his or her sole discretion. With respect to Participants who are executive officers of CSS or who have annual base salaries in excess of $200,000, the Committee, in its sole discretion, will review and approve, disapprove or modify the Company’s determination as to each such Participant’s level of achievement of his or her goals and objectives. The Program is not intended to duplicate the Company's merit salary review process, and a Participant's Company Individual Objective Component ratings may vary from his or her merit salary review performance rating.

Although a Participant's achievement of his or her goals and objectives may exceed 100%, up to a maximum of 150%, the aggregate amount payable to all Company Participants attributable to the Company Individual Objective Component shall not exceed the Company's budgeted bonus amount attributable to the Company Individual Objective Component without the prior approval of the Committee, in its sole discretion.

CSS Component

If CSS achieves at least a minimum level of EPS, as determined by the Committee in its sole discretion, then the Participant is eligible to receive the CSS Component, which will be adjusted for CSS' actual level of EPS achievement compared to the targeted EPS. If a minimum level of EPS is not achieved, no portion of the Target Index Amount allocated to EPS will be paid. The amount, if any, attributable to the CSS Component will be adjusted based upon CSS' actual level of EPS achievement compared to targeted EPS.

CSS INDUSTRIES, INC.

FY2010 Management Incentive Program Criteria

C.R. Gibson, LLC

These FY2010 Management Incentive Program Criteria has been approved by the Human Resources Committee (the "Committee") of the Board of Directors of CSS Industries, Inc. ("CSS") in connection with the CSS Industries, Inc. Management Incentive Program (the "Program"). All defined terms used herein and not otherwise defined shall have the respective meanings set forth in the Program. These FY2010 Management Incentive Program Criteria are not intended in any way to alter, modify or supercede the terms of the Program, and reference should be made to such Program for a full description of the terms of the Program.

For CSS' fiscal year ending March 31, 2010, these FY2010 Management Incentive Program Criteria shall apply solely to eligible Participants who are employed by CSS' C.R. Gibson, LLC (the "Company").

Notwithstanding any provision in this document or otherwise to the contrary, the Committee, in its sole discretion, reserves the right (a) to determine the eligibility requirements for participation in the Program; (b) to determine whether an employee satisfies the eligibility requirements for participation in the Program; (c) to award an Award, if any, to a Participant under the Program; (d) to deny payment of an Award to a Participant otherwise eligible under the terms of the Program or this document; (e) to make an Award, if any, to a Participant in a greater or lesser amount than provided for in the Program or this document; and/or (f) to make an Award, if any, in a manner or on a schedule other than as provided for in the Program or this document.

Participants

The Company's employees eligible to be Participants under the Program are limited to the Company's employees listed on Exhibit "A" attached hereto, which list may be modified from time to time, and at any time, at the sole discretion of the Committee upon the recommendation by the Company's President. Notwithstanding any provision in this document or otherwise to the contrary, the Committee, in its sole discretion, reserves the right to change or modify the eligibility requirements for participation in the Program at any time and from time to time, and to determine whether an employee satisfies the eligibility requirements for participation in the Program. Any new or existing Company employee who becomes eligible for the first time to participate in the Program may, at the Company President's sole discretion, be eligible to receive a bonus payment, if any, prorated for the months he or she is eligible to receive an Award under the Program; provided, however, that Committee approval shall be required for any Award under the Program to any newly eligible Company employee who is an executive officer of CSS or who has an annual base salary in excess of $200,000.

Participant Performance Criteria

For the Company's fiscal year ending March 31, 2010, each Participant is eligible to receive an Award calculated using a base amount equal to such Participant's Target Index Amount (as such term is defined below). Unless otherwise determined by the Committee, in its sole discretion, the Award is divided into two parts: (a) a part entirely contingent upon the achievement by the Company of at least a minimum level of OI (as such term is defined below), as determined by the Committee in its sole discretion, and (b) a part entirely contingent upon the achievement by CSS of at least a minimum level of earnings per share ("EPS") of CSS' common stock, as determined by the Committee in its sole discretion. If a minimum level for a part is not achieved, no Award for that part will be paid. For purposes of the Program, "OI" is defined as the Company's operating income for the Company's fiscal year ending March 31, 2010, as adjusted based upon any permitted adjustments to, or exclusions from, the determination of OI as determined by the Committee, in its sole discretion, at the time that these FY2010 Management Incentive Program Criteria are approved by the Committee. Unless otherwise set forth herein or determined by the Committee, in its sole discretion, a Participant's potential Award under the Program is allocated based upon the following three components, with the following respective percentages:

Company Component – Company OI Component	50%
Company Component – Company Individual Objective Component	20%
CSS Component — Earnings Per Share	30%

For the Company's President, however, such individual's potential Award under the Program is allocated based upon the following two components, with the following respective percentages:

Company Component – Company OI Component	60%
CSS Component — Earnings Per Share	40%

Target Index Amount

The "Target Index Amount" for each Participant is determined by multiplying (i) the Participant's guideline percentage (based upon the Participant's position and determined at the sole discretion of the Committee or, if not specifically determined by the Committee, at the sole discretion of the Company's President) by (ii) the Participant's base salary effective as of the later of April 1, 2009 or the date upon which such Participant becomes eligible to participate in the Program, as determined at the sole discretion of the Committee or, if not specifically determined by the Committee, at the sole discretion of the Company's President.

Example: a Participant has a base salary of $40,000 effective as of April 1, 2009 and has a guideline percentage of 15%.

Guideline Percentage		*Base Salary* as of *4/1/09*		*Target Index Amount*
15%	*	$40,000	=	$6,000

A Participant who changes job positions during the Fiscal Year (i.e., moves to a higher or lower job level that is an eligible position under the Program) will be eligible to receive an Award that is based upon the employee's annual salary and level in effect as of April 1, 2009, plus or minus any pro rata adjustment that is effective with the change in position.

Each Participant's Target Index Amount will be pro rated to reflect the period commencing upon the later of April 1, 2009 or the date upon which such Participant becomes eligible to participate in the Program, and ending March 31, 2008.

Each Participant's Target Index Amount is not a guarantee that the applicable Participant will receive such Target Index Amount, or any Award. If awarded, the amount of any Award is subject to adjustment from the Target Index Amount based upon, among other factors, the actual financial results of the Company. For example, if a Participant's performance is unsatisfactory, but the Company has favorable fiscal year financial results, then the Committee may determine, in its sole discretion, not to pay any Award to the unsatisfactory performer.

Allocation of Target Index Amount

In determining the amount of the Award, the Target Index Amount is allocated as follows: (a) 70% is entirely contingent upon the achievement by the Company of at least a minimum level of OI, as determined by the Committee in its sole discretion (the “Company Component”), and (b) 30% is entirely contingent upon the achievement by CSS of at least a minimum level of EPS, as determined by the Committee in its sole discretion (the “CSS Component”). For the Company’s President, however, such individual’s Target Index Amount is allocated as follows: (a) the Company Component is 60% and (b) the CSS Component is 40%. If a minimum level for a part is not achieved, no portion of the Target Index Amount allocated to that part will be paid.

Company Component

The Company Component consists of (i) a portion (the “Company OI Component”) based upon the actual OI compared to targeted OI and (ii) a portion (the “Company Individual Objective Component”) based upon both the actual OI compared to targeted OI and the applicable Participant’s achievement of his or her performance goals.

(i) Company OI Component

If the Company achieves at least a minimum level of OI, as determined by the Committee in its sole discretion (the “Company OI Component Minimum Level”), then the Participant is eligible to receive the Company OI Component. The computation of the Company OI Component shall be determined by the Committee, in its sole discretion.

(ii) Company Individual Objective Component

If the Company achieves at least a minimum level of OI, as determined by the Committee in its sole discretion (the “Company Individual Objective Minimum Level”), then the Participant is eligible to receive the Company Individual Objective Component. The Company’s President is not eligible to receive the Company Individual Objective Component.

The computation of the Company Individual Objective Component will be based upon the actual OI compared to targeted OI, as modified by the applicable Participant’s achievement of his or her performance goals. The computation attributable to OI for the Company Individual Objective Component shall be determined by the Committee, in its sole discretion.

In addition, the computation of the Company Individual Objective Computation will be determined based upon each Participant’s achievement of his or her specific goals and objectives. Each Participant will develop with his or her supervisor specific goals and objectives to be achieved by the Participant during the Company’s fiscal year ending March 31, 2010. Such goals and objectives should be documented in a manner acceptable to the Company’s President, in his or her sole discretion, either at the beginning of the fiscal year, the date upon which the Participant becomes eligible to participate in the Program, the date upon which such Participant’s position with the Company changes, or such other date as selected by the Company’s President, in his or her sole discretion. At the end of the Company’s fiscal year ending March 31, 2010, the level of each Participant’s achievements of his or her goals and objectives will be determined by the applicable Participant’s supervisor, in his or her sole discretion up to a maximum achievement of 150%, and submitted to the Company’s President for review and approval, in his or her sole discretion. With respect to Participants who are executive officers of CSS or who have annual base salaries in excess of $200,000, the Committee, in its sole discretion, will review and approve, disapprove or modify the Company’s determination as to each such Participant’s level of achievement of his or her goals and objectives. The Program is not intended to duplicate the Company’s merit salary review process, and a Participant’s Company Individual Objective Component ratings may vary from his or her merit salary review performance rating.

Although a Participant's achievement of his or her goals and objectives may exceed 100%, up to a maximum of 150%, the aggregate amount payable to all Company Participants attributable to the Company Individual Objective Component shall not exceed the Company's budgeted bonus amount attributable to the Company Individual Objective Component without the prior approval of the Committee, in its sole discretion.

CSS Component

If CSS achieves at least a minimum level of EPS, as determined by the Committee in its sole discretion, then the Participant is eligible to receive the CSS Component, which will be adjusted for CSS' actual level of EPS achievement compared to the targeted EPS. If a minimum level of EPS is not achieved, no portion of the Target Index Amount allocated to EPS will be paid. The amount, if any, attributable to the CSS Component will be adjusted based upon CSS' actual level of EPS achievement compared to targeted EPS.

CSS INDUSTRIES, INC.
1845 WALNUT STREET
SUITE 800
PHILADELPHIA, PA 19103-4755
(215) 569-9900
FAX (215) 569-9979

EXECUTIVE OFFICE

March 25, 2010

Personal and Confidential

Mr. Vincent A. Paccapaniccia
1721 Meetinghouse Lane
Yardley, PA 19067

Dear Vince:

We are pleased to extend an offer of employment to you as Vice President – Finance of CSS Industries, Inc. (“CSS”). You acknowledge and agree that there are no other valid oral or written agreements relating to the terms and conditions of your employment with CSS as its Vice President - Finance. You further represent and covenant to CSS that you are not subject or a party to any employment agreement, non-competition covenant, understanding or restriction which would prohibit or restrict you from executing this letter and performing all duties and responsibilities incidental to the position of Vice President – Finance of CSS.

1. Contract Term – The term of your employment will be three (3) years, commencing March 31, 2010 and ending March 31, 2013, unless terminated earlier by you or by CSS at any time as provided herein. Thereafter, your employment status with CSS will continue to be that of an employee at-will, subject to termination by either you or CSS at any time.

2. Compensation — The compensation package for this position will be as follows:

A. Base Salary – A base salary in the gross amount of Three Hundred Twenty Thousand Dollars ($320,000) per annum payable at such times as CSS pays its executives. There will be an annual performance review thereafter and you will then be considered for an increase in base salary, commencing April 1, 2011, consistent with the then current CSS policy.

B. Incentive Compensation – For CSS' current fiscal year ending March 31, 2010, you will be not eligible to participate in the Management Incentive Plan (“MIP”). For CSS' fiscal year ending March 31, 2011, you will be eligible to participate in the MIP. For purposes of calculating your potential 2011 fiscal year incentive compensation, and depending on the extent of achievement of certain individual and CSS objectives, you will have the potential of earning incentive compensation based upon 80% of your base salary specified in Section 2.A. above. The amount of such 2011 fiscal year bonus opportunity will be guaranteed at a minimum of Forty Thousand Dollars ($40,000).

For CSS' subsequent fiscal years, depending on the extent of achievement of certain individual and CSS objectives, you will have the potential of earning for a full fiscal year period incentive compensation with a target opportunity of up to 80% of your then base salary. The financial target objectives of your potential subsequent fiscal year incentive compensation will be determined based upon the applicable actual full fiscal year financial results of CSS.

C. Equity Grants – We will recommend that you be granted a stock option to acquire 10,000 shares of CSS Common Stock and a time-vested stock bonus award of 10,000 restricted stock units of CSS Common Stock (2,500 of which will vest on the third anniversary of the grant, 2,500 of which will vest on the fourth anniversary of the grant, and 5,000 of which will vest on the fifth anniversary of the grant), which recommendation will be provided to the Human Resources Committee (the "Committee") of the Board of Directors of CSS for consideration at the next available date upon which the Committee considers equity grant recommendations after the date upon which you commence employment with CSS. These grants will in all respects be subject to and in accordance with the provisions of the CSS 2004 Equity Compensation Plan, and the terms of the grant letters to be provided to you at the time of the grants.

D. Company Automobile – You will be provided for your use a CSS-owned or leased automobile comparable to the owned or leased automobiles then made available by CSS to its Vice President-level officers.

E. Vacation — You will be eligible to accrue four (4) weeks vacation each calendar year, in accordance with the applicable terms of CSS' then current vacation policy.

3. Benefits Coverage –You will be entitled to participate in those CSS benefit programs available to its officer level personnel in accordance with the applicable terms of these programs.

4. Employment Status; Severance Payments — Your employment status with CSS is subject to termination by either you or CSS at any time. However, in the event that CSS terminates your employment without cause at any time prior to March 31, 2013, and subject to your compliance with the terms and conditions of this letter agreement, CSS will pay you an amount equal to the greater of (i) eighteen (18) months of your then-current annual base salary (less applicable tax withholdings and payroll deductions) or (ii) an amount equal to your then-current annual base salary (less applicable tax withholdings and payroll deductions) for the period from the effective date of such termination to March 31, 2013, such amount reduced by and to the extent of any earnings and other compensation received by you or accrued for your benefit for your services (whether as an employee or as an independent contractor) during the period commencing on the day following the one year anniversary of your termination. For purposes of this letter agreement, termination "without cause" means termination other than termination resulting from or related to your breach of any of your obligations under this letter agreement, your failure to comply with any lawful directive of CSS' Chairman and Chief Executive Officer within the normal scope of your duties, your failure to comply with CSS' Code of Ethics, your conviction of a felony or of any moral turpitude crime, or your willful or intentional engagement in conduct injurious to CSS or any of its affiliates.

The foregoing payment obligation is contingent upon (x) receipt by CSS of a valid and fully effective release (in form and substance reasonably satisfactory to CSS) of all claims of any nature which you might have at such time against CSS, its affiliates and their respective officers, directors and agents, excepting therefrom only any payments due to you from CSS pursuant to this Section 4, and (y) your resignation from all positions of any nature which you may then hold with CSS and its affiliates. If you are eligible to receive the foregoing payment, such amount will be paid to you in equal installments, with such installments being paid on the then-applicable paydays for CSS executives, commencing on or about the first such payday following the termination of your employment by CSS without cause and your satisfaction of the conditions specified in the immediately preceding sentence.

Further, if you are eligible to receive the payment set forth in the first paragraph of this Section 4, you covenant and agree that commencing with the one year anniversary of the date of your termination you will promptly advise CSS in writing on a bi-weekly basis of any earnings and other compensation received by you or accrued for your benefit for your services (whether as an employee or as an independent contractor) during the period commencing on the day following the one year anniversary of your termination through the end of the severance period.

5. Confidential Information. You recognize and acknowledge that by reason of employment by and service to CSS, you have had and will continue to have access to confidential information of CSS and its affiliates, including, without limitation, information and knowledge pertaining to products and services offered, inventions, innovations, designs, ideas, plans, trade secrets, proprietary information, computer systems and software, packaging, advertising, distribution and sales methods and systems, sales and profit figures, customer and client lists, and relationships between or among CSS and its affiliates and dealers, distributors, wholesalers, customers, clients, suppliers and others who have business dealings with CSS and such affiliates (“Confidential Information”). You acknowledge that such Confidential Information is a valuable and unique asset of CSS and/or its affiliates, and covenant that you will not, either during or at any time after your employment with CSS, disclose any such Confidential Information to any person for any reason whatsoever (except as your duties described herein may require) without the prior written consent of the Committee, unless such information is in the public domain through no fault of you or except as may be required by law.

6. Non-Competition. During your employment with CSS, and for a period of one year thereafter, you will not, without the prior written consent of the Committee, directly or indirectly, own, manage, operate, join, control, finance or participate in the ownership, management, operation, control or financing of, or be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with or use or permit your name to be used in connection with, any business or enterprise engaged within any portion of the United States or Canada (collectively, the “Territory”) (whether or not such business is physically located within the Territory) that is engaged in the creation, design, manufacture, distribution or sale of any products or services that are the same or of a similar type then manufactured or otherwise provided by CSS or by any of its affiliates during your employment with CSS (the “Business”). You recognize that you will be involved in the activity of the Business throughout the Territory, and that more limited geographical limitations on this non-competition covenant (and the non-solicitation covenant set forth in Section 7 of this letter agreement) are therefore not appropriate. The foregoing restriction shall not be construed to prohibit your ownership of not more than five percent (5%) of any class of securities of any corporation which is engaged in any of the foregoing businesses having a class of securities registered pursuant to the Securities Act of 1933, provided that such ownership represents a passive investment and that neither you nor any group of persons including you in any way, either directly or indirectly, manages or

exercises control of any such corporation, guarantees any of its financial obligations, otherwise takes any part in business, other than exercising his rights as a shareholder, or seeks to do any of the foregoing. We acknowledge and agree that if CSS fails to satisfy its material obligations to you under this letter agreement after you have provided CSS with at least thirty (30) days written notice of such failure, then your obligation to comply with the non-competition covenant set forth in this Section 6 shall be waived.

7. No Solicitation. During your employment with CSS, and for a period of one year thereafter, you agree not to, either directly or indirectly, (i) call on or solicit with respect to the Business any person, firm, corporation or other entity who or which at the time of termination of your employment with CSS was, or within two years prior thereto had been, a customer of CSS or any of its affiliates, or (ii) solicit the employment of any person who was employed by CSS or by any of its affiliates on a full or part-time basis at any time during the course of your employment with CSS, unless prior to such solicitation of employment, such person’s employment with CSS or any of its affiliates was terminated. We acknowledge and agree that if CSS fails to satisfy its material obligations to you under this letter agreement after you have provided CSS with at least thirty (30) days written notice of such failure, then your obligation to comply with the non-solicitation covenant set forth in this Section 7 shall be waived.

8. Equitable Relief.

A. You acknowledge that the restrictions contained in Sections 5, 6 and 7 of this letter agreement are reasonable and necessary to protect the legitimate interests of CSS and its affiliates, that CSS would not have entered into this letter agreement in the absence of such restrictions, and that any violation of any provision of those Sections will result in irreparable injury to CSS and its affiliates. You represent that your experience and capabilities are such that the restrictions contained in Sections 5 and 6 hereof will not prevent you from obtaining employment or otherwise earning a living at the same general level of economic benefit as is anticipated by this letter agreement. **YOU FURTHER REPRESENT AND ACKNOWLEDGE THAT (i) YOU HAVE BEEN ADVISED BY CSS TO CONSULT YOUR OWN LEGAL COUNSEL IN RESPECT OF THIS LETTER AGREEMENT, (ii) THAT YOU HAVE HAD FULL OPPORTUNITY, PRIOR TO EXECUTION OF THIS LETTER AGREEMENT, TO REVIEW THOROUGHLY THIS LETTER AGREEMENT WITH YOUR COUNSEL, AND (iii) YOU HAVE READ AND FULLY UNDERSTAND THE TERMS AND PROVISIONS OF THIS LETTER AGREEMENT.**

B. You agree that CSS shall be entitled to preliminary and permanent injunctive relief, without the necessity of proving actual damages, as well as any other remedies provided by law arising from any violation of Sections 5, 6 and 7 of this letter agreement, which rights shall be cumulative and in addition to any other rights or remedies to which CSS may be entitled. In the event that any of the provisions of Sections 5, 6 and 7 hereof should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable law.

C. You and CSS irrevocably and unconditionally (i) agree that any suit, action or other legal proceeding arising out of Sections 5, 6 and 7 of this letter agreement, including without limitation, any action commenced by CSS for preliminary or permanent injunctive relief or other equitable relief, may be brought in the United States District Court for the Eastern District of Pennsylvania, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Philadelphia County, Pennsylvania, (ii) consent to the non-exclusive jurisdiction of any such court in any such suit, action or proceeding, and (iii) waive any objection to the laying of venue of any such suit, action or proceeding in any such court.

D. You agree that CSS may provide a copy of Sections 5, 6 and 7 of this letter agreement to any business or enterprise (i) which you may directly or indirectly own, manage, operate, finance, join, participate in the ownership, management, operation, financing, control or control of, or (ii) with which you may be connected with as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise, or in connection with which you may use or permit your name to be used.

9. Governing Law. This letter agreement shall be governed by and interpreted under the laws of the Commonwealth of Pennsylvania without giving effect to any conflict of laws provisions.

10. Section 409A of the Internal Revenue of 1986, as amended (the "Code").

A. Interpretation. Notwithstanding the other provisions hereof, this letter agreement is intended to comply with the requirements of Section 409A of the Code, to the extent applicable, and this letter agreement shall be interpreted to avoid any penalty sanctions under Section 409A of the Code. Accordingly, all provisions herein, or incorporated by reference, shall be construed and interpreted to comply with Section 409A of the Code and, if necessary, any such provision shall be deemed amended to comply with Section 409A of the Code and regulations thereunder. If any payment or benefit cannot be provided or made at the time specified herein without incurring sanctions under Section 409A of the Code, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed. All payments to be made upon a termination of employment under this letter agreement that are deferred compensation may only be made upon a "separation from service" under Section 409A of the Code. For purposes of Section 409A of the Code, each payment made under this letter agreement shall be treated as a separate payment. In no event may you, directly or indirectly, designate the calendar year of payment**.** While this letter agreement is intended to comply with the requirements of Section 409A of the Code, to the extent applicable, neither CSS nor any of its affiliates makes or has made any representation, warranty or guarantee of any federal, state or local tax consequences of your receipt of any benefit or payment hereunder, including but not limited to, under Section 409A of the Code, and you are solely responsible for all taxes that may result from your receipt of the amounts payable to you under this letter agreement.

B. Payment Delay. To the maximum extent permitted under Section 409A of the Code, the severance benefits payable under this letter agreement are intended to comply with the "short-term deferral exception" under Treas. Reg. §1.409A-1(b)(4), and any remaining amount is intended to comply with the "separation pay exception" under Treas. Reg. §1.409A-1(b)(9)(iii); provided, however, any amount payable to you during the six (6) month period following your separation date that does not qualify within either of the foregoing exceptions and constitutes deferred compensation subject to the requirements of Section 409A of the Code, then such amount shall hereinafter be referred to as the "Excess Amount." If at the time of your separation from service, CSS' (or any entity required to be aggregated with CSS under Section 409A of the Code) stock is publicly-traded on an established securities market or otherwise and you are a “specified employee” (as defined in Section 409A of the Code and determined in the sole discretion of CSS (or any successor thereto) in accordance with CSS’ (or any successor thereto) “specified employee” determination policy), then CSS shall postpone the commencement of the payment of the portion of the Excess Amount that is payable within the six (6) month period following your separation date with CSS (or any successor thereto) for six (6) months following your separation date with CSS (or any successor thereto). The delayed Excess Amount shall be paid in a lump sum to you within thirty (30) days following the date that is six (6) months following your separation date with CSS (or any successor thereto). If you die during such six (6) month period and prior to the payment of the portion of the Excess Amount that is required to be delayed on account of Section 409A of the Code, such Excess Amount shall be paid to the personal representative of your estate within sixty (60) days after your death.

C. Reimbursements. All reimbursements provided under this letter agreement shall be made or provided in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during your lifetime (or during a shorter period of time specified in this letter agreement), (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the taxable year following the year in which the expense is incurred, and (iv) the right to reimbursement is not subject to liquidation or exchange for another benefit.

Please confirm your understanding of the foregoing provisions by executing the enclosed counterpart of this letter and returning this executed counterpart to me.

Sincerely yours,

By: /s/ Christopher J. Munyan
Name: Christopher J. Munyan
Title: President and Chief Executive Officer
CSS Industries, Inc.

The aforementioned is confirmed as of this 25th day of March, 2010:

/s/ Vincent A. Paccapaniccia
Vincent A. Paccapaniccia

cc: William G. Kiesling

CSS INDUSTRIES, INC.
1845 WALNUT STREET
SUITE 800
PHILADELPHIA, PA 19103-4755
(215) 569-9900
FAX (215) 569-9979

EXECUTIVE OFFICE

March 30, 2010

Personal and Confidential

Mr. Clifford E. Pietrafitta
8 Brooks Road
Moorestown, NJ 08057

Re: Separation Agreement and Release of Claims

Dear Cliff:

This letter agreement (the "Agreement") confirms our discussions regarding your separation from employment with CSS Industries, Inc. (the "Company" or "CSS") effective March 30, 2010 (the "Separation Date"). You acknowledge that this Agreement constitutes the entire agreement and understanding between you and the Company relating to your separation from employment and post-employment severance and benefits. There are no other valid oral or written agreements relating to the separation of your employment and post-employment severance and benefits, except as expressly provided in this Agreement.

In connection with the separation of your employment, the Company is offering you severance payments (the "Severance Payments"), medical and dental benefits ("Medical Benefits"), and outplacement services ("Outplacement Services") (collectively, the "Severance Benefits"), subject to the terms and conditions specified in this Agreement. You should read this Agreement carefully and consult with an attorney prior to signing this Agreement or the General Release of Claims ("Release") attached to this Agreement.

We have agreed as follows:

1. Effective on the Separation Date you will resign from each and every position you presently hold with the Company, including without limitation any position as an officer, director, trustee or otherwise. At the Company's request, from time to time and to the extent the Company deems the same necessary, you will promptly execute and deliver separate forms of resignations from each of these positions.

2. The Company will not pay Severance Payments, and will not provide Medical Benefits and Outplacement Services, if the Company determines that you engaged in any actions defined as "cause" under the Company's then current severance plan applicable to you (even if such determination

is made following your Separation Date), or you breach any term of your Release, this Agreement, or other agreement relating to your employment. You acknowledge that if you have outstanding any debt, obligation or other liability representing an amount owed to the Company or its affiliates, including amounts owed on Company credit cards, then any Severance Benefits you are otherwise entitled to receive may be offset by such outstanding amounts.

If you abide by and satisfy the terms and conditions set forth in this Agreement, including without limitation executing, delivering and not revoking the attached Release to the Company in accordance with Paragraph 6 hereof, the Company will pay Severance Payments, and provide Medical Benefits and Outplacement Services, subject to the provisions of this Agreement, as follows:

a) Severance Payments. You shall receive Severance Payments of Five Thousand Seven Hundred Forty-Six Dollars and Fifteen Cents ($5,746.15) per week, for a period of Fifty-Two (52) weeks, as measured from your Separation Date (the “Severance Period”). If you satisfy the terms and conditions set forth in this Agreement, including the execution and nonrevocation of the Release, the first payment, which will cover the first thirty days of your severance, will be paid to you in a lump sum cash payment on the first Company pay date for executives that occurs after the thirtieth (30th) day following the Separation Date, and the remaining installments will be paid to you on each successive pay date for executives in accordance with the Company’s normal payroll practices for the remainder of the Severance Period. Each installment of the Severance Payments will be subject to and reduced by any requisite tax withholdings and any other then-applicable payroll deductions. If you are rehired by the Company or any of its affiliates, and the Severance Payments you received exceeds the income you would have received if you had been working for the Company between your Separation Date and date of rehire, you will be required to return the excess amount to the Company.

b) Medical Benefits. If you are eligible under the Consolidated Omnibus Budget Reconciliation Act (“COBRA”) to receive continuing medical and dental benefits under the Company-sponsored medical and dental benefit plans after your employment ends, and you elect health care continuation coverage under COBRA following the termination of your employment, the Company will pay for a portion of the monthly COBRA premium, on the same basis as the Company pays for a portion of such coverage for active employees, for the period Severance Payments are paid to you hereunder; provided, that in order to receive such continued coverage at such premium rates pursuant to this Agreement, you must pay to the Company, at the same time that COBRA premium payments are due for the month, an amount equal to the full monthly COBRA premium payment required for such monthly coverage and the Company will reimburse to you the amount of such monthly premium, less the amount that you would have been required to pay for such coverage if you were employed by the Company at such time (the “Health Payment”). In addition, on each such date on which the monthly Health Payment is paid to you, the Company will pay to you an additional amount equal to the federal, state and local income and payroll taxes that you incur on the monthly Health Payment (the “Health Gross-Up Payment”). Your entitlement to the Health Payment and the Health Gross-Up Payment will continue until the earlier to occur of (i) the end of the Severance Period, (ii) you cease to receive the Severance Payments, or (iii) you do not pay the full monthly premium for COBRA coverage. If you satisfy the terms and conditions set forth in this Agreement, including the execution and nonrevocation of the Release and the conditions of this subparagraph, the first payment, which will cover the Health Payment and Gross-Up Payment for the monthly premiums you paid prior to such date, will be paid to you in a lump sum cash payment on the first Company pay date for executives that occurs after the thirtieth (30th) day following the Separation Date, and the remaining Health Payments and Gross-Up Payments, for the remainder of the period you are entitled to these payments pursuant to this subparagraph, will be paid to you on the pay date for executives that occurs after the monthly premium is paid by you. Each Health Payment and Health Gross-Up Payment will be subject to and reduced by any requisite tax withholdings and any other then-applicable payroll deductions. You will receive a letter describing in greater detail your eligibility for the continuation of your medical and dental benefits under COBRA. By signing this Agreement, you agree that the Company may deduct your portion of the post-employment premiums from your Severance Payments.

c) Outplacement Services. The Company will provide you with certain outplacement services to be provided by an outplacement consulting firm to be selected and engaged by the Company, and such firm will inform you as to the terms and limits of these services.

3. Your rights with respect to any outstanding equity compensation awards, including without limitation stock option awards and restricted stock unit awards (collectively, “Equity Grants”), made to you by the Company will terminate in accordance with the terms of the applicable plan and award documents or agreements. If you were previously provided any Equity Grants under either CSS’ 1994 Equity Compensation Plan or CSS’ 2004 Equity Compensation Plan, all of your outstanding Equity Grants that (i) are exercisable as of your Separation Date shall remain exercisable for the ninety (90) day period following your Separation Date (or the remaining term thereof, if shorter) and shall terminate at the end of such period, and (ii) are not exercisable as of your Separation Date shall immediately terminate as of your Separation Date.

4. The Severance Benefits described in this Agreement constitute the entire compensation that will be payable to you by the Company under this understanding or otherwise. Following the Separation Date, except as expressly provided herein or pursuant to the terms of any benefits plans of the Company (other than severance plans) that provide benefits or payments to former employees according to their terms, you will not be entitled or eligible to receive any form of compensation from or on behalf of Company, including by way of illustration, but not of limitation, salary, bonus, profit sharing contribution, automobile allowance and accrued vacation pay. Notwithstanding the foregoing, you will be paid (regardless of whether or not you accept this Agreement and sign and deliver the attached Release) for any vacation time that has been earned, accrued and unused as of the Separation Date.

5. You and the Company agree as follows:

a) Except as may be required by law, you agree that you shall at all times maintain the confidentiality of and shall not disclose to any third party (including current and former employees of the Company or its affiliates) the terms of this Agreement. The foregoing shall not be construed to prohibit disclosure of this Agreement to your attorney, accountant or members of your immediate family, provided that such individuals maintain the confidentiality of this Agreement.

b) You agree that as of the Separation Date you will surrender possession to the Company of all Company keys, all Company documents, all Company credit cards and all other Company property that at any time was in your possession and control.

c) You recognize and acknowledge that by reason of your employment by and service to the Company you have had access to confidential information of the Company and its affiliates. This includes, without limitation, information and knowledge pertaining to products and services offered, inventions, innovations, designs, ideas, plans, trade secrets, proprietary information, manufacturing, packaging, advertising, distribution and sales methods and systems, sales and profit figures, customer and client lists, and relationships between the Company and its affiliates and dealers, distributors, wholesalers, customers, clients, suppliers and others who have business dealings with the Company and its affiliates (“Confidential Information”). You acknowledge that such Confidential Information is a valuable and unique asset. You must not at any time disclose any such Confidential Information to any person for any reason whatsoever without the prior written authorization of the undersigned, or the undersigned’s successor or designee, unless such information is in the public domain through no fault of your own, and except as may be required by law, and you acknowledge and agree that the Company’s continued provision to you of any Severance Benefits described in this Agreement is contingent upon your full, complete and ongoing fulfillment of all of your covenants that you have made in favor of CSS, including without limitation the foregoing covenant regarding Confidential Information.

d) You recognize and acknowledge that the covenants set forth in this Paragraph 5 are independent of and do not affect the efficacy of any covenants that you have made in favor of CSS, the Company, and/or any of their respective affiliates, including without limitation any covenants set forth in any Non-Disclosure and Non-Competition Agreements you may have executed with CSS (which shall continue to apply in all respects, unless specifically inconsistent with the terms of this Agreement).

6. You must sign and deliver this Agreement and the attached Release to the Company’s Human Resources Department within twenty-one (21) days after your Separation Date. By signing the Release and delivering it to the Company, you will waive all claims that you may have against the Company and its affiliates, excepting only a claim for non-receipt of any Severance Benefits to which you may be entitled under this Agreement. **You are advised to consult with an attorney of your choice before signing and returning the Release.**

You will have the right to revoke the Release, at any time within seven (7) days after you have signed and returned this Agreement and the Release to the Company’s Human Resources Department (the “Revocation Period”). If you exercise your right to revoke the Release, this Agreement will be void, you will not be entitled to any Severance Benefits, and upon demand you will pay back to the Company the full amount of any Severance Benefits which were paid to you or for your benefit under this Agreement.

7. This Agreement shall be governed by and construed in accordance with the substantive laws of the Commonwealth of Pennsylvania. If any portion of the Release is found to be legally invalid and/or unenforceable, this entire Agreement shall be voidable in its entirety, at the sole discretion of the Company. In the event the Company exercises its right to void this Agreement as just described, you will not be entitled to receive any Severance Benefits.

8. The provisions of this Agreement may be amended or modified only with the written agreement of the Company. The Company shall not be deemed to have waived any provision of this Agreement unless expressly waived by the Company in writing.

9. You represent and acknowledge that:

a) The Company has advised you to consult with an attorney as to this Agreement and the Release prior to signing these documents;

b) The Severance Benefits provided to you under this Agreement are subject to applicable taxes and withholdings, and neither the Company nor any of its affiliates makes or has made any representation, warranty or guarantee of any federal, state or local tax consequences of your receipt of any benefit or payment hereunder, including, but not limited to, under Section 409A of the Internal Revenue Code of 1986, as amended, and the Company may withhold from all amounts payable to you under this Agreement such amounts that are necessary to satisfy the Company's withholding obligations to you, and you are solely responsible for all taxes that result from your receipt of the amounts payable to you under this Agreement; and

c) You have read and fully understand the terms and conditions of this Agreement and acknowledge that your execution of this Agreement constitutes your voluntary act and will.

If this Agreement accurately and completely describes our mutual understanding, please indicate your acceptance of this Agreement by signing below and returning this Agreement to me within twenty-one (21) days after your last day of employment.

Sincerely,

CSS Industries, Inc. ("Company")

By: /s/ Christopher J. Munyan
Name: Christopher J. Munyan
Title: President and Chief Executive Officer

Witness to Employee's Signature:

/s/ Candice B. Cohen
Witness signature

Print Name: Candice B. Cohen

Agreed and Accepted:

By: /s/ Clifford E. Pietrafitta
Name: Clifford E. Pietrafitta

Date: 4/14/10

ATTACHMENT

GENERAL RELEASE OF CLAIMS

I agree to and hereby do, intending to be legally bound, release and forever discharge Paper Magic Group, Inc., and its parent, affiliates, and related companies, their past, present and future officers, directors, attorneys, employees, shareholders and agents and their respective successors and assigns (jointly and severally, the “Company”) from any and all actions, charges, causes of action or claims of any kind, known or unknown, which I, my heirs, agents, successors or assigns ever had, now have or hereafter may have against the Company arising out of any matter, occurrence or event existing or occurring prior to my signing of this release, including without limitation any claim relating to or arising out of my employment with and/or termination of employment by the Company, any claim of discrimination based on age, sex, race, religion, color, creed, disability, citizenship, national origin or any other factor prohibited by federal, state or local law (including any claims under the Age Discrimination in Employment Act (“ADEA Rights”), Title VII of the Civil Rights Act of 1964, the Americans With Disabilities Act (“ADA”), the Employment Retirement Security Act of 1974 (“ERISA”), The Pennsylvania Human Relations Act, the Pennsylvania Equal Pay Law or The Pennsylvania Wage Payment and Collection Law), any claim for breach of contract, and/or any common law claim such as libel, slander, fraud, promissory estoppel, equitable estoppel, misrepresentation or wrongful discharge. Excluded from this general release are only: (i) any claim which I may have against the Company for non-payment of the Severance Payments, Medical Benefits, and/or Outplacement Services due to me under the terms of the attached Agreement between the Company and me; and (ii) any claim which arises out of any matter, occurrence or event occurring exclusively after I sign and return this Release.

I agree to the terms in this Release and understand them. I acknowledge that the Company has advised me to consult with an attorney concerning the effect of this general release. I acknowledge that I have been told by the Company that I will receive no payments under the attached Agreement, or any other consideration, if I do not execute this general release of all claims and deliver it to the Company no later than twenty-one (21) days after my last day of employment with the Company. I also understand that I have seven (7) days after signing and delivering this general release to revoke it, in which case the Company will have no obligation to me under the terms of the attached Agreement. I acknowledge that I have been told by the Company that I will receive no payments or any other consideration under the attached Agreement if at any time after I sign this general release I revoke it, or if the general release does not remain in full force and effect.

Employee’s Signature:	/s/ Clifford E. Pietrafitta	Date: 4/14/10
	Clifford E. Pietrafitta	
Witness Signature:	/s/ Candice B. Cohen	Date: 4/15/10
Print Name: Candice B. Cohen		

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (the “Agreement”) is made as of this 15th day of April, 2010 between**CSS INDUSTRIES, INC.** (“CSS”) and **CLIFFORD E. PIETRAFITTA** (“Consultant”).

WHEREAS, CSS desires to have professional services performed by Consultant on the terms and conditions hereinafter set forth; and

WHEREAS, Consultant desires to perform professional services for CSS upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. **Engagement as Consultant; Independent Contractor.**

(a) CSS hereby retains Consultant to provide assistance to CSS as specifically provided in this Agreement. Consultant shall at all times act hereunder as an independent contractor and nothing herein shall be deemed to create or imply, nor shall Consultant represent himself to be, an employee or agent of CSS or any of its affiliated entities.

(b) Consultant represents and covenants to CSS that he is not subject or a party to any employment agreement, non-competition covenant, understanding or restriction which would prohibit Consultant from executing this Agreement and performing his duties and responsibilities hereunder.

2. **Consultant Term**. The term of this Agreement (the “Term”) shall commence on April 1, 2010 and shall continue until June 30, 2011. In addition, this Agreement shall terminate in accordance with Section 9 hereof.

3. **Duties and Responsibilities**. During the Term, Consultant may provide assistance on certain projects relating to CSS matters that may be specifically assigned to Consultant from time to time in writing by CSS’ President, or such individual’s designees or successors (the “CSS Representative”). The parties acknowledge and agree that Consultant shall provide only the services specifically requested by the CSS Representative in writing, and that nothing herein shall constitute a commitment that CSS shall request Consultant to provide any consulting services, or any minimum quantity of consulting services, from Consultant during the Term.

4. **Extent of Service**. During the Term, Consultant agrees to use his best efforts to carry out his duties and responsibilities under Section 3 hereof.

5. **Compensation**. For all the services rendered by Consultant hereunder, Consultant shall be entitled to compensation at a rate of One Thousand Six Hundred Dollars ($1,600.00) per day for each day that Consultant works at least eight (8) hours performing his duties and responsibilities under Section 3 hereof. For each day in which Consultant works less than eight (8) hours performing his duties and responsibilities under Section 3 hereof, Consultant shall be entitled to compensation at a rate

of Fifty Dollars ($50.00) for each fifteen (15) minutes worked by Consultant hereunder. Notwithstanding any provision in this Agreement to the contrary, Consultant shall not be entitled to any compensation for his time spent traveling to or from his primary or secondary residence, except for any specific time during the course of such travel that Consultant performs substantive work hereunder, and then only in accordance with the terms set forth in the first two sentences of this Section 5. In addition, Consultant will be compensated for all reasonable expenses incurred by him with the prior written approval of the CSS Representative, which compensation shall be paid to Consultant upon receipt of a statement of services submitted by Consultant. CSS shall pay Consultant upon receipt of a statement of services submitted by Consultant on a monthly basis.

Notwithstanding any provision in this Agreement to the contrary, CSS and Consultant agree that so long as this Agreement is not terminated by CSS for "cause" pursuant to Section 9(c) hereof, Consultant shall be eligible to receive a minimum payment hereunder in an amount equivalent to Seventy-Five Thousand Dollars ($75,000.00) (the "Minimum Payment Commitment"), which shall be calculated and paid as set forth in the last sentence of this paragraph. For purposes of clarifying the immediately preceding sentence, CSS and Consultant agree that if this Agreement is terminated by CSS pursuant to Section 9(a), 9(b) or 9(d) hereof, Consultant still shall be eligible to receive the Minimum Payment Commitment. If on each of April 30, 2011, May 30, 2011 and June 30, 2011 the aggregate amount owed and/or paid to Consultant hereunder for actual services provided by Consultant hereunder during such applicable month does not equal or exceed one-third of the Minimum Payment Commitment, then Consultant shall invoice CSS, and CSS shall pay Consultant, for such difference; provided, however, that such amount shall be reduced by and to the extent of any earnings and other compensation received by Consultant or accrued for Consultant's benefit (whether as an employee or as an independent contractor) during such period.

6. **Assignment of Intellectual Property**.

In this Agreement, "**Intellectual Property**" means all works, including literary, pictorial, graphic, sculptural, and architectural work, works of visual art, and other work that may be the subject of copyright protection; advertising and marketing ideas and concepts; information; data; formulae; designs; models; drawings and sketches; computer programs, including all written instructions therefor and documentation thereof; design specifications; flowcharts; trade secrets; and any inventions, including all processes, machines, manufactures and compositions of matter and any other invention that may be the subject of patent protection, and all statutory protection obtained or obtainable thereon.

Consultant hereby assigns to CSS all right, title and interest in and to all Intellectual Property created by Consultant in connection with his services to CSS, including all copyrights, and Consultant agrees that the ownership of same will vest solely in CSS. All Intellectual Property so created by Consultant which is copyrightable, whether or not "work made for hire" under the U.S. Copyright Act of 1976, as amended, will vest solely in CSS. As to copyrights, this assignment will be effective for the entire scope and duration of the copyrights and will specifically include all rights to derivative works. Consultant waives all rights of attribution and integrity for specific works created by Consultant as to all marketing, advertising, and commercial uses thereof. Consultant agrees promptly to execute, without charge, all declarations, assignments and other documents reasonably required by CSS to perfect CSS' right, title and interest in and to all Intellectual Property.

7. **Confidential Information.** Consultant recognizes and acknowledges that by reason of his rendering services to CSS, he has had and will continue to have access to confidential information of CSS and its affiliates, including, without limitation, information and knowledge pertaining to products and services offered, inventions, innovations, designs, ideas, plans, trade secrets, proprietary information, advertising, distribution and sales methods and systems, sales and profit figures, customer and client lists, and relationships between CSS and its affiliates and dealers, distributors, wholesalers, customers, clients, suppliers and others who have business dealings with CSS and its affiliates ("Confidential Information"). Consultant acknowledges that such Confidential Information is a valuable and unique asset and covenants that he will not, either during or after the term of this Agreement, disclose any such Confidential Information to any person for any reason whatsoever without the prior written authorization of the CSS Representative, unless such information is in the public domain through no fault of Consultant or except as may be required by law.

8. **Equitable Relief.**

(a) Consultant acknowledges that the restrictions contained in Sections 6 and 7 hereof are reasonable and necessary to protect the legitimate interests of CSS and its affiliates, that CSS would not have entered into this Agreement in the absence of such restrictions, and that any violation of any provision of those Sections will result in irreparable injury to CSS. Consultant represents and acknowledges that (i) he has been advised by CSS to consult his own legal counsel in respect of this Agreement, and (ii) that he has had full opportunity, prior to execution of this Agreement, to review, prior to execution of this Agreement, thoroughly this Agreement with his counsel.

(b) Consultant agrees that CSS shall be entitled to preliminary and permanent injunctive relief, without the necessity of proving actual damages, as well as an equitable accounting of all earnings, profits and other benefits arising from any violation of Sections 6 or 7 hereof, which rights shall be cumulative and in addition to any other rights or remedies to which CSS may be entitled. In the event that any of the provisions of Sections 6 or 7 hereof should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable law.

(c) Consultant irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of this Agreement, including without limitation, any action commenced by CSS for preliminary and permanent injunctive relief and other equitable relief, may be brought in the United States District Court for the Eastern District of Pennsylvania, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Philadelphia County, Pennsylvania, (ii) consents to the non-exclusive jurisdiction of any such court in any such suit, action or proceeding, and (iii) waives any objection which Consultant may have to the laying of venue of any such suit, action or proceeding in any such court. Consultant also irrevocably and unconditionally consents to the service of any process, pleadings, notices or other papers in a manner permitted by the notice provisions of Section 12 hereof.

(d) Consultant agrees that he will provide, and that CSS may similarly provide, a copy of Sections 6 and 7 of this Agreement to any business or enterprise (i) which he may directly or indirectly own, manage, operate, finance, join, control or participate in the ownership, management, operation, financing, control or control of, or (ii) with which he may be connected with as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise, or in connection with which he may use or permit his name to be used.

9. **Termination**. This Agreement shall terminate prior to the expiration of its Term set forth in Section 2 above upon the occurrence of any one of the following events:

(a) **Disability**. In the event that Consultant is unable fully to perform his duties and responsibilities hereunder to the full extent required by the CSS Representative by reason of illness, injury or incapacity for one (1) week, this Agreement may be immediately terminated by CSS, and CSS shall have no further liability or obligation to Consultant for compensation hereunder.

(b) **Death**. In the event that Consultant dies during the Term, CSS shall pay to his executors, legal representatives or administrators an amount equal to the compensation earned by Consultant at the date of death, and thereafter CSS shall have no further liability or obligation hereunder to his executors, legal representatives, administrators, heirs or assigns or any other person claiming under or through him.

(c) **Cause**. Nothing in this Agreement shall be construed to prevent its termination immediately by CSS at any time for “cause”. For purposes of this Agreement, “cause” shall mean failure of Consultant to perform or observe any of the material terms or provisions of this Agreement or to comply fully with the lawful directives of the CSS Representative, dishonesty, misconduct, conviction of a crime involving moral turpitude, substance abuse, misappropriation of funds, disparagement of CSS (or its management or employees), or other proper cause. CSS’ liability, if any, for payments to Consultant by virtue of any wrongful termination of Consultant’s consulting relationship pursuant to this Agreement shall be reduced by and to the extent of any earnings received by or accrued for the benefit of Consultant during any unexpired part of the Term.

(d) **Without Cause**. Notwithstanding any provision in this Agreement to the contrary, CSS may terminate this Agreement at any time for any reason by providing the Consultant with thirty (30) days prior written notice of CSS’ intent to terminate this Agreement.

10. **Survival.** Notwithstanding the termination of this Agreement by reason of either Consultant’s disability under Section 9(a), for cause under Section 9(c) or without cause under Section 9(d), his obligations under Sections 6 and 7 hereof shall survive and remain in full force and effect for the periods therein provided, and the provisions for equitable relief against Consultant in Section 8 hereof shall continue in force.

11. **Governing Law.** This Agreement shall be governed by and interpreted under the laws of the Commonwealth of Pennsylvania without giving effect to any conflict of laws provisions.

12. **Notices**. All notices and other communications required or permitted hereunder or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when hand delivered or mailed by registered or certified mail, as follows (provided that notice of change of address shall be deemed given only when received):

If to CSS, to:

CSS Industries, Inc.
1845 Walnut Street, Suite 800
Philadelphia, PA 19107
Attention: President

with a copy to:

CSS Industries, Inc.
1845 Walnut Street, Suite 800
Philadelphia, PA 19107
Attention: Vice President – Legal and Human Resources

If to Consultant, to:

Clifford E. Pietrafitta
8 Brooks Road
Moorestown, NJ 08057

or to such other names or addresses as CSS or either Consultant, as the case may be, shall designate by notice to each other person entitled to receive notices in the manner specified in this Section.

13. **Contents of Agreement; Amendment and Assignment**.

(a) This Agreement supersedes all prior agreements and sets forth the entire understanding among the parties hereto with respect to the subject matter hereof and cannot be changed, modified, extended or terminated except upon written amendment approved by CSS and executed on its behalf by a duly authorized officer. Without limitation, nothing in this Agreement shall be construed as giving Consultant any right to render services to CSS beyond the expiration of the Term.

(b) All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of Consultant hereunder are of a personal nature and shall not be assignable or delegatable in whole or in part by Consultant.

14. **Severability.** If any provision of this Agreement or the application thereof to any person or circumstance is held invalid, the remainder of this Agreement, and the application of such provision to other persons or circumstances, shall not be affected thereby, and to this end the provisions of this Agreement are declared to be severable.

15. **Remedies Cumulative; No Waiver.** No remedy conferred upon CSS by this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in

equity. No delay or omission by CSS in exercising any right, remedy or power hereunder or existing at law or in equity shall be construed as a waiver thereof, and any such right, remedy or power may be exercised by CSS from time to time and as often as may be deemed expedient or necessary by CSS in its sole discretion.

16. **Compliance with Business Conduct Guidelines**. Consultant shall comply in good faith with the CSS "Business Conduct Guidelines", a copy of which is attached to this Agreement as Exhibit "A" and incorporated herein by reference.

17. **Miscellaneous**. All section headings are for convenience only. This Agreement may be executed in several counterparts, each of which is an original.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement, or causes this Agreement to be executed, as of the date first above written.

CSS INDUSTRIES, INC. ("CSS")

By: /s/ Christopher Munyan
Name: Christopher Munyan
Title: President and Chief Executive Officer

By: /s/ Clifford E. Pietrafitta
Name: Clifford E. Pietrafitta ("Consultant")

EXHIBIT “A”

BUSINESS CONDUCT GUIDELINES

I. **Background**

The reputation and integrity of CSS Industries, Inc., its subsidiaries and its affiliates (“CSS”), are valuable assets of CSS. CSS expects that each CSS business partner will be responsible for conducting its business in a manner that demonstrates a commitment to the highest standards of integrity. These Guidelines have been developed to assist CSS business partners meet these standards. While these Guidelines are designed to provide helpful guidelines, it is not intended to address every specific situation. Therefore, dishonest conduct, conduct constituting moral turpitude or conduct that is illegal will constitute a violation of these Guidelines, regardless of whether such conduct is specifically referenced in these Guidelines.

II. **Overview**

CSS expects each of its business partners to comply with all applicable governmental laws, rules and regulations and at all times to observe honest and ethical conduct in the course of its business activities and in the performance of its duties and obligations to CSS.

III. **Compliance With Law**

All CSS business partners are expected to comply with all applicable laws, rules and regulations, including securities, banking and antitrust laws, as well as rules and regulations adopted under such laws. Examples of criminal violations under these laws include:

- stealing, embezzling or misapplying corporate or bank funds;
- using threats, physical force or other unauthorized means to collect money;
- making false entries in its books and records, or engaging in any conduct that results in the making of such false entries;
- making a payment for an expressed purpose to an individual who intends to use it for a different purpose;
- utilizing CSS funds or other assets or services to make a political contribution or expenditure;
- failing to comply with the letter and spirit of all antitrust laws relating to CSS; and
- making payments, whether corporate or personal, of cash or other items of value that are intended to influence the judgment or actions of political candidates, government officials, union employees or businesses in connection with any of CSS’ activities.

CSS must and will report all suspected criminal violations to the appropriate authorities for possible prosecution, and will investigate, address and report, as appropriate, non-criminal violations.

Compliance with Foreign Corrupt Practices Act (FCPA)

The Foreign Corrupt Practices Act of 1977, as amended (FCPA), makes it a criminal offense to pay, offer, or give anything of value to a foreign official or employees of a foreign government who have discretionary authority with the intent to improperly influence the business decisions of those officials. Foreign persons are covered if they commit an act in furtherance of a bribe while in the United States, as are U.S. businesses and U.S. nationals making payments wholly outside the United States. The FCPA is a criminal statute, and provides potentially severe criminal sanctions for those who fail to comply.

Neither the CSS business partner, nor any of its employees, representatives or agents, may give, or promise to give, money or anything of value to an executive, official, or employee of any customer, government, or its agency, political party (including candidates for political office), or other organization if it could reasonably be construed as being intended to influence CSS' or the CSS business partner's business relationship with them. Specifically, such payments must not be made to obtain or retain business or secure any improper advantage. All CSS business partners will exercise due diligence in selecting its employees and agents, will provide appropriate training for them, and will monitor their activities to ensure compliance. Further, all CSS business partners will immediately inform CSS of any alleged or actual violations of the FCPA, and will fully assist CSS in investigating such allegations and remedying any violations.

IV. **Fair Dealing**

Each CSS business partner should deal fairly and in good faith with CSS and its employees, representatives, agents, customers, suppliers, regulators, and other business partners. Neither the CSS business partner, nor its employees, representatives or agents, may take unfair advantage of anyone through misrepresentation, inappropriate threats, fraud, abuse of confidential information or other related conduct.

V. **Proper Use of CSS Assets**

CSS assets, including information, materials, supplies, time, intellectual property, facilities, software, and other assets owned or leased by CSS, or that are otherwise in CSS' possession, may be used by a CSS business partner, or its employees, representatives or agents, only if specifically authorized in writing and only for legitimate business purposes. The use of CSS assets without CSS authorization is prohibited.

VI. **Employment/Equal Opportunity**

Each CSS business partner will hire, promote, discipline and make all other personnel decisions without regard to race, color, religion, national origin, age, sex, sexual orientation, disability, disabled veteran or Vietnam-era veteran status.

VII. **Responsibility**

Each CSS business partner shall be responsible for the enforcement of, and compliance with, these Guidelines, including necessary distribution to assure employee knowledge and compliance.

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
CSS Industries, Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-31941, 333-100795 and No. 333-118008) on Form S-8 and in the registration statement (No. 333-156031) on Form S-3 of CSS Industries, Inc. of our reports dated May 28, 2010, with respect to the consolidated balance sheets of CSS Industries, Inc. and subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations and comprehensive income, cash flows and stockholders' equity for each of the years in the three-year period ended March 31, 2010, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of March 31, 2010, which reports appear in the March 31, 2010 annual report on Form 10-K of CSS Industries, Inc.

Our report on the consolidated financial statements refers to the Company's adoption of EITF 06-10, *Accounting for Collateral Assignment Split-Dollar Life Insurance Agreements,* effective April 1, 2008 (incorporated into ASC topic 715, "Compensation – Retirement Benefits").

/s/ KPMG LLP

May 28, 2010
Philadelphia, PA

CERTIFICATION

I, Christopher J. Munyan, certify that:

1. I have reviewed this annual report on Form 10-K of CSS Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Christopher J. Munyan
Christopher J. Munyan,
President and Chief Executive Officer
(principal executive officer)

Date: May 28, 2010

CERTIFICATION

I, Vincent A. Paccapaniccia, certify that:

1. I have reviewed this annual report on Form 10-K of CSS Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Vincent A. Paccapaniccia

Vincent A. Paccapaniccia,
Vice President — Finance and Chief Financial Officer
(principal financial officer)

Date: May 28, 2010

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of CSS Industries, Inc. (the "Company") on Form 10-K for the year ended March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher J. Munyan, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Christopher J. Munyan
Christopher J. Munyan
President and Chief Executive Officer
(principal executive officer)

May 28, 2010

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of CSS Industries, Inc. (the “Company”) on Form 10-K for the year ended March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Vincent A. Paccapaniccia, Vice President — Finance and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Vincent A. Paccapaniccia

Vincent A. Paccapaniccia
Vice President — Finance and Chief Financial Officer
(principal financial officer)

May 28, 2010