

CSS INDUSTRIES INC  
Form DEF 14A  
June 15, 2007

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

CSS Industries, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

---

**Table of Contents**

**CSS INDUSTRIES, INC.**

**1845 Walnut Street  
Philadelphia, Pennsylvania 19103**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

Dear Stockholder:

The 2007 Annual Meeting of Stockholders of CSS Industries, Inc. will be held at the Sofitel Philadelphia, 120 South 17<sup>th</sup> Street, Philadelphia, Pennsylvania, on Thursday, August 2, 2007, at 9:30 a.m. local time.

At our Annual Meeting, we will ask you to:

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

If you were a stockholder of record at the close of business on June 4, 2007, you may vote at the Annual Meeting.

By order of the board of directors,

MICHAEL A. SANTIVASCI  
*Secretary*

Philadelphia, Pennsylvania  
June 19, 2007

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

---

**TABLE OF CONTENTS**

ELECTION OF DIRECTORS

OWNERSHIP OF CSS COMMON STOCK

SECURITIES AUTHORIZED FOR ISSUANCE UNDER CSS EQUITY COMPENSATION PLANS

CORPORATE GOVERNANCE

RELATED PARTY TRANSACTIONS

OUR EXECUTIVE OFFICERS

COMPENSATION DISCUSSION AND ANALYSIS

HUMAN RESOURCES COMMITTEE REPORT

EXECUTIVE COMPENSATION

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

DIRECTOR COMPENSATION FISCAL 2007

AUDIT COMMITTEE REPORT

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

STOCKHOLDER PROPOSALS

---

**Table of Contents**

**CSS INDUSTRIES, INC.**

**1845 Walnut Street  
Philadelphia, Pennsylvania 19103**

**PROXY STATEMENT  
2007 Annual Meeting of Stockholders**

**WHY YOU RECEIVED THIS PROXY STATEMENT**

You received this proxy statement because the board of directors of CSS Industries, Inc. ( CSS ) is soliciting your proxy to vote at the 2007 Annual Meeting of Stockholders ( Meeting ) to be held at the Sofitel Philadelphia, 120 South 17<sup>th</sup> Street, Philadelphia, Pennsylvania on Thursday, August 2, 2007 at 9:30 a.m. local time. This proxy statement provides information regarding the matters to be presented at the Meeting. You may vote in one of two ways: (i) in person, by attending the Meeting and casting your vote, or (ii) by proxy, by completing, signing and returning the enclosed proxy card. Beginning on June 19, 2007, we are sending this Proxy Statement and the accompanying form of Proxy to stockholders of record at the close of business on June 4, 2007.

**WHO CAN VOTE**

Stockholders of record at the close of business on June 4, 2007 may vote at the Meeting. On the record date, 10,892,055 shares of CSS common stock, par value \$0.10 per share, were outstanding. Each share of common stock is entitled to one vote on any matter that is properly presented at the Meeting.

**WHO WILL PAY THE COSTS OF THIS PROXY SOLICITATION**

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

**HOW TO BE PART OF AN EFFECTIVE VOTE**

In order to have an effective vote on any matter at the Meeting, there must be a quorum. A quorum exists when the holders of a majority of the shares entitled to vote are present in person or represented by proxy. Based on the number of shares of CSS common stock outstanding on the record date, the holders of 5,446,028 shares of CSS common stock are required to be present in person or represented by proxy in order to have a quorum at the Meeting. Directors will be elected by a plurality of the votes cast at the Meeting. This means that the seven nominees receiving the most votes will be elected as directors. Approval of any other matter to be voted on at the Meeting requires the affirmative vote of the holders of a majority of the shares present either in person or represented by proxy.

Abstentions may not be specified for the election of directors. An abstention on any other matters to be voted on at the Meeting will have the same effect as a vote against, while a broker non-vote will not be counted on such matters. A

Edgar Filing: CSS INDUSTRIES INC - Form DEF 14A

broker non-vote occurs when a nominee (such as a broker) does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

You may vote at the Meeting by attending in person and submitting a ballot or by properly completing and submitting the enclosed proxy card. The shares represented by each properly completed proxy card will be voted at the Meeting in accordance with each stockholder's choices. If you do not indicate on the proxy card how you wish to have your shares voted, the shares will be voted as recommended by the CSS board of directors (the Board). If any

---

**Table of Contents**

additional matters are properly presented at the Meeting, the proxy holders will vote in their discretion. This authority is given to the proxy holders in the enclosed form of Proxy.

**HOW YOU MAY REVOKE YOUR PROXY**

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

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



**Table of Contents**

**ELECTION OF DIRECTORS**

Our Board currently has seven members. Directors who are elected will hold office until the 2008 Annual Meeting of Stockholders and until the election and qualification of their respective successors. The Board, upon the recommendation of its Nominating and Governance Committee, has nominated for election as directors the persons whose names are listed below, all of whom are presently directors of CSS. The Board believes all of these persons will be able to serve as directors. However, if this should not be the case, the proxies may be voted for one or more substitute nominees, to be designated by the Board, or the Board may decide to reduce the number of directors, in each instance after consideration of the recommendation of its Nominating and Governance Committee.

Set forth below is information about the nominees for election to our Board.

**Scott A. Beaumont**

Mr. Beaumont, 53, has been Chairman and Chief Executive Officer of Sugartown Worldwide, Inc., of which he is a Co-founder, since 1993. Sugartown Worldwide, Inc. is a designer, marketer and distributor of apparel, accessories and home fashions under the Lilly Pulitzer® trademark. He has served as one of our directors since February 2005.

**James H. Bromley**

Mr. Bromley, 68, as President and owner of Bromley Consulting Services, Inc., has been an independent consultant since 1996. From September 1996 to December 1997, he served as Chairman of our former Direct Mail Business Products Group and Vice Chairman of Rapidforms, Inc., formerly a subsidiary of CSS. He has served as one of our directors since 1989.

**Jack Farber**

Mr. Farber, 74, has been our Chairman since 1979. From 1979 to May 1999, he was also our President and Chief Executive Officer. Mr. Farber has served as one of our directors since 1978.

**Leonard E. Grossman**

Mr. Grossman, 72, has been a private investor since 1989. Mr. Grossman has served as one of our directors since 1982.

**James E. Ksansnak**

Mr. Ksansnak, 67, has been Chairman of the Board and a Director of Tasty Baking Company, a baker of snack cakes, pies and related products, since May 2003. He served as Vice Chairman of ARAMARK Corporation, a provider of food, hospitality and facility management services and uniform and work apparel, from May 1997 to February 2001 and currently serves on its board of directors. Mr. Ksansnak has served as one of our directors since 1988.

**Rebecca C. Matthias**

Ms. Matthias, 54, has been President and a director of Mothers Work, Inc., a designer and retailer of maternity apparel, since 1982, and she began serving as its Chief Creative Officer in May 2007. She served as Chief Operating Officer of Mothers Work, Inc. from January 1993 until May 2007. Ms. Matthias has served as one of our directors since 2003.

**Christopher J. Munyan**

Mr. Munyan, 42, has been our President and Chief Executive Officer since July 2006. He served as our Executive Vice President and Chief Operating

Officer from October 2005 until June 2006. From November 1999 until October 2005, Mr. Munyan served as President of Berwick Offray LLC ( Berwick Offray ), a subsidiary of CSS. From 1993 to November 1999, Mr. Munyan served Berwick Offray in various capacities, including Senior Vice President-Finance and Administration. Mr. Munyan has served as one of our directors since April 2006.

**THE BOARD RECOMMENDS A VOTE FOR THE ELECTION OF ALL THE NOMINEES LISTED ABOVE.**

**Table of Contents****OWNERSHIP OF CSS COMMON STOCK**

The following table lists all persons who we know to beneficially own at least five percent of our common stock as of June 4, 2007, unless otherwise noted. The table also shows, as of that date, the beneficial ownership of our common stock by each of our current directors, each of the executive officers listed in the Summary Compensation Table under Executive Compensation below and all directors and executive officers as a group.

<b>Beneficial Owner</b>	<b>Number of Shares Beneficially Owned<sup>(1)</sup></b>	<b>Percent of Class<sup>(2)</sup></b>
Dimensional Fund Advisors LP	897,388 <sup>(3)</sup>	8.24%
Royce & Associates, LLC	976,762 <sup>(4)</sup>	8.97%
T. Rowe Price Associates, Inc. and T. Rowe Price Small Cap Value Fund, Inc.	1,451,500 <sup>(5)</sup>	13.33%
Ellen B. Kurtzman	1,914,426 <sup>(6)</sup>	17.58%
Scott A. Beaumont	1,500 <sup>(7)</sup>	*
James H. Bromley	186,238 <sup>(8)</sup>	1.71%
David J. M. Erskine	19,153 <sup>(9)</sup>	*
Jack Farber	312,044 <sup>(10)</sup>	2.86%
Leonard E. Grossman	134,345 <sup>(11)</sup>	1.23%
William G. Kiesling	43,401 <sup>(12)</sup>	*
James E. Ksansnak	67,834 <sup>(13)</sup>	*
Rebecca C. Matthias	10,000 <sup>(14)</sup>	*
Christopher J. Munyan	115,172 <sup>(15)</sup>	1.06%
Clifford E. Pietrafitta	153,552 <sup>(16)</sup>	1.41%
Scott M. Shea	58,715 <sup>(17)</sup>	*
All directors and executive officers of CSS as a group (eleven (11) persons, including the individuals named above)	1,000,248 <sup>(18)</sup>	9.18%

\* Ownership is less than 1 percent of the class.

(1) Beneficial ownership is determined in accordance with United States Securities and Exchange Commission (SEC) regulations. Therefore, the table lists all shares as to which a person listed has or shares voting power or investment power. In addition, shares issuable upon the exercise of outstanding stock options exercisable at June 4, 2007 or within 60 days thereafter are considered outstanding and to be beneficially owned by the person holding such options for the purpose of computing such person's percentage beneficial ownership, but are not deemed outstanding for the purposes of computing the percentage beneficial ownership of any other person. Unless otherwise indicated, each person has the sole power to vote, and sole investment power over, the shares listed as beneficially owned by such person.

(2) This percentage is calculated based upon a total of 10,892,055 shares of CSS common stock outstanding at June 4, 2007.

(3)

Edgar Filing: CSS INDUSTRIES INC - Form DEF 14A

This information is as of December 31, 2006 and is derived from Schedule 13G filed with the SEC on February 9, 2007. Dimensional Fund Advisors LP ( Dimensional ) is located at 1299 Ocean Avenue, 11th Floor, Santa Monica, CA 90401. Dimensional has disclosed that it is an investment advisor registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940 and serves as investment manager to certain other commingled group trusts and separate accounts. In its role as investment advisor or manager, Dimensional possesses voting and investment power over the shares shown in the table. Dimensional expressly disclaims that it is the beneficial owner of such shares other than for purposes of Section 13(d) of the Securities Exchange Act of 1934.

- (4) This information is as of March 31, 2007 and is derived from Form 13F filed with the SEC on May 9, 2007. Royce & Associates, LLC ( Royce ) is located at 1414 Avenue of the Americas, New York, NY 10019. Royce

**Table of Contents**

disclosed in a Schedule 13G filed with the SEC on January 18, 2007 that it is an investment advisor registered under Section 203 of the Investment Advisors Act of 1940.

- (5) This information is as of March 31, 2007 and is derived from Form 13F filed with the SEC on May 14, 2007 by T. Rowe Price Associates, Inc. ( Price Associates ) and supplemental information provided by Price Associates. Price Associates and T. Rowe Price Small-Cap Value Fund, Inc. ( Price Fund ) are located at 100 E. Pratt Street, Baltimore, MD 21202. Price Associates has advised us that these shares are owned by various individual and institutional investors, including Price Fund, for which Price Associates serves as investment adviser with power to direct investments and/or power to vote the shares. Price Associates has further advised us that it has sole voting power over 472,800 of the shares listed in the table, Price Fund has sole voting power over 943,400 of such shares, another mutual fund affiliated with Price Associates has sole voting power over 800 of such shares and an institutional investor has sole voting power over the remaining 34,500 shares. Price Associates expressly disclaims that it is, in fact, the beneficial owner of the shares shown in the table.
- (6) Ms. Kurtzman, Mr. Farber's daughter, has a business address at 1105 North Market Street, Wilmington, DE 19801. She owns 83,667 shares directly. In addition, the shares shown in the table include the following: 465,151 shares held by a trust for the benefit of her father, Jack Farber, for which Ms. Kurtzman is the sole trustee; 351,042 shares held by a trust for the benefit of Mrs. Kurtzman's mother, Vivian Farber, for which Ms. Kurtzman is the sole trustee; 43,475 shares held by trusts for the benefit of two of Ms. Kurtzman's children, for which Ms. Kurtzman serves as co-trustee with her mother, with whom Ms. Kurtzman shares voting and investment power as to these shares (which also are included in the number of shares shown in the table as beneficially owned by Mr. Farber); 22,982 shares held by a trust for the benefit of Ms. Kurtzman's son, for which Ms. Kurtzman serves as co-trustee with her brother, with whom Ms. Kurtzman shares voting and investment power as to these shares; 750,000 shares held by Delv, L.P. (the Delv Partnership ); 66,732 shares held by Oliver Ernest LP ( OELP ); and 131,377 shares held by the Farber Family Foundation, Inc., a charitable foundation, the members, officers and directors of which are Ms. Kurtzman, her mother, her father and her brother. Ms. Kurtzman, has sole voting and investment power over the shares owned by the Delv Partnership in her capacity as the sole director, President, Treasurer and Secretary of Delv, Inc. ( Delv General Partner ), the general partner of the Delv Partnership. One-half of the outstanding common stock of the General Partner is owned by each of two trusts, for which Ms. Kurtzman serves as the sole trustee. Ms. Kurtzman has sole voting and investment power over the shares owned by the Farber Family Foundation, Inc. As a matter of policy, the Farber Family Foundation, Inc. will not vote the shares of common stock that it owns. With regard to the shares held by OELP, Ms. Kurtzman has voting and investment power over these shares in her capacity as manager of a limited liability company that serves as the general partner of OELP. Ms. Kurtzman disclaims beneficial ownership of all shares held by the Farber Family Foundation, Inc., the Delv Partnership, OELP and the aforementioned trusts to the extent that she does not have a pecuniary interest in them.
- (7) The shares shown in the table consist of options to purchase 1,500 shares of common stock.
- (8) The shares shown in the table include options to purchase 39,000 shares of common stock.
- (9) This information is as of May 17, 2007, and it reflects information provided to CSS by Mr. Erskine.
- (10) Mr. Farber owns 176,510 shares directly. In addition, among the shares beneficially owned by Mr. Farber are 60,383 shares of common stock owned by a trust for the benefit of Mr. Farber's son, for which Mr. Farber serves as co-trustee with his son; 43,475 shares owned by trusts for the benefit of two of Mr. Farber's grandchildren, for which Mr. Farber's wife serves as co-trustee with his daughter, Ellen B. Kurtzman, with whom Mrs. Farber shares voting and investment power as to these shares (which are also included in the

number of shares shown in the table as beneficially owned by Ms. Kurtzman); and 31,676 shares held by the Farber Foundation, a charitable foundation for which Messrs. Farber, Munyan and Pietrafitta are the members and, together with Mr. Kiesling, the directors. Not included in the number of shares beneficially owned by Mr. Farber are 131,377 shares held by the Farber Family Foundation, Inc., a charitable foundation for which the members, directors and officers are Mr. Farber, his wife, his daughter and his son. Mr. Farber's daughter, Ellen B. Kurtzman, has sole voting and investment power over these shares. As a matter of policy, the Farber Foundation and the Farber Family Foundation, Inc. will not vote the shares of common stock that they own.

**Table of Contents**

Mr. Farber disclaims beneficial ownership of all shares owned directly or beneficially by the Farber Foundation, the Farber Family Foundation, Inc. and the trusts for the benefit of his family members.

- (11) The shares shown in the table include options to purchase 45,000 shares of common stock.
- (12) The shares shown in the table include options to purchase 11,725 shares of common stock. The shares shown in the table also include 31,676 shares held by the Farber Foundation, a charitable foundation for which Messrs. Farber, Kiesling, Munyan and Pietrafitta are the directors. As a matter of policy, the Farber Foundation will not vote the shares of common stock that it owns. Mr. Kiesling disclaims beneficial ownership of the shares owned by the Farber Foundation.
- (13) The shares shown in the table include 22,834 shares owned by a trust for the benefit of Mr. Ksansnak and options to purchase 9,000 shares of common stock.
- (14) The shares shown in the table include 1,000 shares owned jointly by Ms. Matthias and her spouse and options to purchase 9,000 shares of common stock.
- (15) The shares shown in the table include options to purchase 58,875 shares of common stock and 31,676 shares held by the Farber Foundation, a charitable foundation for which Messrs. Farber, Munyan and Pietrafitta are the members and, together with Mr. Kiesling, the directors. As a matter of policy, the Farber Foundation will not vote the shares of common stock that it owns. Mr. Munyan disclaims beneficial ownership of the shares held by the Farber Foundation.
- (16) The shares shown in the table include options to purchase 95,026 shares of common stock and 31,676 shares held by the Farber Foundation, a charitable foundation for which Messrs. Farber, Munyan and Pietrafitta are the members and, together with Mr. Kiesling, the directors. As a matter of policy, the Farber Foundation will not vote the shares of common stock that it owns. Mr. Pietrafitta disclaims beneficial ownership of the shares held by the Farber Foundation.
- (17) The shares shown in the table include options to purchase a total of 44,635 shares of common stock.
- (18) The shares shown in the table include options to purchase a total of 319,236 shares of common stock and do not include the shares beneficially owned by Mr. Erskine.

**SECURITIES AUTHORIZED FOR ISSUANCE  
UNDER CSS EQUITY COMPENSATION PLANS**

The following table provides information as of March 31, 2007 about CSS 1994 Equity Compensation Plan (the 1994 Stock Plan ), 1995 Stock Option Plan for Non-Employee Directors (the 1995 Stock Plan ), 2000 Stock Option Plan for Non-Employee Directors ( 2000 Stock Plan ), 2004 Equity Compensation Plan ( 2004 Stock Plan ) and 2006 Stock Option Plan for Non-Employee Directors ( 2006 Stock Plan ), which are CSS only equity compensation plans under which stock options are currently outstanding. Each of these plans was previously approved by the stockholders of CSS.

**Equity Compensation Plan Information**

<b>Number of</b>	<b>Number of Securities</b>
------------------	---------------------------------

<b>Plan Category</b>	<b>Securities to be Issued  Upon Exercise of Outstanding Options</b>	<b>Weighted- Average Exercise Price of Outstanding Options</b>	<b>Remaining Available for  Future Issuance Under Equity Compensation Plans</b>
Equity compensation plans approved by security holders	1,508,110	\$ 26.94	1,530,175
Equity compensation plans not approved by security holders			
Total	1,508,110	\$ 26.94	1,530,175

6



**Table of Contents****CORPORATE GOVERNANCE****Board Meetings; Director Attendance at Annual Meeting of Stockholders**

The Board held 11 meetings during our past fiscal year. The Board does not have a formal policy concerning attendance by members of the Board at our Annual Meeting of Stockholders but encourages all directors to attend. All of the members of the Board attended our 2006 Annual Meeting of Stockholders.

**Board Committees; Committee Membership; Committee Meetings**

CSS has an Audit Committee, a Human Resources Committee, a Nominating and Governance Committee, an Executive Committee and two committees with the same membership that administer the 1995 Stock Plan and the 2000 Stock Plan, respectively. The Human Resources Committee performs the functions typically performed by a compensation committee. The following table shows the current committee membership and the number of meetings that each committee held during the fiscal year ended March 31, 2007. The notes to the table identify the committee membership changes that occurred during the 2007 fiscal year.

<b>Director Name<sup>(1)</sup></b>	<b>Audit Committee</b>	<b>Human Resources Committee</b>	<b>Nominating &amp; Governance Committee</b>	<b>Executive Committee</b>	<b>1995 Stock Plan and 2000 Stock Plan Committees<sup>(2)</sup></b>
Scott A. Beaumont			X		
James H. Bromley	X	X	X*	X	
Jack Farber				X*	X
Leonard E. Grossman	X*			X	
James E. Ksansnak	X	X*			
Rebecca C. Matthias		X	X		
Christopher J. Munyan					X
Number of Meetings in 2007 Fiscal Year	5	6	2	1	0

\* denotes Committee Chairman.

(1) Mr. Munyan became a director on April 19, 2006. On that date the size of the Board was increased from seven directors to eight. David J. M. Erskine served as a director until his retirement on June 30, 2006, at which time the size of the Board was reduced from eight directors to seven.

(2) Mr. Munyan became a member of 1995 Stock Plan and 2000 Stock Plan Committees upon his election as a director on April 19, 2006. David J. M. Erskine served as a member of these Committees until his retirement on June 30, 2006, at which time the 1995 Stock Plan and 2000 Stock Plan Committees were reduced in size from three members to two.

**Audit Committee**

The Audit Committee oversees the integrity of CSS financial statements, has sole authority to retain, compensate, terminate, oversee and evaluate the independent auditors, and reviews and approves in advance all audit and lawfully permitted non-audit services performed by the independent auditors, subject to the pre-approval policy described below. In addition, the Audit Committee reviews and discusses with management and the independent auditors the annual audited financial statements and quarterly financial statements included in CSS filings with the United States Securities and Exchange Commission ( SEC ); oversees CSS compliance with legal and regulatory requirements; oversees the organizational structure of, and the activities and qualifications of the persons performing, CSS internal audit function; and meets separately with the independent auditors and CSS own internal auditors as often as deemed necessary or appropriate by the Audit Committee. The Audit Committee also oversees CSS internal controls and periodically discusses with management CSS major risk exposures and steps that management has taken to monitor and control such exposures.

You may contact CSS Audit Committee to report complaints about CSS accounting, internal accounting controls or auditing matters by writing to the following address: Audit Committee, c/o CSS Industries, Inc.,

## **Table of Contents**

1845 Walnut Street, Suite 800, Philadelphia, PA 19103. You can report your concerns to the Audit Committee anonymously or confidentially.

The Board has determined that Messrs. Bromley, Grossman and Ksanskak each meet the criteria of an audit committee financial expert as that term is defined in SEC regulations.

The annual audit services engagement terms are subject to specific pre-approval of the Audit Committee. The Audit Committee has adopted a pre-approval policy relating to non-audit services that may be performed by our independent auditors. The services can be pre-approved by the Audit Committee or by any member or members of the Audit Committee, provided that no member has authority to approve any non-audit service that is expected to result in fees during any fiscal year of over \$50,000 for such service and no two members have authority to approve any non-audit service that is expected to result in fees during any fiscal year of over \$100,000 for such service. Any approval by one or two members is reported to the Audit Committee, for informational purposes, at its next regular meeting following such approval.

In addition, the Audit Committee may pre-approve, on an annual basis, non-audit services that are described in sufficient detail so that the Audit Committee knows precisely what services it is being asked to pre-approve and can make a well-reasoned assessment of the impact of those services on CSS' outside auditor's independence.

The Audit Committee has a Charter. It may be reviewed on the CSS website at [www.cssindustries.com/investors](http://www.cssindustries.com/investors), and it is available in print to any stockholder who requests it. This and all of the other references in this proxy statement to our website are intended to be inactive textual references only.

## **Human Resources Committee**

The Human Resources Committee has responsibility and authority to review, modify and approve CSS' corporate goals and objectives relevant to compensation of the Chief Executive Officer and other CSS executive officers; review, modify and approve the structure of the CSS' executive compensation; evaluate the compensation (and performance relative to compensation) of the Chief Executive Officer; determine the amounts and individual elements of total compensation for the Chief Executive Officer; evaluate (in conjunction with the Chief Executive Officer) and approve the compensation (and performance relative to compensation) of all other CSS executive officers and those employees of CSS and its subsidiaries having an annual base salary in excess of a threshold amount determined by the Committee (\$175,000 for fiscal 2007 and until April 17, 2007, \$200,000 subsequent to April 17, 2007) and approve the individual elements of total compensation for such employees.

In addition, the Human Resources Committee has responsibility and authority to evaluate CSS' compensation policies for officers and senior management; evaluate and make recommendations to the Board with respect to the terms and administration of CSS' annual and long-term incentive compensation plans and equity-based plans; evaluate and approve significant changes to CSS' employee benefit programs; approve revisions to the Company's executive salary range structure and salary increase guidelines; make grants under and administer the 2004 Stock Plan; and administer grants previously made under the 1994 Stock Plan.

With regard to executive compensation decision-making, the Human Resources Committee meets during April, the first month of CSS' fiscal year, to consider the prior fiscal year's performance of CSS' executive officers, including the Chief Executive Officer, and other senior members of the management of CSS and its subsidiaries; determine (preliminarily, subject to completion of the annual audit of CSS' financial statements by CSS' independent registered public accounting firm) the extent to which incentive compensation has been earned with regard to the prior fiscal year; determine annual base salaries, incentive compensation performance objectives and available award levels for the ensuing fiscal year.

In advance of the April meeting, the Chief Executive Officer provides the Human Resources Committee with written materials containing compensation and performance-related information and recommendations, including recommendations as to the amount and form of compensation for executive officers other than the Chief Executive Officer. These materials are prepared by the Chief Executive Officer with the aid of other CSS executive officers and legal and human resources department staff.

## **Table of Contents**

Prior to January 2007, the Human Resources Committee approved most stock option grants during its meeting in April each year. Commencing in January 2007, the Human Resources Committee adopted a new practice of granting stock options effective on the third trading day after the public release of CSS' financial results for the preceding quarter. Accordingly, annual grants under CSS' equity compensation plans for the 2008 fiscal year were approved by the Human Resources Committee in May 2007.

In addition to providing information and recommendations to the Human Resources Committee, certain CSS executive officers participate in meetings of the Human Resource Committee and confer with the compensation consultants retained by the Human Resources Committee. Executive officers do not participate, and are not present, during portions of meetings when the Human Resources Committee considers their individual performance and approves their compensation.

Prior to setting executive compensation for the 2007 fiscal year, the Human Resources Committee directly engaged Mercer Human Resource Consulting, Inc. ( Mercer ) to provide a competitive assessment of CSS' compensation levels for certain of CSS' executive officers with respect to base salaries, annual incentives and long-term incentives. Mercer's responsibilities included the development of a peer group of comparable public companies, analysis of their proxy statement compensation data, analysis of compensation information from a general industry group, preparation of a written report and presentation of Mercer's findings and recommendations at a Human Resources Committee meeting. Mercer's findings and recommendations were considered by the Human Resources Committee in making executive compensation decisions.

The Human Resources Committee has a Charter. It may be viewed on the CSS website at [www.cssindustries.com/investors](http://www.cssindustries.com/investors), and it is available in print to any stockholder who requests it.

## **Human Resources Committee Interlocks and Insider Participation**

As indicated above, the Human Resources Committee performs the functions typically performed by a compensation committee, and the members of the Human Resources Committee are James E. Ksansnak, James H. Bromley and Rebecca C. Matthias. Mr. Bromley previously served as an executive officer of CSS. He ceased to be a CSS executive officer in December 1997. No member of the Human Resources Committee served as an officer or employee of CSS or any of its subsidiaries during the fiscal year ended March 31, 2007 or had any relationship requiring disclosure under SEC regulations.

## **Procedures and Processes with Regard to Director Compensation**

The Board has authority and responsibility for fixing the nature and amount of all compensation paid to the members of the Board. The Board reviews and sets the amount of fees paid to non-employee directors on an annual basis. Any changes that the Board approves with respect to fees paid to non-employee directors become effective on the date of the Board's annual organizational meeting, typically held in August.

In recent years, both CSS' executive officers and the Human Resources Committee have presented information, data and recommendations to the Board with respect to the form and amount of director compensation. Additionally, the Human Resources Committee retained the services of Mercer to analyze competitive market practices for director compensation based on the same group of peer companies developed by Mercer in connection with its report to the Human Resources Committee regarding executive compensation. Mercer presented its findings to the Human Resources Committee, which in turn reported the substance of Mercer's findings to the Board. In approving the changes to the fees paid to non-employee directors that became effective in August 2006 and in approving the 2006 Stock Plan, under which equity compensation is provided to non-employee directors of CSS, the Board considered Mercer's findings and the recommendations of the Human Resources Committee and the recommendations of

Mr. Farber.

The 2006 Stock Plan became effective upon approval by CSS stockholders at the 2006 Annual Meeting of Stockholders of CSS. The Board has administration authority over the 2006 Stock Plan, but it does not have general authority under the 2006 Stock Plan with respect to the eligibility or selection of directors to receive option grants, the frequency of such grants, the number of shares subject to option grants, the exercisability or termination of such

## **Table of Contents**

options or the exercise price of such options, all of which are mandated by the specific provisions of the 2006 Stock Plan. See [Director Compensation Fiscal 2007](#) below for further information on the 2006 Stock Plan.

### **Nominating and Governance Committee**

The Nominating and Governance Committee is responsible for identifying qualified individuals for Board membership and recommending individuals for nomination to the Board and its committees. In addition, the Nominating and Governance Committee reviews and makes recommendations to the Board as to changes in Board structure, the range of qualifications that should be represented on the Board and eligibility criteria for individual Board membership. The Nominating and Governance Committee is also responsible for developing and recommending corporate governance principles to the Board and overseeing the evaluation of the Board and its Committees.

The Nominating and Governance Committee has a Charter. It may be reviewed on the CSS website at [www.cssindustries.com/investors](http://www.cssindustries.com/investors), and it is available in print to any stockholder who requests it.

### **Executive Committee**

The Executive Committee may exercise all the authority of the Board in our business and affairs, to the extent permitted by law, at a time when action of the entire Board is not feasible.

### **1995 Stock Plan and 2000 Stock Plan Committees**

The members of the Stock Option Committee under both the 1995 Stock Plan and the 2000 Stock Plan are determined pursuant to provisions of these plans specifying that such plans shall be administered by a Committee of the Board consisting of directors who are not eligible to participate in the plans. The 1995 Stock Plan Committee and the 2000 Stock Plan Committee administer the 1995 Stock Plan and the 2000 Stock Plan, respectively. Although both of these plans have expired and no new grants may be issued under these Plans, stock options previously issued under these plans are currently outstanding. Both the 1995 Stock Plan and the 2000 Stock Plan provided for automatic, formula-based stock option grants to non-employee directors, which grants are not subject to adjustment by the members of the aforementioned Stock Option Committees. Grants under the 1995 Stock Plan were made from 1996 until 2000. Grants under the 2000 Stock Plan were made from 2001 until 2005.

### **Corporate Governance Principles and Other Corporate Governance Documents**

Our Corporate Governance Principles, including guidelines for the determination of director independence, the operations, structure and meetings of the Board, the committees of the Board and other matters relating to our corporate governance, are available on the Investors page of the CSS website. Also available on the Investors page are other corporate governance documents, including our Code of Ethics and Internal Disclosure Procedures for our employees, Code of Business Conduct and Ethics for our Directors, the Charter of the Audit Committee, the Charter of the Nominating and Governance Committee and the Charter of the Human Resources Committee. You may access these documents on our website at [www.cssindustries.com/investors](http://www.cssindustries.com/investors). Each of the documents mentioned in this paragraph is also available in print to any stockholder who requests it.

### **Board Independence**

The Board has affirmatively determined that each of Scott A. Beaumont, James H. Bromley, Leonard E. Grossman, James E. Ksansnak and Rebecca C. Matthias has no material relationship with CSS (either directly or as a partner, stockholder or officer of an organization that has a relationship with CSS) and is an independent director within the

meaning of the New York Stock Exchange ( NYSE ) rules.

The Board has further determined that each of the members of the Audit Committee, the Human Resources Committee and the Nominating and Governance Committee is independent within the meaning of the NYSE rules.



## **Table of Contents**

To assist the Board in making determinations of independence, the Board has adopted the following categorical standards:

(i) A director will not be independent if: (1)(A) the director is a current partner or employee of CSS internal or external auditor, or (B) an immediate family member of the director is either (x) a current partner of such a firm or (y) a current employee of such a firm and participates in the firm's audit, assurance or tax compliance (but not tax planning) practice, or (C) within the preceding three years the director or an immediate family member of the director was a partner or employee of CSS present or former external auditor and personally worked on CSS audit within that time; or (2) currently, or within the preceding three years: (A) the director is or was employed by CSS; (B) an immediate family member of the director is or was employed by CSS as an executive officer; (C) the director, or an immediate family member of the director is or was employed as an executive officer of another entity, as to which any of CSS executive officers at the same time served on the compensation committee of such other entity; (D) the director, or an immediate family member of the director received, during any twelve month period, more than \$100,000 in direct compensation from CSS, other than director related fees; or (E) the director is or was an executive officer or otherwise employed by an entity, or an immediate family member of the director is or was employed by an entity, that made payments to, or received payments from, CSS for property or services in an amount which in any of CSS fiscal years exceeded the greater of \$1 million, or 2% of the other entity's gross revenues.

(ii) Service by a CSS director as an executive officer of a charitable organization as to which the charitable contributions made by CSS and the Farber Foundation to such charitable organization are less than the greater of two percent of that organization's total annual charitable receipts or \$1 million per annum, shall not be considered a material relationship that would impair a director's independence.

All independent directors satisfied these categorical standards. These categorical standards are set forth in our Corporate Governance Principles, which are available on our website at [www.cssindustries.com/investors](http://www.cssindustries.com/investors).

## **Executive Sessions of Non-Management Directors**

James H. Bromley, in his capacity as Chair of the Nominating and Governance Committee, presides at the regularly scheduled executive sessions of our non-management directors, each of whom is an independent director. Each session has been scheduled to be held immediately following each regularly scheduled meeting of the Board.

## **Communications with the Board**

Stockholders or other interested persons wishing to communicate with members of the Board should send such communications to Mr. Bromley c/o CSS Industries, Inc. at 1845 Walnut Street, Suite 800, Philadelphia, PA 19103. Mr. Bromley will forward these communications to specified individual directors, or, if applicable, to all the members of the Board as he deems appropriate.

## **Consideration of Director Candidates**

The Nominating and Governance Committee considers candidates for Board membership. Our Corporate Governance Principles provide that directors are expected to possess the highest personal and professional ethics, integrity and values and relevant experience. They are also expected to be committed to the long-term interests of CSS stockholders, and to have an inquisitive and objective perspective, practical wisdom and mature judgment. In addition, directors must be willing to undergo a comprehensive review of qualified peer company candidates and previously selected peer group companies;

· a detailed review of each executive officer's compensation relative to market survey and peer group data;

- advice regarding market levels and trends relating to the form and amount of compensation; and
  - a detailed review of non-employee director compensation levels and practices relative to peer group data.
- Comparison to Market Practices

The Compensation Committee annually compares the levels and elements of compensation that we provide to our executive officers with the levels and elements of compensation provided to their counterparts in the biotechnology and specialty pharmaceutical industries and uses such comparison as a guideline in its review and determination of base salaries, annual performance incentive awards and long-term equity incentive compensation.

The levels and elements of total compensation that we provide are compared to market data that includes, where available for a particular executive role, compensation information for all of the companies in our peer group as well as industry-specific published

survey data from Aon Radford Life Sciences survey custom peer cut, which is intended to include a majority of our peer companies. The survey data and the peer group data are complementary to one another. The survey data provides supplementary compensation data where sufficient peer group data is not available for a particular executive position.

In determining peer companies, the Compensation Committee considers similar companies within the biotechnology and specialty pharmaceuticals industries with revenues between approximately 0.25X to 4X the Company's last four quarter revenues; a market capitalization between approximately 0.3X to 3X the Company's market capitalization and having a Phase III or commercial (marketed) product. The Compensation Committee also considers whether a company has an orphan drug product with an orphan drug designation in the United States or Europe and other factors with comparative business relevance.

The peer group approved in December 2014 for use during much of 2015 consisted of the following companies:

Aegerion Pharmaceuticals	Dyax	PTC Therapeutics
AMAG Pharmaceutic	Exelixis	Sarepta Therapeutics
Amicus Therapeutics	Halozyme Therapeutics	Sucampo Pharmaceuticals
Arena Pharmaceuticals	Hyperion Therapeutics	Vanda Pharmaceuticals
Avanir Pharmaceuticals	Ironwood Pharmaceuticals	VIVUS
Bluebird Bio	Momenta Pharmaceuticals	XenoPort
Depomed	Portola Pharmaceuticals	

These peer companies were generally appropriate from a strategic/stage of development and market capitalization perspective. At the time of the peer review in December 2014, our market capitalization (as of December 24, 2014) was between the 25<sup>th</sup> percentile and the median of the peer group and our revenues (for the last four completed quarters) were between the median and the 75<sup>th</sup> percentile of the peer group.

In November 2015, on the recommendation of Compensia, the Compensation Committee revised our peer group to remove companies that had been acquired or that were no longer appropriate based on the above defined criteria and add others that were more appropriate. The peer group approved in November 2015 consisted of the following companies:

Aegerion Pharmaceuticals	Halozyme Therapeutics	Momenta Pharmaceuticals
Amicus Therapeutics	ImmunoGen	PTC THERAPEUTICS
ARIAD Pharmaceuticals	Infinity Pharmaceuticals	Retrophin
Corcept Therapeutics	Insmed	Sarepta Therapeutics

CTI BIOPHARMA	Ironwood Pharmaceuticals Ultragenyx Pharmaceutical
Exelixis	Keryx Biopharmaceuticals Vanda Pharmaceuticals

These peer companies were generally appropriate from a strategic/stage of development, market capitalization and revenue perspective. At the time of the peer review in November 2015, our market capitalization (based on the 30-day average market capitalization as of September 30, 2015) approximated the 25<sup>th</sup> percentile of the peer group market capitalization and our revenues (for the last four completed quarters) was between the median and the 75<sup>th</sup> percentile of the peer group. Each of our named executive officers' 2015 base salary was below the median for his or her position among our peer companies, and target total direct compensation for Ms. Smith and Mr. Happel, our continuing named executive officers who did not receive new hire grants, approximated the median.

#### The Role of Our Chief Executive Officer

While the Compensation Committee has overall responsibility for establishing the elements, level and administration of our executive compensation programs, our Chief Executive Officer routinely participates in this process. Our Chief Executive Officer conducts in-depth performance reviews of each of the other executive officers and provides a summary of this review to the Compensation Committee. Our Chief Executive Officer also makes recommendations to the Compensation Committee regarding adjustments to these executive officers' base salaries, target bonus opportunities and equity awards based on their performance and market considerations. Our Chief Executive Officer's recommendations are one of several important factors considered by the Compensation Committee in making its executive compensation determinations. The Chief Executive Officer also provides a self-

assessment to the Compensation Committee for its consideration. However, the Chief Executive Officer is not present in the review or approval of her compensation at the Compensation Committee meetings. As part of the process of evaluating our Chief Executive Officer's compensation, the Chair of the Compensation Committee and the Chair of the Board conducted a full performance evaluation that included interviews with each of the members of the Board and individual discussions with the executive management team.

## Elements of Compensation

Elements of compensation for our executives generally include:

- base salary (typically subject to review and potential adjustment annually based on inflation factors, industry competitive salary levels, our ability to pay, and performance on corporate and individual goals);
- annual performance bonuses which are paid in cash and are based primarily on performance against pre-established written goals for corporate and individual performance factors;
- equity compensation (which beginning in 2015 includes a mix of stock option and restricted stock unit ("RSUs") awards, each with multiple year vesting requirements);
- 401(k) Plan Company matching contributions;
- health, disability and life insurance; and
- severance and change in control payments and benefits.

### Base Salary

At hire, base salaries are set for our executive officers based on the scope of each executive's responsibilities, as well as his or her qualifications, breadth of experience, performance record in similar situations, depth and breadth of appropriate functional expertise and close match with position requirements. Competitive market compensation paid by similar companies in our industry for individuals with similar responsibilities is also considered.

Shortly after the end of each fiscal year, the Compensation Committee conducts an annual review of base salaries and the overall compensation package as a basis for any adjustments. Annual adjustments, if any, are typically made effective retroactive to the first day of the new fiscal year. The basis for base salary adjustments may include merit increases in the competitive marketplace, adjustments to move individuals toward a competitive salary range for similar positions, increased duties and responsibilities, and sustained superior performance against goals and in special assignments. Adjustments may be made during the fiscal year for promotions, for sustained superior performance in new or special challenges or circumstances, and similar reasons (mid-year adjustments generally require unusual or exceptional circumstances).

Effective January 1, 2015, in connection with Ms. Smith's promotion from President and CEO Designate to Chief Executive Officer and as reflected in the terms of her amended and restated employment agreement entered into on July 7, 2014, Ms. Smith's annual base salary was increased 22.2% to reflect her increased duties and responsibilities in connection with her new role. .

In 2015, we hired Mr. Smith as our Chief Financial Officer, Dr. Polu, M.D., as our Chief Medical Officer and Ms. Gould, as our Senior Vice President, General Counsel and Corporate Governance and Secretary. In connection with their hires, the Compensation Committee approved that Mr. Smith would receive an annual base salary of \$350,000, Dr. Polu would receive an annual base salary of \$385,000 and Ms. Gould would receive an annual base salary of \$390,000. Each of their base salaries were negotiated in connection with their new employment and were based upon the scope of each executive's responsibilities, as well as their qualifications, breadth of experience, past performance records in similar situations, depth and breadth of appropriate functional expertise and close match with position requirements.

For 2015, we also approved modest base increases of between 0.6%-2.6% for Messrs. Happel and Daley to provide a competitive merit/cost of living adjustment. Mr. Lanza did not receive a salary increase for 2015. The 2015 base

salary increases for the named executive officers were as follows:

		2015
Name	Percentage Increase	Annual Base Salary
Julie Anne Smith	22.2 %	\$550,000
David Happel	0.6	377,344
Ted Daley	2.6	314,675

## Annual Incentive Cash Bonus

All of our executive officers are eligible for annual cash incentive bonuses pursuant to their employment agreements, as amended from time to time. Mr. Lanza, who resigned in November 2015, and was Interim Principal Financial Officer from November 5, 2014 through January 11, 2015 did not have an employment agreement with us and while employed with us was eligible for an annual cash incentive bonus on the same basis as all other non-executive Company employees.

Each year our Compensation Committee adopts an annual performance plan. Annual performance goals are determined and documented in writing at the beginning of each fiscal year for the Company as a whole (corporate goals) and for each executive officer (individual goals). The Compensation Committee reviews the proposed goals and recommends approval to the Board of Directors. Should there be a meaningful change in our situation, environment, or operating strategy, goals may be modified or new, more appropriate goals may be instituted upon the recommendation of our Compensation Committee and approval by our Board of Directors. For fiscal year 2015, the cash incentive program covered the 12 month period from January 1, 2015 through December 31, 2015. During 2015 the Board of Directors did not approve any modifications to or amended objectives compared to those set in the first quarter of 2015.

Performance against our corporate goals and the executive officer's individual goals is considered by our Compensation Committee in evaluating performance and as a significant contributing factor in determining all aspects of the compensation of our executives. Performance against goals is the primary factor in determining annual cash incentive bonuses. Our Chief Executive Officer's cash incentive payout is based exclusively on the achievement of corporate goals. For 2015, the Compensation Committee increased the component of the other named executive officers' bonuses tied to corporate goals from 70% to 80%, reducing the component tied to individual goals from 30% to 20%. This change was made to put additional weight on and highlight the importance of achievement of the company-wide corporate goals.

Goals are weighted based on importance. When taken as a whole, goals are intended to be challenging goals that will have a meaningful impact on stockholder value, either immediately or as preparatory steps required for future achievements.

The achievement scores are designed to be measurable and quantifiable. After evaluation of performance, achievement scores may be awarded which recognize partial performance of a goal or to recognize exceptional performance due to unanticipated challenges or superior performance.

Annual cash incentive bonus awards for employees at each organizational level in the Company are set as a target percentage of the employees' annual base salaries. Each executive officer's bonus award and the company-wide bonus pool are approved by our Board of Directors or Compensation Committee. Final payout determinations include subjective and quantitative assessments of performance, and can be modified based on multiple factors including our available financial resources, our overall performance and other factors. Bonuses are pro-rated for the time of service within the year. An employee must still be in active service at the time the bonus is paid out to be eligible to receive an annual incentive bonus, unless otherwise approved.

Awards can vary up to 125% of the target percentage based on assessment of achievement above the targeted levels, of meaningful additional goals or sustained superior performance in the conduct of duties and responsibilities in the employee's position.

The annual target bonus opportunities for our named executive officers expressed as a percentage of their base salaries for 2015 were as follows: Ms. Smith, 60%; Messrs. Smith and Happel, Dr. Polu and Ms. Gould 40%; and Mr. Daley, 35%. The bonuses for Mr. Smith, Dr. Polu and Ms. Gould were pro-rated to reflect their employment commencement dates in 2015. Mr. Lanza separated from the Company in November 2015 and was not eligible for a bonus for

2015. Pursuant to Mr. Daley's transition and separation agreement, he was entitled to a bonus for 2015 based on actual achievement of the performance goals in the discretion of the Compensation Committee, pro-rated to reflect his separation from the Company effective September 30, 2015.

#### Corporate Goals

Our corporate goals for the period January 1, 2015 through December 31, 2015 were as follows:

- 1) Achieve worldwide net revenue of \$87.5M (weighted 30%, achieved 115%);
- 2) Finish year with at least \$150M in cash (weighted 10%, achieved 100%);
- 3) Gain agreement with regulators on the Huntington's Disease marketing authorization application (weighted 15%, achieved 75%);
- 4) Gain agreement with regulators on the NASH Phase 3 program (weighted 15%, achieved 0%);
- 5) Diversify portfolio (weighted 20%, achieved 100%); and
- 6) Continue building and growing operational capabilities (weighted 10%, achieved 120%).

9

---



The combined achievement of the weighted goals resulted in an overall corporate goal achievement of 87.8%.

Our Chief Executive Officer's performance and any incentive payout is based directly on the achievement of corporate goals. Individual (personal) goals are proposed by each other executive officer and reviewed by our Chief Executive Officer. The goals are reviewed and approved by our Compensation Committee.

For the period beginning January 1, 2015 through December 31, 2015, a significant percentage of each executive officer's individual goals was directly based on the achievement of our corporate goals. The remaining percentage was based on achievement of individual goals within the executive's areas of responsibility.

As discussed above, Ms. Smith's individual goals consisted 100% of the corporate goals. Mr. Smith's individual goals included establishing a quarterly portfolio planning/forecasting system and strategic plan, establishment of additional financial reporting and controls and remediation of the material weakness, providing financial support to business initiatives, executing on IP strategy, securing funding and analyst coverage, and building organizational talent; Mr. Happel's individual goals included achievement of our global revenue target and regional revenue targets, expansion of PROCYSBI, establishing cross-functional quarterly portfolio reviews, and building organizational talent; Dr. Polu's individual goals included building organizational talent, executing the RP103 pipeline development programs, supporting the PROCYSBI development program and education on cystinosis and building the pipeline; Ms. Gould's individual goals included implementing a contract management system, supporting the QUINSAIR transaction, establishing a government affairs function and clinical development program support; and Mr. Daley's individual goals included acquiring/in-licensing certain assets, securing intellectual property, achieving certain operational goals and building organizational talent. Mr. Lanza was not eligible for a 2015 bonus. Corporate and individual goals were weighted based upon importance to and impact on the Company.

#### Fiscal Year 2015 Goal Achievements for our Executive Officers

Ms. Smith's annual target incentive bonus was equal to 60% of her base salary (the base salary target percentage). As discussed above, corporate program goals accounted for 100% of Ms. Smith's annual incentive bonus, while individual goals accounted for 0%. Based on the corporate achievement score of 87.8%, the Compensation Committee approved an annual incentive bonus of \$290,000.

Mr. Smith's annual target incentive bonus was equal to 40% of his base salary (the base salary target percentage). Corporate program goals accounted for 80% of Mr. Smith's annual incentive bonus, while individual goals accounted for the remaining 20%. Based on the corporate achievement score of 87.8% and Mr. Smith's individual performance score of 110%, the Compensation Committee approved a pro-rated annual incentive bonus of \$135,000.

Dr. Polu's annual target incentive bonus was equal to 40% of his base salary (the base salary target percentage). Corporate program goals accounted for 80% of Dr. Polu's annual incentive bonus, while individual goals accounted for the remaining 20%. Based on the corporate achievement score of 87.8% and Dr. Polu's individual performance score of 103%, the Compensation Committee approved a pro-rated annual incentive bonus of \$150,000.

Mr. Happel's annual target incentive bonus was equal to 40% of his base salary (the base salary target percentage). Corporate program goals accounted for 80% of Mr. Happel's annual incentive bonus, while individual goals accounted for the remaining 20%. Based on the corporate achievement score of 87.8% and Mr. Happel's individual performance score of 119 %, the Compensation Committee approved an annual incentive bonus of \$140,000 and a bonus of \$75,000 in recognition of his outstanding contributions to the QUINSAIR acquisition.

Ms. Gould's annual target incentive bonus was equal to 40% of her base salary (the base salary target percentage) and pro-rated to reflect her 5.5 months of service in 2015. Corporate program goals accounted for 80% of Ms. Gould's annual incentive bonus, while individual performance goals accounted for the remaining 20%. Based on the corporate

achievement score of 87.8%, and Ms. Gould's individual performance score of 98%, the Compensation Committee approved a pro-rated annual incentive bonus of \$70,000.

Mr. Daley's annual target incentive bonus was equal to 35% of his base salary (the base salary target percentage) and pro-rated to reflect his separation from the Company effective September 30, 2015. Corporate program goals accounted for 80% of Mr. Daley's annual incentive bonus, while individual goals accounted for the remaining 20%. Based on the corporate achievement score of 87.8% and Mr. Daley's individual performance score of 83.0 %, the Compensation Committee approved a pro-rated annual incentive bonus of \$70,327.

#### Discretionary Bonuses

The Compensation Committee did not grant any discretionary bonuses to the named executive officers during fiscal year 2015, other than a sign-on bonus of \$75,000 to Dr. Polu which was negotiated in connection with his commencement of employment and the

recognition bonus to Mr. Happel described above. If Dr. Polu discontinues employment with the Company for any reason within 18 months of his start date, he is required to repay the sign-on bonus.

#### Equity Incentive Awards

We believe that equity awards provided to our executive officers (and all members of our team) create a strong link to our long-term financial, operational and equity market performance, create an ownership culture and closely align the financial interests of our executive officers with the financial interests of our stockholders. Because of the direct relationship between the value of an equity award and the future market price of our common stock, we believe that granting equity awards is the best method of motivating our executive officers to manage in a manner that is consistent with our stockholders' and our Company's interests. In addition, we believe that the four-year vesting requirement of our equity awards promotes executive officer (and staff) retention and motivation because this requirement provides an opportunity to increase the value of the awards over time.

In determining the size of the equity awards granted to our executive officers, our Compensation Committee considers: our corporate performance; the applicable executive officer's performance; comparative competitive levels of equity compensation for peer companies; the vesting of such awards; the number of shares available under the Raptor Pharmaceutical Corp. 2010 Stock Incentive Plan, as amended (the "2010 Plan") and projected future needs to support future staff growth and potential future equity compensation for existing staff; the recommendations of management; and external data sources which support comparative competitive analyses.

With respect to newly hired executives, our practice is to include equity compensation (based on stock options and RSUs) as an integral part of the compensation package for inclusion in the executive's employment agreement. The compensation package, including the stock option and RSU grants, are approved by the Compensation Committee.

**Stock Options.** Stock options have an exercise price equal to the fair market value of our common stock on the day prior to grant, typically vest over a four-year period and expire ten years after the date of grant. Historically, options vested as to 6/48<sup>th</sup> of the shares on the six month anniversary of the vesting commencement date with the remaining shares vesting ratably each month thereafter subject to continued employment or service. Beginning in 2016, options vest as to 1/48<sup>th</sup> of the shares each month over the four-year period subject to continued employment or service. .

**Restricted Stock and Restricted Stock Units.** Our 2010 Plan authorizes us to grant restricted stock and RSUs in addition to stock options. In January 2015, after reviewing market data including peer group analysis, the Compensation Committee recommended, and in February 2015 the Board of Directors approved, using RSUs as a component in our 2015 equity compensation with (i) a 70% options / 30% RSU value mix for employees at the level of vice-president or above and for our directors and (ii) a 60% options / 40% RSUs value mix for our remaining employees. This design is intended to provide immediate stockholder alignment and provide for added retention incentive. Beginning in 2015, RSUs were awarded as part of new hire grants and annual refresher grants. Our 2015 RSUs awarded to employees vest in four equal annual installments on each anniversary of the date of grant, subject to continued service.

#### Equity Compensation Award

In February 2015, we approved the following awards of refresher stock options and RSUs to our named executive officers (other than our Chief Executive Officer). The annual refresher grant values were intended to approximate the market 50<sup>th</sup> percentile. All options granted to our named executive officers are intended to be incentive stock options as defined under Section 422 of the Code, to the extent possible. The stock options and RSUs were weighted 70% options / 30% RSUs in value based mix for Messrs. Happel and Daley. Mr. Lanza was not an executive officer at that time and awards provided to him and other non-executive employees were based on a ratio of 60% options/40% RSUs.

Name	February 2015		February 2015
	Grant Value (1)	Stock Option Grants	RSU Grants
David Happel	\$ 109,177 (2)	19,583	5,229
Ted Daley	240,286	43,100	11,500
Frank Lanza	105,169	18,864	(3) 7,797 (3)

(1) With respect to Messrs. Happel and Daley's awards, the grant values were converted into a number of shares based on the 70% options/30% RSUs mix converted on a value basis using the 30 trading-day average closing price of our common stock ending on January 23, 2015, the date of the Compensation Committee's approval of the equity grant values. Mr. Lanza's option grant value was converted into a number of shares based on the 60% options/40% RSUs mix on a value basis using the 30 day trading

11

---

day average closing price of our common stock ending on February 10, 2015, the date employee refresher stock option grants were approved by the Equity Incentive Committee.

(2) Mr. Happel's award value was pro-rated to reflect 2.5 months of service, as he commenced employment in October 2014.

(3) Mr. Lanza forfeited his RSU award upon his resignation from the Company in November 2015 and 81% of his option grant.

In connection with her promotion to Chief Executive Officer in January 2015, Ms. Smith received options to purchase 350,000 shares of our common stock, which represented her annual equity grant for 2015 and was negotiated as part of her amended and restated employment agreement. Ms. Smith did not receive any RSU awards in 2015. Subject to Ms. Smith's continued service with the Company, the options vest over a four-year period with 6/48<sup>th</sup> vesting six months after the vesting commencement date and the remainder vesting ratably each month thereafter based upon continued employment or service. The Compensation Committee reviewed the awards made by the peer companies and the market 50th percentile in determining the award amount and determined that the award approximated the market median of annual grants to peer chief executive officers. In connection with their commencement of employment, each of Messrs. Smith and Polu was granted options to purchase 165,000 shares of our common stock in January 2015 and as such were not eligible to participate in the February annual refresher grant. In connection with the commencement of her employment, in July 2015, Ms. Gould was granted an option to purchase 115,500 shares of our common stock and 33,252 RSUs.

#### Perquisites and Welfare and Health Benefits

Broad-based benefit plans are an integral component of competitive executive compensation packages. Our benefits include a 401(k) savings plan with a Company matching contribution (when such matching is financially viable), healthcare benefits such as medical, dental, and vision plans, and disability and life insurance benefits which are provided to our executives at the same level at which they are provided to all employees. We have no perquisite benefits, and do not provide any deferred compensation programs or supplemental pensions to any executives. At its discretion, our Compensation Committee may revise, amend or add to the executive's benefits if it deems it advisable.

Other than as disclosed below, during our fiscal year ended December 31, 2015, our executives did not receive any perquisites and were not entitled to benefits that are not otherwise available to all of our employees. In connection with Ms. Smith's promotion in 2014, we agreed to reimburse her for reasonable relocation expenses, not to exceed in the aggregate \$100,000 plus tax gross ups on such expenses, and provided that if her employment with the Company terminates, other than in connection with a "constructive termination" or "termination without cause" (each, as defined in her employment agreement), she will promptly reimburse the Company for (i) the full payment, if such termination occurs prior to the first anniversary of the effective date of her employment and (ii) 50% of the payment, if such termination occurs following the first anniversary but prior to the second anniversary of the effective date of her employment.

During the fiscal year ended December 31, 2015, we did not provide pension arrangements, post-retirement health coverage or similar benefits for our executives or employees.

#### Separation Benefits

Our named executive officers are entitled to certain severance and change in control payments and benefits pursuant to the terms of their employment agreements which are described below under "Executive Payments upon Termination." In connection with Ms. Smith's promotion to Chief Executive Officer, Ms. Smith's severance protection in the event of a "termination without cause" or "constructive termination" (as each such term is defined in her amended and restated employment agreement) within 12 months following a change in control, was increased to twice her base salary and target bonus. Ms. Smith's COBRA reimbursement period in the event of a termination without cause or constructive termination within 12 months following a change in control was also increased to 24 months following her promotion to Chief Executive Officer on January 1, 2015.

In February 2016, the Compensation Committee approved a new form of Change in Control Severance Agreement between the Company and each of its current executive officers holding a title of senior vice president or higher, including each of Messrs. Smith, Polu and Happel and Ms. Gould (prior to her resignation), but excluding Ms. Smith. Pursuant to the terms of this agreement, in the event an executive is terminated without cause or constructively terminated during the 18 month period following a change in control of the Company, the executive is entitled to receive a cash severance payment equal to 18 months base salary and his or her target annual bonus. In addition, the executive's unvested equity awards automatically become vested and the executive will be entitled to 18 months COBRA coverage, each as more fully described under "Executive Payments upon Termination."

In connection with Mr. Daley's separation from the Company in September 2015 and in consideration of his execution of a release of any claims in favor of the Company, on July 15, 2015, the Company entered into a transition and separation agreement with Mr. Daley pursuant to which he continued to serve as Chief Business Officer and provide transition services to the Company through September 30, 2015. Consistent with the terms of Mr. Daley's transition and separation agreement, Mr. Daley received: (i) severance

consisting of continued base salary for 12 months following his separation date; and (ii) premium payments under COBRA for up to 12 months following his separation date. In addition, as described above, he received a bonus for 2015 based on actual performance for the year, pro-rated through September 30, 2015. Following his separation, Mr. Daley continued to serve the Company as an independent contractor through December 31, 2015 and provided services to the Company on an as-requested basis at an hourly rate of \$250, which totaled \$3,000. Mr. Daley's stock options and RSUs continued to vest while he provided consulting services to the Company, and his vested stock options as of December 31, 2015 will remain exercisable until the earlier of 12 months from September 30, 2015, or the original expiration date of each option.

Following Ms. Gould's separation, she will continue to provide consulting services to the Company as an independent contractor. Ms. Gould's outstanding equity awards will continue to vest while she provides consulting services to the Company.

#### Section 401(k) Plan

We maintain a qualified retirement plan pursuant to Code Sections 401(a) and 401(k) covering substantially all employees, subject to certain minimum age and service requirements, herein referred to as our "401(k) Plan." Our 401(k) Plan allows employees to make voluntary pre-tax contributions. The assets of the 401(k) Plan are held in trust for participants and are distributed upon the retirement, disability, death or other termination of employment of the participant. Employees who participate in our 401(k) Plan may contribute to their 401(k) account up to the maximum amount that varies annually in accordance with the Code. We also make available to 401(k) Plan participants the ability to direct the investment of their 401(k) accounts in a well-balanced spectrum of various investment funds.

At our discretion, we provide for a Company matching contribution to the 401(k) Plan in the amount of 100% of the first 3% of salary that an employee defers and 50% of the next 2% of salary that an employee defers, in compliance with the Internal Revenue Service's safe harbor rules.

## Summary Compensation Table

Years Ended December 31, 2015, 2014 and 2013

The following table reports summary compensation information for the named executive officers during the years ended December 31, 2015, 2014 and 2013.

Name and Principal Position	Year	Salary	Bonus	Option Awards (6)	Non-Equity				Total
					Stock Awards (6)	Incentive Plan Compensation (7)	All Other Compensation (8)	(9)	
Julie Anne Smith President, Chief Executive Officer and Director	2015	\$566,154 (1)	\$—	\$2,111,311	\$—	\$290,000	\$133,636 (8)	(9)	\$3,101,101
	2014	421,087	—	1,830,340	—	154,255	52,326 (8)	(9)	2,458,008
	2013	350,000	—	—	—	200,000	42,173		592,173
Michael P. Smith Chief Financial Officer	2015	336,539 (2)	—	995,332	—	135,000	10,600 (9)		1,477,471
Ashley C. Gould SVP, Governmental Affairs, Chief Legal and Compliance Officer and Secretary	2015	177,000 (3)	—	958,690	457,880	70,000	—		1,663,570
David A. Happel Chief Commercial Officer	2015	391,740 (4)	75,000 (4)	109,177	47,950	140,000	10,600 (9)		774,467
	2014	64,904	50,000 (4)	1,007,887	—	25,563	34,452 (9)	(10)	1,182,806
Krishna R. Polu, M.D. Chief Medical Officer	2015	370,192 (5)	75,000 (5)	995,332	—	150,000	9,885 (9)		1,600,409



Edgar Filing: CSS INDUSTRIES INC - Form DEF 14A

Ted Daley	2015	321,339	(11)	—	380,078	(12)	105,455	70,327	93,901	(9)(12)	971,100
Former Chief Business Officer	2014	305,926	—	—	417,802	—	—	85,365	10,200	(9)	819,293
	2013	292,000	—	—	—	—	—	120,000	10,200	(9)	422,200
Frank Lanza	2015	252,047	(13)	—	105,169	—	71,498	—	10,600	(9)	439,314
Former Corporate Controller, Former Interim Principal, Financial and Accounting Officer	2014	210,819	—	—	100,327	—	—	54,760	10,200	(9)	376,106

- (1) Amount for Ms. Smith in 2015 also includes payment for a partial period in December 2014 due to Company payroll practices. Ms. Smith's base salary for 2015 was \$550,000. Ms. Smith began serving as our Chief Executive Officer in January 2015, following her promotion to President and CEO-designate in July 2014. Prior to that time Ms. Smith served as our Executive Vice-President, Strategy and Chief Operating Officer.
- (2) Mr. Smith's salary reflects pro-ration for his employment commencement date of January 12, 2015.
- (3) Ms. Gould's salary reflects pro-ration for her employment commencement date of July 15, 2015. On April 15, 2016, Ms. Gould delivered notice of her resignation from her position as Senior Vice President, Governmental Affairs, Chief Legal and Compliance Officer and Secretary. Ms. Gould's last date of employment is May 13, 2016. See "Executive Payments Upon Termination."
- (4) Amount for Mr. Happel's salary in 2015 also includes payment for a partial period in December 2014 due to Company payroll practices. Mr. Happel's base salary for 2015 was \$377,344. Amount for Mr. Happel's bonus in 2015 reflects a special one-time bonus awarded upon the successful acquisition of QUINSAIR™ and in 2014 reflects a sign-on bonus paid upon commencement of his employment in October 2014.
- (5) Dr. Polu's salary reflects pro-ration and his bonus reflects a special one-time sign-on bonus paid upon commencement of his employment on January 12, 2015.
- (6) These columns represent the grant date fair values (determined in accordance with ASC 718) for the Option Awards and the Stock Awards granted during each period to each of our named executive officers. The Stock Awards were Restricted Stock Units (RSUs) in this period. For additional information on the valuation assumptions for stock options granted in fiscal 2015, please refer to the Note 13 in our consolidated financial statements included in the Company's Annual Report on Form 10-K filed with the SEC on February 26, 2016. These amounts reflect our accounting expense for these awards, and do not correspond to the actual value, if any, that will be realized by our named executive officers.
- (7) Represents cash incentive awards earned for calendar year represented and paid in March of following year.

Edgar Filing: CSS INDUSTRIES INC - Form DEF 14A

- (8) For 2015, the total amount includes \$123,036 for Ms. Smith's 2015 relocation costs from Nevada to California, which includes a tax gross-up of \$40,036. For each of 2014 and 2013, these amounts include \$42,126 and \$31,973 respectively in expenses reimbursed to Ms. Smith for her commuting costs from her residence in Nevada to Raptor's headquarters in Novato, California.
- (9) All Other Compensation includes 401(k) matching contributions by us (maximum of \$10,600 for 2015 and \$10,200 for each of 2014 and 2013).
- (10) For Mr. Happel, in 2014 All Other Compensation includes \$33,875 of consulting fees paid to him prior to the commencement of his employment with Raptor in October 2014.
- (11) For Mr. Daley, base salary for 2015 was \$314,675. In connection with his resignation from the Company on September 30, 2015, included in his pro-rata base salary for 2015 are additional amounts due him for accrued vacation and wages at the time of his separation from the Company.
- (12) For Mr. Daley, All Other Compensation includes severance and consulting payments paid and the value of COBRA continuation pursuant to the terms of his transition and separation agreement with the Company. Option Awards includes \$69,792 representing the accounting value of the modification of the terms of his option awards pursuant to the terms of his transition and separation agreement. See "Executive Payments Upon Termination."
- (13) For Mr. Lanza, base salary for 2015 was \$236,000. In connection with his resignation on November 24, 2015, included in his pro-rata base salary for 2015 are additional amounts due him for accrued vacation and wages at the time of his resignation.

Grants of Plan-Based Awards

The following table provides information regarding grants of plan-based awards made to our named executive officers during the year ended December 31, 2015.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)	Estimated Future Payouts Under Equity Incentive Plan Awards (2)	Shares of Stock or Securities Underlying Awards (#)	Option Awards: Number of Securities Underlying Awards (#)	Exercise Price or Base Price of Option Awards (\$/Sh) (2)	Grant	Grant
							Fair Value (\$)(3)	Fair Value (\$)(3)
Julie Anne Smith	1/15/2015	—	330,000	412,500	350,000	9.98		2,111,311
	1/15/2015			—			—	
Michael P. Smith	1/15/2015	—	140,000	175,000	165,000	9.98		995,332
	1/15/2015			—			—	
Ashley C. Gould	7/25/2015	—	156,000	195,000	115,500	(4) 13.77		958,690

Edgar Filing: CSS INDUSTRIES INC - Form DEF 14A

	7/25/2015				33,252			457,880
David A. Happel	2/10/2015	—	150,938	188,672		19,583	9.17	109,177
	2/10/2015				5,229			47,950
Krishna R. Polu	1/15/2015	—	154,000	192,500		165,000	9.98	995,332
	1/15/2015				—			—
Ted Daley	2/10/2015	—	110,136	137,670		43,100	9.17	240,286
	2/10/2015				11,500			105,455
Frank Lanza	2/10/2015	—	—	—		18,864	(5) 9.17	105,169
	2/10/2015				7,797	(5)		71,498

- (1) Amounts represent the target and maximum cash awards payable to our named executive officers under our cash incentive program for the 12 month period ending on December 31, 2015. We do not establish award levels.
- (2) Option exercise prices equal the closing price of our common stock on the day prior to the date of grant.
- (3) For additional information on the valuation assumptions for stock options and stock awards granted in fiscal 2015, please refer to Note 13 in our consolidated financial statements included in the Company's Annual Report on Form 10-K filed with the SEC on February 26, 2016.
- (4) Ms. Gould resigned from her position as an officer of the Company effective April 15, 2016 and will remain as an employee of the Company through May 13, 2016.
- (5) Mr. Lanza resigned in November 2015 and forfeited 81% of his option award and all RSUs.

## Outstanding Equity Awards

Year Ended December 31, 2015

The following table sets forth certain information with respect to outstanding stock option and RSU awards of our named executive officers for the year ended December 31, 2015.

Name	Grant Date	Option Awards				Stock Awards		
		Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that have not Vested (\$)	
Julie Anne Smith	9/10/2012	116,422	35,628	(1) \$ 5.27	9/10/2022	—	—	
	2/7/2014	49,071	57,994	(1) \$ 14.74	2/7/2024	—	—	
	7/29/2014	61,979	113,021	(1) \$ 8.13	7/29/2024	—	—	
	1/15/2015	80,208	269,792	(1) \$ 9.98	1/15/2025	—	—	
Michael Smith	1/15/2015	37,813	127,187	(1) \$ 9.98	1/15/2025	—	—	
Ashley Gould (4)	7/28/2015	—	115,500	(1) \$ 13.77	7/28/2025	33,252	172,910	(2)
David Happel	11/25/2014	48,125	116,875	(1) \$ 9.92	11/25/2024	—	—	
	2/10/2015	4,080	15,503	(1) \$ 9.17	2/10/2025	5,229	27,191	(2)
Krishna Polu	1/15/2015	37,813	127,187	(1) \$ 9.98	1/15/2025	—	—	
Ted Daley (3)	9/10/2007	24,969	—	\$ 2.23	9/10/2017	—	—	
	3/9/2010	18,900	—	\$ 2.02	3/9/2020	—	—	
	10/12/2010	56,808	—	\$ 2.97	10/12/2020	—	—	
	11/22/2010	108,616	—	\$ 3.54	11/22/2020	—	—	
	9/22/2011	151,488	—	\$ 5.13	9/22/2021	—	—	
	9/25/2012	54,436	—	\$ 5.49	9/25/2022	—	—	
Frank Lanza (5)	2/7/2014	21,326	—	\$ 14.74	2/7/2024	—	—	
	2/10/2015	8,979	—	\$ 9.17	2/10/2025	—	—	
	3/4/2013	20,624	—	\$ 5.05	3/4/2023	—	—	
Frank Lanza (5)	2/7/2014	4,888	—	\$ 14.74	2/7/2024	—	—	
	2/10/2015	3,537	—	\$ 9.17	2/10/2025	—	—	

(1) Stock options vest 6/48<sup>th</sup> on the six month anniversary of grant date and 1/48<sup>th</sup> per month thereafter.

(2) RSUs vest in four equal annual installments on each anniversary of the date of grant.

(3) Mr. Daley resigned as Chief Business Officer on September 30, 2015 but continued to serve as a consultant for the Company until December 31, 2015, and his options continued to vest through such time. Effective December 31, 2015, unvested options and all RSUs were cancelled.

(4)

Ms. Gould resigned from her position as an officer of the Company effective April 15, 2016 and will remain as an employee of the Company through May 13, 2016. Following her separation, Ms. Gould will provide consulting services to the Company on an as-requested basis and her outstanding option and RSU awards while she provides consulting services to the Company.

- (5) Mr. Lanza resigned as Controller on November 24, 2015, at which time his unvested options and all RSUs were cancelled.

16

---

## Options Exercised

Year ended December 31, 2015

The following table sets forth the number and value of options exercised during the fiscal year ended December 31, 2015 for each of the named executive officers. Ms. J. Smith and Ms. Gould, Messrs. M. Smith and Happel and Dr. Polu did not exercise any stock options during the fiscal year ended December 31, 2015. None of our named executive officers held any stock awards that vested during the fiscal year ended December 31, 2015.

Name	Number of Shares	
	Acquired on	Value Realized
	Exercise	on Exercise (1)
Ted E. Daley	5,000	(2) \$ 57,300
Frank Lanza	13,750	\$ 52,091

(1) The value realized upon exercise of stock options reflects the price at which shares acquired upon exercise of the stock options were sold or valued for income tax purposes, net of the exercise price for acquiring the shares.

(2) The exercises by Mr. Daley were pursuant to a Rule 10b5-1 trading plan adopted by Mr. Daley on August 26, 2014.

## Executive Payments Upon Termination

We have entered into employment agreements with our executive officers that provide for certain severance and other benefits in the event of certain terminations of employment. As described above under "Compensation Discussion and Analysis – Separation Benefits," in February 2016, our Compensation Committee also approved a new form of Change in Control Severance Agreement between the Company and our current executive officers holding a title of senior vice president or higher, including each of Messrs. Smith, Polu and Happel and Ms. Gould, but excluding Ms. Smith, which supersedes the terms of each of those executive officers' existing employment agreements with the Company in the event of certain terminations of employment in connection with a change in control transaction of the Company. These arrangements are designed to retain executives and provide continuity of management in the event of a change in control.

Under Ms. Smith's amended and restated executive employment agreement, if her employment is constructively terminated or terminated by us without cause other than during the 12 months following a Change in Control (as defined in her employment agreement), she will be entitled to receive (i) continued payment of base salary for 12 months after such termination; (ii) payment or reimbursement of health plan coverage under COBRA for up to 12 months; (iii) continued exercisability of all of her vested options or stock appreciation rights with respect to our common stock until the first anniversary of the termination of her employment; and (iv) a lump sum payment equal to the average annual cash bonus she received with respect to the two years preceding the year of termination or, if two annual bonus payment dates have not occurred, the annual bonus she received with respect to the year preceding the year of termination. If Ms. Smith is terminated without cause or is constructively terminated by us within the 12 months following a Change in Control (as defined in her employment agreement), Ms. Smith will be entitled to receive (i) twice the sum of her base salary and target annual cash bonus and (ii) payment or reimbursement of health plan coverage under COBRA for up to 24 months. In addition, each outstanding equity award held by Ms. Smith shall automatically become vested and exercisable until the earlier of the original expiration date of such equity award or the second anniversary of her termination. Each of the foregoing payments and benefits is subject to Ms. Smith's execution of a general release of claims that becomes effective and irrevocable within 60 days following termination.

If Ms. Smith is terminated as the result of death or permanent disability, Ms. Smith will be entitled to (i) continued payment of her base salary for six months and (ii) payment or reimbursement of health plan coverage under COBRA for up to six months.

Under the executive employment agreements of each of Messrs. Happel and Smith, Dr. Polu and Ms. Gould (prior to her resignation), if such executive's employment is constructively terminated or terminated by us without cause other than during the 12 months following a Change in Control (as defined in the executive's employment agreement), the executive is entitled to receive (i) continued payment of base salary for 12 months after such termination; (ii) payment or reimbursement of health plan coverage under COBRA for up to 12 months; and (iii) continued exercisability of all vested options or stock appreciation rights with respect to our common stock until the earlier of (A) the original expiration date of such equity award or (B) the first anniversary of the termination of the executive's employment. Each of the foregoing payments and benefits is subject to the executive's execution of a general release of claims becoming effective and irrevocable within 60 days following termination. If the executive were to be terminated as the result of death or disability, the executive would be entitled to receive (i) the continued payment of his or her base salary for three months and (ii) payment or reimbursement of health plan coverage under COBRA for up to three months.

If, in the fiscal year ended December 31, 2015, any of such executives were terminated without cause or constructively terminated by us within the 12 months following a Change in Control (as defined in such executive's employment agreement), under the terms of such executive employment agreements, the executive would have been entitled to receive a lump sum payment equal to

the sum of 12 months of his or her base salary and his or her target annual bonus; and (ii) payment or reimbursement of health plan coverage under COBRA for up to 12 months. In addition, each outstanding equity award held by the executive would have automatically become vested and exercisable until the earlier of the original expiration date of such equity award or the second anniversary of the executive's termination. As discussed above, beginning in the fiscal year ended December 31, 2016, pursuant to the terms of the Change in Control Severance Agreement approved by the Compensation Committee and entered into between the Company and each such executive, in the event such executive is terminated without cause or is constructively terminated during the 18 month period following a change in control, the executive is entitled to receive a cash severance payment equal to 18 months base salary plus his or her target annual bonus. In addition, the executive's unvested equity awards automatically become vested and the executive will be entitled to 18 months COBRA coverage. Each of the foregoing payments and benefits would be subject to the executive's execution of a general release of claims becoming effective and irrevocable within 60 days following termination.

In addition, pursuant to the terms of the existing Raptor Pharmaceutical Corp. 2010 Stock Incentive Plan (the "Plan"), in the event of a Change in Control of the Company (as defined in the Plan), 50% of the unvested equity awards of all Plan participants, including awards to our executive officers, automatically become vested. In the case in which a Change in Control occurred under the Plan as of December 31, 2015 that did not constitute a qualifying termination under the terms of our executives' employment agreements, the value of the acceleration of Ms. Gould's unvested equity awards on such Change in Control would have been \$86,455 and the value of Mr. Happel's accelerated awards would have been \$13,596.

#### Year Ended December 31, 2015

The following tables quantify the amounts that we would have owed each of our named executive officers upon each of the termination triggers discussed above under "Executive Payments Upon Termination," assuming a termination date of December 31, 2015; except that in the case of Mr. Daley, amounts described are the actual payments made in connection with his termination.

Julie Anne Smith

President, Chief Executive Officer and Director

Executive Benefits and Payments	Termination				CIC Termination	
	Without Cause or Constructive				Without Cause or Constructive	
Upon Termination	Disability	Death	Termination	Termination (1)		
Base Salary	\$275,000 (2)	\$275,000 (2)	\$ 550,000	(2)	\$ 1,100,000	(2)
Short-Term Incentive	—	—	444,255	(3)	660,000	(4)
COBRA Continuation	16,527 (5)	16,527 (5)	33,054	(5)	66,107	(5)
Value of Unvested Equity Awards Acceleration	—	—	—	—	—	(6)
<b>Total</b>	<b>\$291,527</b>	<b>\$291,527</b>	<b>\$ 1,027,309</b>		<b>\$ 1,826,107</b>	

(1) "CIC" means change in control, as defined in the officer's employment agreement.

(2)



Represents six months base salary in the event of disability or death, 12 months base salary in the event of termination without cause or constructive termination and 24 months base salary in the event of termination without cause or constructive termination within 12 months following a CIC.

(3) Annual cash bonus received with respect to the year preceding the year of termination.

(4) Twice target bonus opportunity.

(5) Represents six months COBRA continuation in the event of disability or death, 12 months COBRA continuation in the event of termination without cause or constructive termination and 24 months COBRA continuation in the event of termination without cause or constructive termination within 12 months following a CIC.

(6) Assumes accelerated vesting of unvested equity awards at December 31, 2015. This amount reflects the intrinsic value for these awards and does not correspond to the actual value, if any, that will be realized by the officer.

18

---

Michael P. Smith

Chief Financial Officer

	Disability		Death		Termination	CIC Termination
Executive Benefits and					Without Cause	Without Cause or
Payments					or Constructive	Constructive
Upon Termination	Disability	Death	Termination	Termination (1)		
Base Salary	\$ 87,500 (2)	\$ 87,500 (2)	\$ 350,000 (2)	\$ 350,000 (2)		
Short-Term Incentive	—	—	—	140,000 (3)		
COBRA Continuation	8,100 (4)	8,100 (4)	32,401 (4)	32,401 (4)		
Value of Unvested Equity Awards Acceleration	—	—	—	—		(5)
<b>Total</b>	<b>\$ 95,600</b>	<b>\$ 95,600</b>	<b>\$ 382,401</b>	<b>\$ 522,401</b>		

(1) "CIC" means change in control, as defined in the officer's employment agreement.

(2) Represents three months base salary in the event of disability or death, 12 months base salary in the event of termination without cause or constructive termination and 12 months base salary in the event of termination without cause or constructive termination within 12 months following a CIC.

(3) Target bonus opportunity.

(4) Represents three months COBRA continuation in the event of disability or death, 12 months COBRA continuation in the event of termination without cause or constructive termination and in the event of termination without cause or constructive termination within 12 months following a CIC.

(5) Assumes accelerated vesting of unvested equity awards at December 31, 2015. This amount reflects the intrinsic value for these awards and does not correspond to the actual value, if any, that will be realized by the officer.

Ashley C. Gould

SVP, Governmental Affairs, Chief Legal and Compliance Officer and Secretary

	Disability		Death		Termination	CIC Termination
Executive Benefits and					Without Cause	Without Cause or
Payments					or Constructive	Constructive
Upon Termination	Disability	Death	Termination	Termination (1)		
Base Salary	\$ 97,500 (2)	\$ 97,500 (2)	\$ 390,000 (2)	\$ 390,000 (2)		
Short-Term Incentive	—	—	—	156,000 (3)		
COBRA Continuation	8,100 (4)	8,100 (4)	32,398 (4)	32,398 (4)		
Value of Unvested Equity Awards Acceleration	—	—	—	172,910 (5)		
<b>Total</b>	<b>\$ 105,600</b>	<b>\$ 105,600</b>	<b>\$ 422,398</b>	<b>\$ 751,309</b>		

- (1) "CIC" means change in control, as defined in the officer's employment agreement.
- (2) Represents three months base salary in the event of disability or death, 12 months base salary in the event of termination without cause or constructive termination and 12 months base salary in the event of termination without cause or constructive termination within 12 months following a CIC.
- (3) Target bonus opportunity.
- (4) Represents three months COBRA continuation in the event of disability or death, 12 months COBRA continuation in the event of termination without cause or constructive termination and 12 months COBRA continuation in the event of termination without cause or constructive termination within 12 months following a CIC.
- (5) Assumes accelerated vesting of unvested equity awards at December 31, 2015. This amount reflects the intrinsic value for these awards, and does not correspond to the actual value, if any, that will be realized by the officer.

Following Ms. Gould's separation, she will continue to provide consulting services to the Company as an independent contractor. Ms. Gould's outstanding equity awards will continue to vest while she provides consulting services to the Company.

David Happel

Chief Commercial Officer

				Termination	CIC Termination	
Executive Benefits and				Without Cause	Without Cause	
Payments				or Constructive	or Constructive	
Upon Termination	Disability	Death		Termination	Termination (1)	
Base Salary	\$94,336	(2) \$94,336	(2)	\$ 377,344	(2) \$ 377,344	(2)
Short-Term Incentive	—	—		—	150,938	(3)
COBRA Continuation	8,100	8,100		32,398	(4) 32,398	(4)
Value of Unvested Equity Awards						
Acceleration	—	—		—	27,191	(5)
Total	\$ 102,436	\$ 102,436		\$ 409,742	\$ 587,871	

(1) "CIC" means change in control, as defined in the officer's employment agreement.

(2) Represents three months base salary in the event of disability or death, 12 months base salary in the event of termination without cause or constructive termination and 12 months base salary in the event of termination without cause or constructive termination within 12 months following a CIC.

(3) Target bonus opportunity.

(4) Represents three months COBRA continuation in the event of disability or death, 12 months COBRA continuation in the event of termination without cause or constructive termination and 12 months COBRA continuation in the event of termination without cause or constructive termination within 12 months following a CIC.

(5) Assumes accelerated vesting of unvested equity awards at December 31, 2015. This amount reflects the intrinsic value for these awards, and does not correspond to the actual value, if any, that will be realized by the officer.

Krishna R. Polu, M.D.

Chief Medical Officer

				Termination	CIC Termination	
Executive Benefits and				Without Cause	Without Cause or	
Payments				or Constructive	Constructive	
Upon Termination	Disability	Death		Termination	Termination (1)	
Base Salary	\$96,250	(2) \$96,250	(2)	\$ 385,000	(2) \$ 385,000	(2)
Short-Term Incentive	—	—		—	154,000	(3)
COBRA Continuation	8,100	(4) 8,100	(4)	32,398	(4) 32,398	(4)
Value of Unvested Equity Awards						
Acceleration	—	—		—	—	(5)

Total	\$ 104,350	\$ 104,350	\$ 417,398	\$ 571,398
-------	------------	------------	------------	------------

- (1) "CIC" means change in control, as defined in the officer's employment agreement.
- (2) Represents three months base salary in the event of disability or death, 12 months base salary in the event of termination without cause or constructive termination and 12 months base salary in the event of termination without cause or constructive termination within 12 months following a CIC.
- (3) Target bonus opportunity.
- (4) Represents three months COBRA continuation in the event of disability or death, 12 months COBRA continuation in the event of termination without cause or constructive termination and 12 months COBRA continuation in the event of termination without cause or constructive termination within 12 months following a CIC.
- (5) Assumes accelerated vesting of unvested equity awards at December 31, 2015. This amount reflects the intrinsic value for these awards, and does not correspond to the actual value, if any, that will be realized by the officer.

20

Ted Daley

Former Chief Business Officer

Mr. Daley separated from the Company effective September 30, 2015 and in accordance with the terms of his transition and separation agreement with the Company pursuant to which he agreed to release all claims against the Company, Mr. Daley received (i) severance consisting of continued base salary for 12 months which totaled \$314,675; (ii) premium payments under COBRA for up to 12 months following separation, with a value of up to \$33,054 (iii) a pro-rated bonus payment of \$70,327 (iv) payments for consulting services provided to the Company after his separation date through December 31, 2015 at the rate of \$250 per hour which totaled \$3,000 and (v) continued vesting of his stock options and RSUs for the duration of his consulting services to the Company, as well as extension of the exercisability of his stock options vested at December 31, 2015 until the earlier of September 30, 2016 or each option's original expiration date, which had an imputed value of \$69,792.

Frank Lanza

Former Chief Accounting Officer

Mr. Lanza separated from the Company in November 2015. He did not have an employment agreement with the Company or a Change in Control Severance Agreement with the Company, nor did we enter into a separation agreement with him when he resigned from the Company, and accordingly, no severance or other benefits were paid to Mr. Lanza in connection with his separation.

Director Compensation

Year ended December 31, 2015

Below is a schedule of fees payable to Raptor's non-employee members of our Board of Directors for their service during 2015:

Director Position	Annual Cash Compensation
Non-Employee Directors, (excluding the Chairman of the Board)	\$ 40,000
Chairman of the Board of Directors	\$ 75,000
Audit Committee Chair	\$ 20,000
Audit Committee (Non-Chair members)	\$ 10,000
Compensation Committee Chair	\$ 15,000
Compensation Committee (Non-Chair members)	\$ 7,500
Corporate Governance and Nominating Committee Chair	\$ 12,000
Corporate Governance and Nominating Committee (Non-Chair members)	\$ 7,000

In February 2015, each non-employee member of our Board of Directors (other than Dr. Gemayel and Mr. Lapointe who were appointed to the Board of Directors in January 2015), received an equity grant consisting of 6,332 stock options and 1,674 restricted stock units (“RSUs”) which vested on the 2015 annual stockholder meeting date. The exercise price for the stock options was \$9.36. This stub period grant was intended to align the timing of director equity grants with the Company’s annual meeting of stockholders. In connection with their new appointments to our Board of Directors, in January 2015, Dr. Gemayel and Mr. Lapointe each received stock options to purchase 40,000 shares of our common stock, vesting at the rate of 1/12th at each quarterly anniversary of their date of appointment to the Board. The exercise price of the options was \$9.98. In addition, the Board approved that each non-employee director of the Board who continued to serve as a non-employee director immediately following the next annual meeting of stockholders in May 2015, excluding Dr. Gemayel and Mr. Lapointe, would be granted 18,996 stock options and 5,021 RSUs. The stock options vest in four equal quarterly installments with the final installment vesting no later than immediately prior to the 2016 annual meeting of stockholders. The exercise price of the options was \$11.55. The RSUs will vest in full on the first anniversary of the date of grant. The vesting of both grants is subject to the non-employee director continuing in service through the vesting date. In April 2016, the Board approved that each non-employee director who is elected at the 2016 annual meeting of stockholders to serve until the 2017 annual meeting of stockholders will be granted 18,996 stock options and 5,021 RSUs. The stock options vest in four equal quarterly installments with the final installment vesting no later than immediately prior to the 2017 annual meeting of stockholders. The RSUs will vest in full on the first anniversary of the date of grant. In addition, in April 2016, the Board approved a pro-rated annual grant award of 7,915 options and 2,092 RSUs to each of Dr. Gemayel and Mr. Lapointe, in order to align their grant cycles with that of other continuing Board members. The pro-rated awards to Dr. Gemayel and Mr. Lapointe will vest no later than immediately prior to the 2016 annual meeting date. The exercise price for Dr. Gemayel and Mr. Lapointe's options was \$5.22. In each case, the exercise price of the stock options granted to our directors reflects the closing price of our common stock on the date immediately prior to the date of grant.

Edgar Filing: CSS INDUSTRIES INC - Form DEF 14A

The following table sets forth the total compensation paid by us to each of our non-employee directors during the year ended December 31, 2015.

Name	Fees Earned			All Other Compensation	Total Compensation
	or	Option	Stock		
	Paid in Cash (\$)	Awards (\$)(1)	Awards (\$)(2)	(\$)	(\$)
Raymond W. Anderson (3)	67,500	169,688	73,661	—	310,849
Suzanne L. Bruhn, Ph.D. (4)	61,500	169,688	73,661	—	304,849
Richard L. Franklin, M.D. Ph.D. (5)	62,000	169,688	73,661	—	305,349
Georges Gemayel, Ph.D. (6)	54,500	241,293	—	—	295,793
Llew Keltner, M.D., Ph.D. (7)	80,083	169,688	73,661	—	323,432
Gregg Lapointe (8)	68,958	241,293	—	—	310,251
Erich Sager	25,000	1,369,884 (9)	15,669	66,667 (10)	1,477,220
Christopher M. Starr (10)(11)	40,000	169,688	73,661	240,000	523,349

(1) This column represents the grant date fair value of the stock options granted during fiscal 2015 to each of our non-employee directors, in accordance with ASC Topic 718. Incumbent continuing non-employee directors were granted 6,332 options on February 9, 2015 having a grant date fair value of \$36,004 and 18,996 options on May 19, 2015 having a grant date fair value of \$133,684 for a combined grant date fair value of \$169,688 (with the exception of Mr. Sager whose grant date fair value was \$36,004). For additional information on the valuation assumptions, please refer to Note 13 in our consolidated financial statements included in our Annual Report on Form 10-K as filed with the SEC on February 26, 2016.

(2) This column represents grant date fair value of RSUs granted to certain non-employee directors, in accordance with ASC Topic 718. Incumbent continuing non-employee directors were granted 1,674 RSUs on February 9, 2015 having a grant date fair value of \$15,669 and 5,021 RSUs on May 19, 2015 having a grant date fair value of \$57,992 for a combined grant date fair value of \$73,661 (with the exception of Mr. Sager whose grant date fair value was \$15,669). Dr. Gemayel and Mr. Lapointe did not receive RSU grants in 2015.

(3) Mr. Anderson had 365,328 options outstanding as of December 31, 2015, of which 355,830 were exercisable.

(4) Dr. Bruhn had 196,008 options outstanding as of December 31, 2015, of which 186,510 were exercisable.

(5) Dr. Franklin had 335,328 options outstanding as of December 31, 2015, of which 325,830 were exercisable.

(6) Dr. Gemayel had 40,000 options outstanding as of December 31, 2015, of which 9,999 were exercisable.

(7) Dr. Keltner had 319,492 options outstanding as of December 31, 2015, of which 309,994 were exercisable.

(8) Mr. Lapointe had 40,000 options outstanding as of December 31, 2015, of which 9,999 were exercisable.

(9) Mr. Sager did not stand for re-election at our annual meeting in May 2015, but has continued to provide service to the Company as a consultant. He had 363,817 options outstanding as of December 31, 2015, all of which were exercisable. \$1,333,880 of the amount included under the Option Awards column for Mr. Sager is attributable to the modification of his options to continue their exercisability pursuant to the terms of his consulting agreement as described below.

(10) Pursuant to the terms of their respective agreements with the Company described below, Mr. Sager and Dr. Starr were paid consulting fees of \$66,667 and \$240,000, respectively, during 2015.

(11)



Dr. Starr had 831,007 options outstanding as of December 31, 2015, of which 687,424 were exercisable.

The Company entered into a consulting agreement with Mr. Sager effective as of May 19, 2015. Mr. Sager was an initial investor in the Company and an early consultant to us during the Company's formative years. The agreement provides for Mr. Sager to receive a consulting fee of \$100,000 for twelve months of consulting services to us commencing on May 19, 2015 and to be paid an additional \$75,000 dollars for an additional twelve months of consulting services to be provided to us thereafter. Such services are to be provided in Europe through our affiliate, Raptor Pharmaceuticals Europe B.V. In addition to his cash remuneration, in consideration of Mr. Sager's consulting services, on the effective date of his consulting agreement, the vesting of RSUs and vesting and exercisability of outstanding options held by Mr. Sager was accelerated. All outstanding options held by Mr. Sager will remain exercisable until the original expiration date of each outstanding option.

The Company entered into a transition and separation agreement with Dr. Starr in connection with his resignation as our Chief Executive Officer which was effective as of December 31, 2014. Dr. Starr is one of our founders and served as our Chief Executive Officer from September 2009 through December 31, 2014. Pursuant to his agreement with us, Dr. Starr provided consulting services to us at a rate of \$20,000 monthly from January 2015 through December 31, 2015.

## Compensation Committee Interlocks and Insider Participation

No member of our Compensation Committee has served as one of our officers or employees at any time. None of our executive officers serves, or has served during the last fiscal year, as a member of the compensation committee or a member of the board of directors of any other company that has an executive officer serving as a member of our Compensation Committee or our Board of Directors.

## Compensation Risks

We believe that risks arising from our compensation policies and practices for our employees are not reasonably likely to have a material adverse effect on the Company. In addition, the Compensation Committee believes that the mix and design of the elements of executive compensation do not encourage management to assume excessive risks.

The Compensation Committee reviewed the elements of executive compensation to determine whether any portion of executive compensation encouraged excessive risk taking, including the following:

- significant weighting towards long-term equity compensation (with multiple year vesting schedules and long expiration terms) discourages short-term risk taking;
- for key decision-making officers, base salary makes up a significant majority of cash compensation even with full achievement of annual incentive (cash) awards; and
- annual incentive (cash) awards are tied to multiple, varying goals such that no single goal determines a large percentage of compensation.

As a pharmaceutical product development company with industry standard long development timelines, prior to our U.S. drug approval in April 2013, we did not face the same level of short-term risks that could affect compensation for employees as compared to other companies in rapidly changing markets. The short-term risks in the capital markets faced by us were largely tied to the approval of and related market exclusivity actions for our product by the FDA and were not under the direct control of our management.

With our U.S. drug approved in April 2013, as a company with an ultra-orphan product in the critical phase of market launch, this risk has increased due to the short term focus of the capital markets on the performance of our emerging product in the pharmaceutical marketplace. This potentially affects both our employees' short-term cash and long-term equity compensation. We believe this risk is mitigated by the factors discussed above. Furthermore, compensation decisions include subjective considerations, which moderate the influence of formulaic or objective factors which may encourage excessive risk taking.

## Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K of the SEC's rules and regulations with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in our Annual Report on Form 10-K and proxy statement for the 2016 annual meeting of stockholders.

Compensation Committee,  
Suzanne Bruhn, Ph.D., Chair  
Raymond W. Anderson  
Georges Gemayel, Ph.D.  
Llew Keltner, M.D. Ph.D.

This foregoing compensation committee report is not “soliciting material,” is not deemed “filed” with the SEC, and shall not be deemed incorporated by reference by any general statement incorporating by reference this Annual Report on Form 10-K into any filing of ours under the Securities Act of 1933, as amended, or under the Exchange Act, except to the extent we specifically incorporate this report by reference.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of April 25, 2016, any person or group known by us to be the beneficial owner of more than five percent (5%) of any class of our voting securities, each of our named executive officers, each of our directors and all of our current executive officers and directors as a group. Except as otherwise indicated, each listed stockholder directly owned his or her shares and had sole voting and investment power. Unless otherwise noted, the address for each person listed below is Raptor Pharmaceutical Corp., 7 Hamilton Landing, Suite 100, Novato, CA 94949.

Name of Beneficial Owner and Address	Number of Shares		
	Number of Shares	Beneficially Owned	
	of Common Stock	Underlying	Percentage of
	Beneficially	Convertible	Outstanding Shares
	Owned(1)	Securities (1)(2)	of Common Stock (3)
<b>5% Stockholders: (4)</b>			
BlackRock Inc. (5)	5,852,206		6.9 %
Broadfin Capital LLC (6)	7,518,281		8.8
The Mandalay Trust (7)(8)	4,364,286		5.1
<b>Named Executive Officers and</b>			
<b>Directors:</b>			
Raymond W. Anderson (9)	372,023	370,349	— *
Suzanne L. Bruhn, Ph.D. (10)	244,445	201,029	— *
Thomas (Ted) E. Daley (11)	492,053	445,522	— *
Richard L. Franklin, M.D., Ph.D. (12)	342,023	340,349	— *
Georges Gemayel, Ph.D.	26,673	26,673	— *
Ashley C. Gould	30,140	30,140	— *
David A. Happel (13)	87,929	83,093	— *
Llew Keltner, M.D., Ph.D. (14)	326,187	324,513	— *
Frank Lanza (15)	—	—	—
Gregg Lapointe	26,673	26,673	— *
Krishna R. Polu, M.D.	65,867	65,867	— *
Julie Anne Smith (16)	471,743	430,489	— *
Michael P. Smith	65,501	65,501	— *
Christopher Starr, Ph.D. (17)	1,443,064	742,020	1.7
<b>All current executive officers and directors</b>			
as a group (11 persons)	3,472,128	2,676,556	4.1

\*Less than one percent.

(1)Beneficial ownership is determined in accordance with SEC rules and generally includes voting or investment power with respect to securities. Shares of common stock subject to stock options that may be acquired within sixty (60) days of April 25, 2016 and restricted stock units vesting within sixty (60) days of April 25, 2016 are

counted as outstanding for computing the percentage held by each person holding such options or RSUs but are not counted as outstanding for computing the percentage of any other person.

- (2) The shares reported in this column represent shares of common stock underlying stock options, restricted stock units exercisable for shares of our common stock within sixty (60) days of April 25, 2016 and restricted stock units vesting within sixty (60) days of April 25, 2016.
- (3) Based on shares outstanding as of April 25, 2016.
- (4) Beneficial ownership shares as reported on Form SC 13G as of December 31, 2015.
- (5) The principal business address for BlackRock, Inc. is 55 East 52<sup>nd</sup> Street, New York, NY 10022.
- (6) The principal business address for Broadfin Capital LLC is 300 Park Avenue, 25<sup>th</sup> Floor, New York, NY 10022.
- (7) The principal business address for The Mandalay Trust is 1 Raffles Link, #05-02 Singapore 039393. Bidzina Ivanishvili is the settlor of the Trust whose principal business address is Irakly II Square No. 3, Tbilisi, Georgia.
- (8) Beneficial ownership shares as reported on Form SC 13G as of February 16, 2016. The Mandalay Trust consists of Meadowsweet Assets Limited which beneficially owns 4,364,286 shares of common stock of Raptor. Meadowsweet Assets Limited is owned by the Trust, of which Credit Suisse Trust Limited is the Trustee.

Edgar Filing: CSS INDUSTRIES INC - Form DEF 14A

- (9) Includes 1,674 shares of our common stock owned by Mr. Anderson, 5,021 shares of our common stock issuable upon the settlement of RSUs and options to purchase 360,579 shares of our common stock held directly as of April 25, 2016.
- (10) Includes 1,674 shares of our common stock owned by Dr. Bruhn, 5,021 shares of our common stock issuable upon the settlement of RSUs and options to purchase 191,259 shares of our common stock held directly as of April 25, 2016.
- (11) Includes 46,531 shares of our common stock owned by Mr. Daley and options to purchase 445,522 shares of our common stock held directly as of April 25, 2016.
- (12) Includes 1,674 shares of our common stock owned by Dr. Franklin, 5,021 shares of our common stock issuable upon the settlement of RSUs and options to purchase 330,579 shares of our common stock held directly as of April 25, 2016.
- (13) Includes 4,836 shares of our common stock owned by Mr. Happel and options to purchase 71,495 shares of our common stock held directly as of April 25, 2016.
- (14) Includes 1,674 shares of our common stock owned by Dr. Keltner, 5,021 shares of our common stock issuable upon the settlement of RSUs and options to purchase 314,743 shares of our common stock held directly as of April 25, 2016.
- (15) Mr. Lanza separated from the Company in November 2015. He holds no shares, options or RSUs as of April 25, 2016.
- (16) Includes 41,254 shares of our common stock owned by Ms. Smith and options to purchase 430,489 shares of our common stock held directly as of April 25, 2016.
- (17) Includes 701,044 shares of our common stock owned by the Christopher M. and S. L. Starr Trust of which Dr. Starr is a co-trustee and beneficiary and shares voting and investment power, 5,021 shares of our common stock issuable upon the settlement of RSUs and options to purchase 720,974 shares of our common stock held by Dr. Starr directly as of April 25, 2016.

Equity Compensation Plan Information

The following table provides certain information with respect to all of our equity compensation plans in effect as of December 31, 2015:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights (1)	Number of securities remaining available for future issuance under equity compensation plans (2)
Equity compensation plans approved by stockholders:			
2006, 2010 and TorreyPines Stock Incentive	7,887,444		3,906,512 (2)

Plans

Equity compensation plans not approved by

stockholders:

2014 Commencement Plan	903,030	(2)	—
Total	8,790,474	\$ 8.49	3,906,512

1) Awards under the 2010 Stock Incentive Plan include restricted stock units, or RSUs, representing 448,777 shares of common stock. As there is no exercise price associated with RSUs, they are disregarded for purposes of this calculation.

2) The 2014 Commencement Plan was terminated on May 19, 2015 and any subsequent shares forfeited are being allocated to the 2010 Stock Incentive Plan.

25

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

### Transactions with Related Persons

Our Audit Committee approves and oversees any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K) on an ongoing basis and maintains policies and procedures for the Audit Committee's approval of related party transactions.

Raptor's policy on related party transactions is covered in the company's code of conduct policy. Pursuant to the direction in our Code of Conduct and Business Ethics, authorization from the Audit Committee is required for a director or an officer or their affiliates to enter into a related party transaction or similar transaction which could result in a conflict of interest. Conflicts of interest are prohibited unless specifically authorized in accordance with the Code of Conduct and Business Ethics. Our Audit Committee is responsible for reviewing, reporting and the approval or ratification of each related party transaction. The Audit Committee is responsible for determining if a related party transaction is in the best interest of the Company. The scope of related party transactions or other relationships includes those that would be required to be disclosed in the Proxy Statement as a related party transaction pursuant to applicable NASDAQ or SEC rules.

In general, these transactions and relationships are defined as those involving a direct or indirect material interest of any of our executive officers, directors, nominees for director and 5% stockholders, as well as specified members of the family or households of these individuals or stockholders, including entities in which the related party has a material interest, indebtedness, guarantees of indebtedness or employment by us of a related person, where we or any of our affiliates have participated in the transaction (either as a direct party or by arranging the transaction) and the transactions or series of transactions involves more than \$120,000.

Our general practice is that we may not enter into a related party transaction unless our Corporate Counsel has specifically confirmed in writing that no further reviews are necessary, or that all requisite corporate approvals have been obtained. Our practice excludes transactions, among others, involving compensation of our executive officers or directors that the Board or our Compensation Committee has expressly approved. Indemnification agreements between the Company and our executive officers and directors are outside the scope of related party transactions processes. In the ordinary course of business, our officers occasionally utilize their personal credit cards or cash to pay for expenses on behalf of the Company and the Company reimburses the officers within 30 days.

Since January 1, 2015, there has not been nor is there currently proposed any transaction or series of similar transactions to which we were or are to be a party in which the amount involved exceeds \$120,000 and in which any of our directors, executive officers, nominees for director, persons who we know hold more than 5% of our common stock, or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest other than compensation agreements and other arrangements which are described elsewhere in this proxy statement.

### Independence of Our Board of Directors and Current Membership

The current members of our Board of Directors are Raymond W. (Bill) Anderson, Suzanne L. Bruhn, Ph.D., Richard Franklin, M.D., Ph.D., Georges Gemayel, Ph.D., Llew Keltner, M.D., Ph.D., Gregg Lapointe, Julie Anne Smith and Christopher M. Starr, Ph.D. Our Board of Directors has determined that each member of our Board of Directors is independent (as independence is currently defined in Rule 5605(a)(2) of the NASDAQ listing standards), except for Ms. Smith and Dr. Starr. Our Board of Directors has also determined that each member of our Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee is independent as defined by the SEC and NASDAQ rules.

## ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES



Changes in Independent Registered Public Accounting Firm

In connection with the matters discussed in Item 5 of Part II of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013, the Audit Committee conducted a competitive process to select a firm to replace Burr Pilger Mayer, Inc. ("BPM") and to serve as the Company's independent registered public accounting firm for the year ending December 31, 2013 and to re-audit the four-month transition period ended December 31, 2012. Upon the conclusion of such process, the Audit Committee approved the engagement of Grant Thornton to replace BPM as the Company's independent registered public accounting firm and, on January 22, 2014, the Audit Committee engaged Grant Thornton as the Company's independent registered public accounting firm.

None of BPM's reports on the Company's consolidated financial statements for the four-month transition period ended December 31, 2012 and for the fiscal years ended August 31, 2012 and 2011 or BPM's audit reports on the effectiveness of internal control over financial reporting for such periods contained an adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles, except that the reports for each of the foregoing periods include an

explanatory paragraph regarding uncertainty about the Company's ability to continue as a going concern. During the four-month transition period ended December 31, 2012 and for the fiscal years ended August 31, 2012 and 2011 and through January 15, 2014, there were no disagreements (as referred to in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) with BPM on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of BPM, would have caused it to make reference to the subject matter of the disagreements in its reports on the Company's consolidated financial statements. During the four-month transition period ended December 31, 2012 and for the fiscal years ended August 31, 2012 and 2011 and through January 15, 2014, there were no reportable events (as referred to in Item 304(a)(1)(v) of Regulation S-K).

At the Company's request, BPM provided a letter addressed to the U.S. Securities and Exchange Commission stating that it agrees with the above disclosures. A copy of BPM's letter, dated January 22, 2014, is attached as Exhibit 16.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on January 22, 2014 and is incorporated herein by reference.

During the four-month transition period ended December 31, 2012 and for the fiscal years ended August 31, 2012 and 2011, and through January 22, 2014, neither the Company nor anyone on its behalf had consulted with Grant Thornton regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's consolidated financial statements; or (ii) any matter that was the subject of a disagreement (as referred to in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) or a reportable event (as referred to in Item 304(a)(1)(v) of Regulation S-K).

#### Fees to Independent Registered Public Accounting Firm for Fiscal Years 2015 and 2014

The following is a summary of the fees and services provided by Grant Thornton for the audit of our years ended December 31, 2015 and 2014. Grant Thornton did not perform any tax compliance or tax consulting and advisory services for those periods.

	For the year ended December 31,	For the year ended December 31,
Description of Services Provided by Grant Thornton	2015	2014*
Audit Fees*	\$ 962,711	\$ 737,405
Audit-Related Fees: These services relate to assurance and related services reasonably related to the performance of the audit or review of financial statements not included above.	—	—
Tax Fees: These services relate to the preparation of federal, state and foreign tax returns and other filings.	—	—
All Other Fees	—	—

\* Audit Fees for year ended December 31, 2014 as previously disclosed in our proxy statement for the 2015 annual meeting have been revised to reflect fees actually paid.

As provided in the Audit Committee charter, the Audit Committee pre-approves all of the services provided by our independent registered public accounting firm. All of the above services and estimates of the expected fees were reviewed and approved by the Audit Committee before the respective services were rendered.

## PART IV

## ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The financial statement schedules and exhibits filed as part of this Amendment are as follows:

## (a)(3)Exhibits

The exhibits required to be filed as part of this Amendment are listed in the Exhibit Index and filed as part of, or are incorporated herein by reference.

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	Date	Exhibit Number	Filed Here with
2.1++	Asset Purchase Agreement, dated as of August 20, 2015, between Raptor Pharmaceutical Corp. and Tripex Pharmaceuticals, LLC	8-K	9/8/2015	2.1	
2.2	Amended and Restated Asset Purchase Agreement, dated as of October 2, 2015, by and among Raptor Pharmaceuticals Inc., Raptor Pharmaceutical Corp. and Tripex Pharmaceuticals, LLC	8-K	10/5/2015	2.1	
3.1	Certificate of Incorporation of Raptor Pharmaceutical Corp.	8-K	10/10/2006	3.1	
3.2	Certificate of Amendment to Certificate of Incorporation changing name to Raptor Pharmaceutical Corp.	8-K	10/5/2009	3.1	
3.3	Amended and Restated Bylaws of Raptor Pharmaceutical Corp.	8-K	5/18/2015	3.2	
4.1	Specimen common stock certificate of Raptor Pharmaceutical Corp.	8-K/A	10/7/2009	4.7	
4.2	Form of 8.0% Convertible Senior Notes due 2019 issued on July 23, 2014.	8-K	7/3/2014	10.1	
4.3	Registration Rights Agreement, dated as of August 20, 2015, by and among Raptor Pharmaceutical Corp., Tripex Pharmaceuticals, LLC and certain members of Tripex Pharmaceuticals, LLC	8-K	9/8/2015	4.1	
10.1++	Pharmaceutical Development Services Agreement, dated January 7, 2008, between Raptor Therapeutics Inc. and Patheon Pharmaceuticals Inc.	10QSB/A**	4/15/2008	10.2	
10.2	Form Indemnity Agreement	8-K	12/15/2009	10.1	

Edgar Filing: CSS INDUSTRIES INC - Form DEF 14A

10.3++	Manufacturing Services Agreement, dated November 15, 2010, between Patheon Pharmaceuticals Inc. and Raptor Therapeutics, Inc.	POS AM	11/23/2010	10.53
10.4++	API Supply Agreement, dated November 15, 2010, between Cambrex Profarmaco Milano and Raptor Therapeutics Inc.	POS AM	11/23/2010	10.54
10.5++	Cooperative Research and Development Agreement for Extramural-PHS Clinical Research, dated December 15, 2011, between the U.S. Department of Health and Human Services, as represented by the National Institute of Diabetes and Digestive and Kidney Diseases, an institute or center of the National Institutes of Health, and Raptor Therapeutics Inc.	10-Q	4/9/2012	10.1
10.6++	Second Amendment to License Agreement, effective October 30, 2012, between The Regents of the University of California and Raptor Therapeutics, Inc.	10-KT	3/14/2013	10.37
10.7++	Wholesale Product Purchase Agreement, dated April 3, 2013, between Accredo Health Group, Inc. and Raptor Pharmaceuticals Inc.	10-Q	8/9/2013	10.1
10.8++	Pharmacy Services Agreement, dated April 3, 2013, between Accredo Health Group, Inc. and Raptor Pharmaceuticals Inc.	10-Q	8/9/2013	10.2

28

---

Edgar Filing: CSS INDUSTRIES INC - Form DEF 14A

Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	Date	Exhibit Number
				Filed Here with
10.9	Office Lease, dated April 18, 2013, between Hamilton Marin, LLC and Raptor Pharmaceutical Corp.	10-Q	8/9/2013	10.3
10.10	First Amendment to Office Lease, dated June 10, 2013, between Hamilton Marin, LLC and Raptor Pharmaceutical Corp.	10-Q	8/9/2013	10.4
10.11++	Amendment to Manufacturing Services Agreement, dated April 5, 2012, between Patheon Pharmaceuticals Inc. and Raptor Therapeutics, Inc.	10-Q	8/9/2013	10.5
10.12++	Second Amendment to Manufacturing Services Agreement, dated June 21, 2013, between Patheon Pharmaceuticals Inc. and Raptor Therapeutics, Inc.	10-Q	8/9/2013	10.6
10.13	Convertible Note Purchase Agreement, dated as of July 1, 2014, among Registrant, as Issuer, HealthCare Royalty Partners II, L.P., HCRP Overflow Fund, L.P. and MOLAG Healthcare Royalty, LLC, each as Holder, and the Guarantors party thereto	8-K	7/2/2014	10.1
10.14	Amended and Restated Loan Agreement, dated as of July 1, 2014, by and among Healthcare Royalty Partners II, L.P., Registrant and the Guarantors party thereto	8-K	8/21/2014	10.1
10.15	Third Amendment to License Agreement, dated as of March 1, 2013, between The Regents of the University of California and Raptor Pharmaceuticals, Inc.	10-K	3/2/2015	10.49
10.16	Fourth Amendment to License Agreement, dated as of December 16, 2013, between The Regents of the University of California and Raptor Pharmaceuticals, Inc.	10-K	3/2/2015	10.50
10.17++	Development and License Agreement, dated as of February 11, 2006, between PARI Pharma GmbH successor in interest to PARI GmbH, and Mpex Pharmaceuticals, Inc.	8-K	9/8/2015	10.1
10.18++	Commercial Supply Agreement, dated as of August 20, 2015, between Raptor Pharmaceutical Corp. and PARI Pharma GmbH	8-K	9/8/2015	10.2
10.19++	Letter Agreement, dated as of August 20, 2015, between Raptor Pharmaceutical Corp. and PARI Pharma GmbH	8-K	9/8/2015	10.3
10.20++	Form of Amendment No. 1 to Development and License Agreement, to be entered into by and between Raptor	8-K	9/8/2015	10.4

Edgar Filing: CSS INDUSTRIES INC - Form DEF 14A

Pharmaceutical Corp. and PARI Pharma GmbH

10.21	Sales Agreement, dated as of September 4, 2015, between Raptor Pharmaceutical Corp. and Cowen and Company, LLC	8-K	9/8/2015	10.1
10.22#	TorreyPines Therapeutics, Inc. 2006 Equity Incentive Plan	8-K	10/4/2006	10.1
10.23#	Form of Stock Option Agreement under TorreyPines Therapeutics, Inc. 2006 Equity Incentive Plan	8-K	10/4/2006	10.2
10.24#	2006 Equity Incentive Plan of Raptor Pharmaceutical Corp., as amended	S-8**	2/28/2007	4.3
10.25#	Amendment to 2006 Equity Incentive Plan of Raptor Pharmaceutical Corp.	10-K/A**	12/23/2008	10.5
10.26#	Raptor Pharmaceutical Corp. 2010 Stock Incentive Plan	DEF14A	2/5/2010	Appendix A
10.27#	2011 Amendment to the Raptor Pharmaceutical Corp. 2010 Stock Incentive Plan	S-8	4/26/2011	4.15

29

---

Edgar Filing: CSS INDUSTRIES INC - Form DEF 14A

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Here with
		Form	Date	Exhibit Number	
10.28#	Form of Option Award Agreement under the Raptor Pharmaceutical Corp. 2010 Stock Incentive Plan	8-K	9/28/2011	10.1	
10.29#^	Form of Restricted Share Unit Award Agreement under the Raptor Pharmaceutical Corp. 2010 Stock Incentive Plan	10-K	2/26/2016	10.29	
10.30#	2013 Amendment to the Raptor Pharmaceutical Corp. 2010 Stock Incentive Plan	8-K	7/25/2013	10.1	
10.31#	2015 Plan Amendment to the Raptor Pharmaceutical Corp. 2010 Stock Incentive Plan	DEF 14A	3/26/2015	Appendix A	
10.32#	Raptor Pharmaceutical Corp. 2013 Employee Stock Purchase Plan	DEF 14A	06/17/2014	Appendix A	
10.33#	Raptor Pharmaceutical Corp. 2014 Employment Commencement Stock Incentive Plan	10-K	3/2/2015	10.45	
10.34#	Form of Stock Option Agreement under Raptor Pharmaceutical Corp. 2014 Employment Commencement Stock Incentive Plan	10-K	3/2/2015	10.46	
10.35#	Amended and Restated Employment Agreement, dated as of July 7, 2014, by and between Julie Anne Smith and Raptor Pharmaceutical Corp	8-K	7/8/2014	10.1	
10.36#	Executive Employment Agreement, dated as of October 21, 2014, by and between David Happel and Raptor Pharmaceutical Corp.	10-K	3/2/2015	10.47	
10.37#	Executive Employment Agreement, dated as of January 2, 2015, by and between Michael Smith and Raptor Pharmaceutical Corp	8-K	1/7/2015	10.1	
10.38#	Executive Employment Agreement, dated as of January 2, 2015, by and between Krishna Polu, M.D. and Raptor Pharmaceutical Corp.	10-K	3/2/2015	10.48	
10.39#	Transition and Separation Agreement, dated as of July 15, 2015, by and between Thomas E. Daley and Raptor Pharmaceutical Corp.	8-K	7/17/2015	10.1	
10.40#	Executive Employment Agreement, dated as of July 15, 2015, by and between Ashley Gould and Raptor Pharmaceutical Corp.	10-Q	11/5/2015	10.1	
10.41#	Form of Executive Change in Control Severance Agreement	8-K	2/9/2016	10.1	
21.1^	Subsidiaries of Raptor Pharmaceutical Corp.	10-K	2/26/2016	21.1	



Edgar Filing: CSS INDUSTRIES INC - Form DEF 14A

23.1 <sup>^</sup>	Consent of Independent Registered Public Accounting Firm	10-K	2/26/2016	23.1	
24.1 <sup>^</sup>	Power of Attorney	10-K	2/26/2016	24.1	
31.1	Certification of Julie Anne Smith, Chief Executive Officer and Director				X
31.2	Certification of Michael P. Smith, Chief Financial Officer and Treasurer				X
32.1	Certification of Julie Anne Smith, Chief Executive Officer and Director, and of Michael P. Smith, Chief Financial Officer and Treasurer				X
101.INS <sup>^</sup>	XBRL Instance Document	10-K	2/26/2016	101	

\*\*Incorporated by reference from the indicated filing of Raptor Pharmaceuticals Corp. rather than that of the Registrant.

#Indicates a management contract or compensatory plan or arrangement.

++Certain information omitted pursuant to a request for confidential treatment filed separately with and granted by the SEC.

<sup>^</sup>Filed with the Registrant's Original Filing.

30

---

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 1 to its Annual Report on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Novato, State of California.

## RAPTOR PHARMACEUTICAL CORP.

Dated: April 29, 2016 By: /s/ Michael Smith  
 Michael Smith  
 Chief Financial Officer and Treasurer  
 (Principal Financial Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Amendment No.1 to the registrant's annual report on Form 10-K/A has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signatures	Title	Date
*		April 29, 2016
Julie A. Smith	Chief Executive Officer and Director  (Principal Executive Officer)	
/s/ Michael Smith Michael Smith	Chief Financial Officer and Treasurer  (Principal Financial Officer and Principal Accounting Officer)	April 29, 2016
*		April 29, 2016
Gregg Lapointe	Chairman of the Board and Director	
*		April 29, 2016
Raymond W. Anderson	Director	
*		April 29, 2016
Suzanne L. Bruhn, Ph.D.	Director	
*		April 29, 2016
Richard L Franklin, M.D., Ph.D.	Director	
*		April 29, 2016
	Director	

Georges Gemayel,  
Ph.D.

\*

Llew Keltner, M.D.,     Director  
Ph.D.

April 29, 2016

\*

Christopher M. Starr,     Director  
Ph.D.

April 29, 2016

\* By: /s/ Michael Smith  
Michael Smith

Attorney-in-Fact