

**SCHEDULE 14A**

**(RULE 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

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 Under Rule 14a-12

**CROWN CRAFTS, INC.**

(Name of Registrant as Specified in its Charter)

WYNNEFIELD PARTNERS SMALL CAP VALUE, L.P.  
WYNNEFIELD PARTNERS SMALL CAP VALUE, L.P. I  
WYNNEFIELD SMALL CAP VALUE OFFSHORE FUND, LTD.  
WYNNEFIELD CAPITAL MANAGEMENT, LLC  
WYNNEFIELD CAPITAL, INC.  
CHANNEL PARTNERSHIP II, L.P.  
WYNNEFIELD CAPITAL, INC. PROFIT SHARING & MONEY PURCHASE PLAN  
NELSON OBUS  
JOSHUA H. LANDES  
JON C. BIRO  
MELVIN L. KEATING

(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:
  - ☐ Fee paid previously with preliminary materials.
  - ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
    - (1) Amount Previously Paid:
    - (2) Form, Schedule or Registration Statement No.:
    - (3) Filing Party:
    - (4) Date Filed:
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# **The Wynnefield Group**

## **Investor Presentation**

**Regarding Crown Crafts, Inc.**  
**(Nasdaq: CRWS)**





# Overview

- I. Who is the Wynnefield Group?
- II. Change Needed to Create Stockholder Value
  - A. Background of Election Contest
  - B. Wynnefield Warned About This in 2007
  - C. Years of Underperformance and Entrenchment
  - D. Board has No Articulated Strategic Plan; Product Line Extension Does Not Qualify
- III. Deficiencies of the Current Management-Endorsed Board Majority
  - A. Misaligned Interests Lead to Pursuit of *Status Quo*
  - B. Current Board Not Acting in Stockholders' Best Interests; Reinstated "Poison Pill" Without Stockholder Approval
- IV. Wynnefield's Nominees
  - A. Expertise to Address Company's Challenges
  - B. Focus on Increasing Value for All Stockholders



## Who Is The Wynnefield Group?

- Value investor in small & micro-cap stocks
- Largest stockholder of Crown Crafts
  - Currently own about 17% of outstanding stock
- Long-term investor
  - Invested in Crown Crafts since 1996 and have increased holdings at a variety of price points to protect ownership during this period



## Background of Election Contest

2003

- Wynnefield was asked by the Company to help it reincorporate in Delaware, a management-friendly state. Wynnefield supported this move.

2005

- Wynnefield entered agreement with the Company allowing Frederick G. Wasserman to attend Board meetings as non-voting observer. Company terminated Mr. Wasserman's observer position in 2007.

2007

- Wynnefield proposed two nominees for election to the Board. Stockholders elected Mr. Wasserman and Wynnefield's other nominee lost by only 1.7% of the vote.

2008

- Wynnefield entered Standstill Agreement with the Company that stipulated Joseph Kling would be immediately elected to the Board and Board would create Strategic Review Committee. To date, the Strategic Review Committee has failed to publicly report to stockholders the status or results of any review.

2009

- During the Standstill Agreement, the Board reinstated "poison pill" without stockholder approval.

2010

- After Wynnefield exercised its right under Standstill to have a director resign to allow for an additional vacancy to be filled by stockholder vote at the annual meeting, the Company announced it would not re-nominate Mr. Wasserman.



## Wynnefield Warned About This in 2007

### CRWS' Unfulfilled 2007 Promises: Share Price

- ❖ Pointing to share price of \$4.65, Crown Crafts wrote: "In many respects, fiscal year 2007 marked the successful completion of our efforts that began in 2001 to turn the Company around and reestablish a solid foundation for growth and success..." [Letter to stockholders, 7/24/07]
- ✓ Fact: CRWS stock has never again achieved that level – down more than 16% since then (as of July 20, 2010).

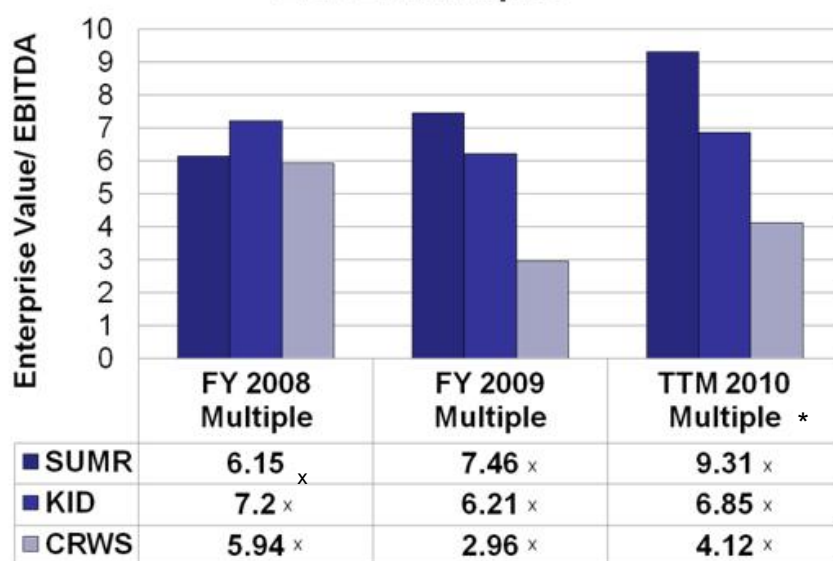
### CRWS' Unfulfilled 2007 Promise: Creating Value

- ❖ Describing a company "more nimble and poised for growth," it promised "strategic acquisitions that will build long-term stockholder value" and enhancing stockholder value through "achieving organic growth," among other objectives. [Letter to stockholders, 7/16/07]
- ✓ Fact: Over the past three years, CRWS has instead completed three small tuck-in acquisitions while revenue and operating income remain flat.
- ✓ Fact: CRWS' net sales decreased by \$1.3 million (1.5%) in FY 2010, despite the Company's assertions in its earnings release that it was a "banner year."



## Years of Underperformance and Entrenchment

**CRWS Trades Significantly Below Peers' EBITDA Multiples**

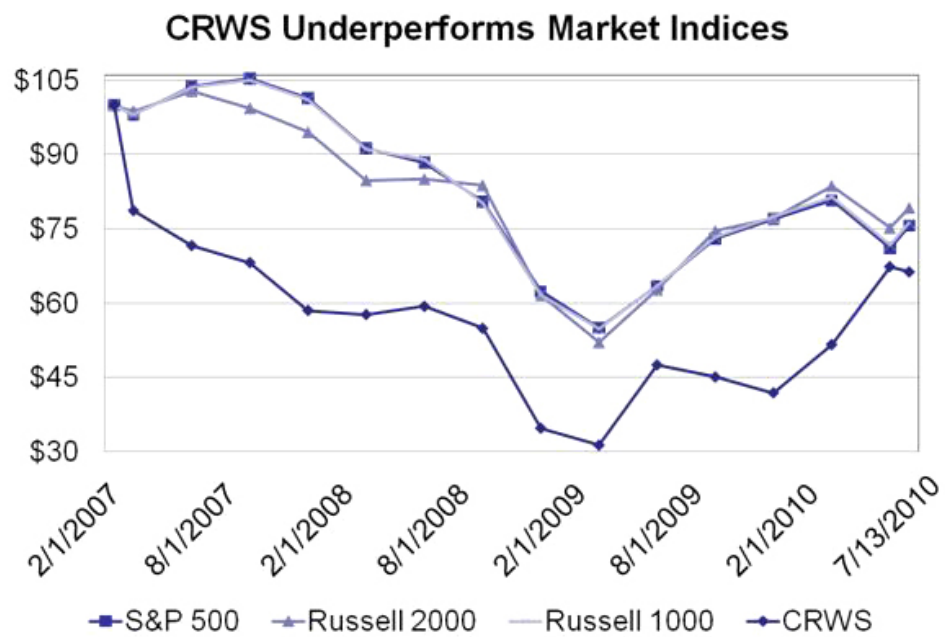


Source: Bloomberg as of July 21, 2010

\* TTM = Trailing Twelve Months

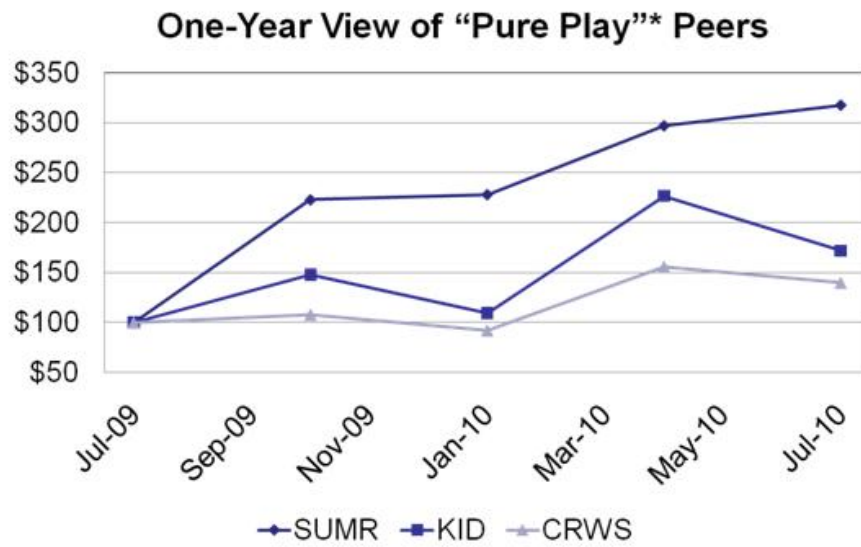


## Years of Underperformance and Entrenchment





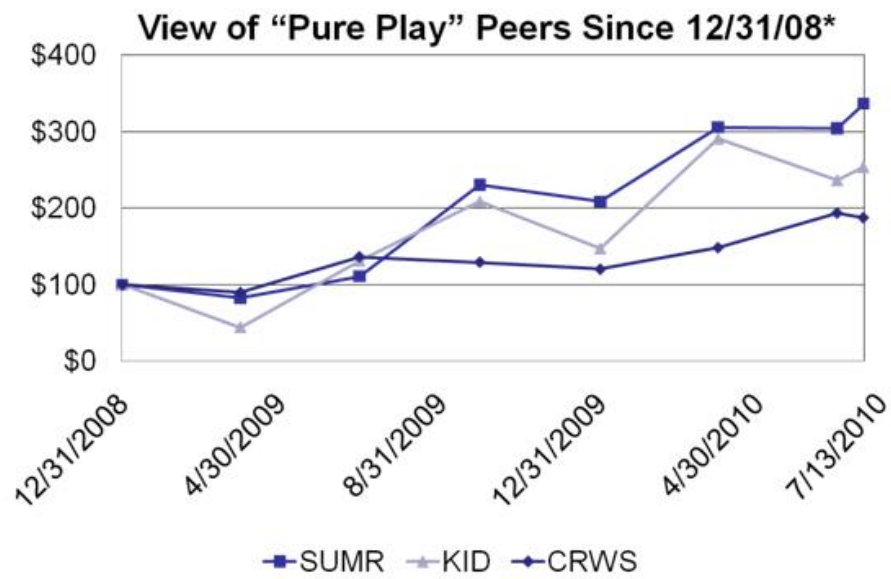
## Years of Underperformance and Entrenchment



\*Pure Play - Infant and Juvenile Industry Company



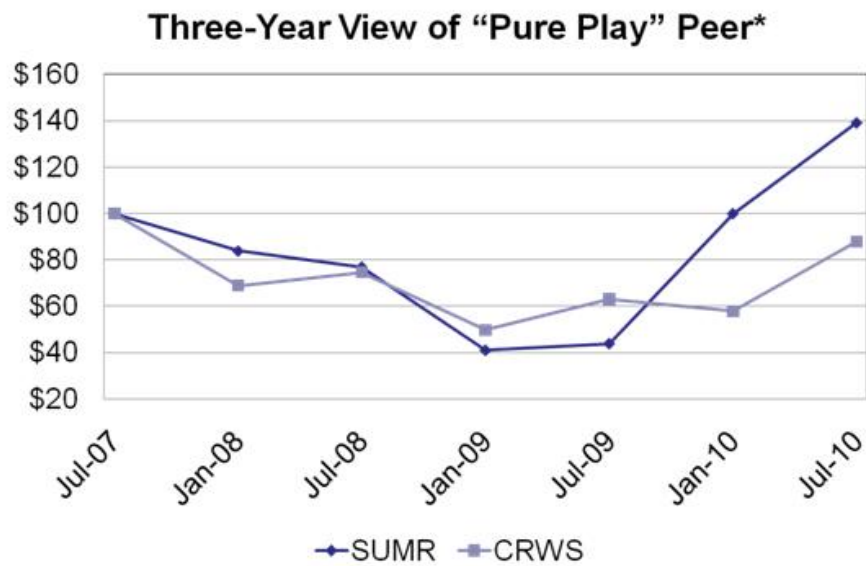
## Years of Underperformance and Entrenchment



\* As of 12/23/08, KID became a "Pure Play" Peer after divestiture of giftware business



## Years of Underperformance and Entrenchment



\*Excludes KID, which did not become a “Pure Play” Peer until divestiture of giftware business on 12/23/08



## Board Has No Articulated Strategic Plan

- Strategic Review Committee Never Publicly Disclosed Findings or Even that it had Deliberations
- Only After Wynnefield's 2010 Proxy Announcement Did Board Proclaim Adoption of "Strategic Plan"
  - This is first stockholders have heard of this
  - Still, nothing else disclosed about "plan"
  - Only thing known about "plan" – if there even is one – is that it has failed to create stockholder value
  - This recent announcement is only a product line extension
- The Company's Micro-Acquisitions Merely Mask Declining Core Business to Maintain *Status Quo*
- No Stockholder Value Created by the Board or Management's Actions in Recent Times



## Misaligned Interests Lead to Pursuit of *Status Quo*

### **Lavish Board and Management Pay Incentivize *Status Quo* Rather Than Creating Stockholder Value**

- **Management:**

- Board-approved lavish executive compensation and severance packages – significant amounts of cash; little long-term equity compensation despite policy statement to the contrary
- Board-approved golden parachute payments and tax gross-ups that could cost more than \$5 million – exceeding CRWS' annual net income
- Board-approved incentive plan rewards management with approximately 3.7% of Company if over five years they match the EBITDA multiple at which peers are currently trading, a handsome reward for average performance

- **Board:**

- Over past three years, total Board compensation was over \$1.3 million while market value declined by \$10.6 million (-22%)
- In 2008, Board retainers doubled while operating income remained flat
- In 2009, one director's total compensation was \$104,126
- Majority of Board retainer paid in cash
- Current non-employee directors hold only 2% of outstanding voting stock



## Board Not Acting in Stockholders' Best Interests

### Board's "Picket Fence" of Entrenchment Governance Schemes

Staggered Board	"Poison Pill"	No Disclosed CEO Succession Plan	Excessive Change-in-Control Severance Payments	Joint CEO/Chairman Position	Failure to Broaden Investor Base
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## Wynnefield Nominees' Expertise

### Jon C. Biro

- Executive Officer
  - CFO – Consolidated Graphics, Inc.
  - CFO, Interim CEO – ICO, Inc.
- Corporate Director
  - Aspect Medical Systems Inc.
  - ICO, Inc.
- Public Accounting & Finance
  - Certified Public Accountant (CPA)
  - Price Waterhouse LLP

\*Current

### Melvin L. Keating

- Executive Officer
  - CEO – Alliance Semiconductor Corp.
  - CEO – Sunbelt Management
  - EVP, CFO & Treasurer – Quovadx Inc.
- Corporate Director
  - Bitstream Inc.\*
  - Infologix, Inc.\*
  - Red Lion Hotels, Corp.\*
  - Aspect Medical Systems Inc.
  - Integrated Silicon Solutions Inc.
  - Plymouth Rubber Co.
  - Price Legacy Corp.
  - White Electronic Designs Corp.
- Strategic Consultant
  - Warburg Pincus Equity Partners
  - BTI Systems, Inc.



## Focus to Increase Value for All Stockholders

Our Nominees are committed to working constructively with Board to create stockholder value and address significant corporate governance deficiencies

### **Strategic Plan**

- Form standing Strategic Review Committee
- Hire qualified independent consultant to help determine future path
- Communicate to stockholders nature and extent of review
- Cause Company to participate in investor or industry conferences

### **Corporate Governance**

- Eliminate staggered Board
- Adopt real CEO succession plan
- Terminate “poison pill”
- Link executive compensation to Company performance
- Split Chairman/CEO roles
- Amend non-employee director compensation; our Nominees will only take 50% of cash compensation or donate balance to American SIDS Institute
- Modify change-in-control agreements