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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 10, 2010 (February 9, 2010)

Crown Crafts, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

1-7604

(Commission File Number)

58-0678148

(IRS Employer Identification No.)

**916 South Burnside Avenue,
Gonzales, LA**

(Address of principal executive offices)

70737

(Zip Code)

Registrant's telephone number, including area code: **(225) 647-9100**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

On February 9, 2010, Crown Crafts, Inc. (the “Company”) and its wholly-owned subsidiaries, Crown Crafts Infant Products, Inc., Churchill Weavers, Inc. and Hamco, Inc. (together with the Company, the “Borrowers”), entered into a Fifth Amendment to Financing Agreement (the “Fifth Amendment”) with The CIT Group/Commercial Services, Inc. (“CIT”) to amend that certain Financing Agreement between the Borrowers and CIT dated July 11, 2006 to permit the payment by the Company of cash dividends on its common stock of up to \$500,000 in the aggregate.

The description contained herein of the Fifth Amendment is qualified in its entirety by reference to the terms of such document, which is attached hereto as an exhibit and incorporated herein by this reference.

Item 2.02. Results of Operations and Financial Condition.

The information in this Item 2.02 of this Current Report is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of such section. The information in this Item 2.02 of this Current Report shall not be incorporated by reference into any registration statement or document pursuant to the Securities Act of 1933, as amended.

On February 10, 2010, the Company issued a press release announcing its financial results for the third quarter of fiscal year 2010, which ended December 27, 2009. A copy of that press release is attached hereto as Exhibit 99.1

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

The information set forth in Item 1.01 of this Current Report is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

10.1 Fifth Amendment to Financing Agreement dated as of February 9, 2010 by and among Crown Crafts, Inc., Churchill Weavers, Inc., Hamco, Inc., Crown Crafts Infant Products, Inc. and The CIT Group/Commercial Services, Inc.

99.1 Press Release dated February 10, 2010.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CROWN CRAFTS, INC.

By: /s/ Olivia W. Elliott

Olivia W. Elliott,
Vice President and Chief Financial Officer

Dated: February 10, 2010

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit</u>
10.1	Fifth Amendment to Financing Agreement dated as of February 9, 2010 by and among Crown Crafts, Inc., Churchill Weavers, Inc., Hamco, Inc., Crown Crafts Infant Products, Inc. and The CIT Group/Commercial Services, Inc.
99.1	Press Release dated February 10, 2010.

**FIFTH AMENDMENT TO
FINANCING AGREEMENT**

THIS FIFTH AMENDMENT TO FINANCING AGREEMENT (this "Amendment"), dated as of this 9th day of February, 2010, is made by and among:

CROWN CRAFTS, INC., a Delaware corporation ("CCI");

CHURCHILL WEAVERS, INC., a Kentucky corporation ("Weavers");

HAMCO, INC., a Louisiana corporation ("Hamco");

CROWN CRAFTS INFANT PRODUCTS, INC., a Delaware corporation ("CCIP"; together with CCI, Weavers and Hamco, the "Companies" and each a "Company"; and

THE CIT GROUP/COMMERCIAL SERVICES, INC., a New York corporation ("CIT"),

to the Financing Agreement, dated July 11, 2006 (as amended, modified, restated or supplemented from time to time, the "Financing Agreement"), among CIT and the Companies. All capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Financing Agreement.

RECITALS

A. Pursuant to the Financing Agreement, CIT has agreed to make loans and extend credit to the Companies in the amounts, upon the terms and subject to the conditions contained therein.

B. The Companies have requested that CIT amend the Financing Agreement to permit the payment by CCI of cash dividends on its common stock.

C. CIT has agreed to such request, subject to the terms and conditions contained herein, and to accomplish the foregoing, the Companies and CIT desire to enter into this Amendment.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, the Companies and CIT hereby agree as follows:

ARTICLE I

AMENDMENT TO FINANCING AGREEMENT

The defined term “**Permitted Distributions**” in Section 1.1 of the Financing Agreement is amended in its entirety to read as follows:

“**Permitted Distributions** shall mean:

(a) dividends from a wholly-owned subsidiary of a Company to such Company;

(b) dividends payable solely in stock or other equity interests of the Companies; and

(c) provided no Default or Event of Default exists at the time of the proposed payment thereof, cash dividends on CCI’s common stock not to exceed the sum of \$500,000 in the aggregate.”

ARTICLE II

REPRESENTATIONS AND WARRANTIES

The Companies hereby represent and warrant to CIT that:

2.1 Compliance With the Financing Agreement. As of the execution of this Amendment, each Company is in compliance with all of the terms and provisions set forth in the Financing Agreement and the other Loan Documents to be observed or performed by such Company.

2.2 Representations in Financing Agreement. The representations and warranties of each Company set forth in the Financing Agreement and the other Loan Documents are true and correct in all material respects except to the extent that such representations and warranties relate solely to or are specifically expressed as of a particular date or period which is past or expired as of the date hereof.

2.3 No Event of Default. No Default or Event of Default exists.

ARTICLE III

GENERAL

3.1 Loan Documents. The Financing Agreement and the other Loan Documents are amended to provide that any reference therein to the Financing Agreement shall mean, unless otherwise specifically provided, the Financing Agreement as amended hereby, and as further amended, restated, supplemented or modified from time to time.

3.2 Full Force and Effect. As expressly amended hereby, the Financing Agreement and the other Loan Documents shall continue in full force and effect in accordance with the provisions thereof. As used in the Financing Agreement and the other Loan Documents, "hereinafter," "hereto," "hereof," or words of similar import, shall, unless the context otherwise requires, mean the Financing Agreement or the other Loan Documents, as the case may be, as amended by this Amendment.

3.3 Applicable Law. This Amendment shall be governed by and construed in accordance with the internal laws and judicial decisions of the State of New York.

3.4 Counterparts. This Amendment may be executed in one or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one and the same instrument.

3.5 Further Assurances. The Companies shall execute and deliver to CIT such documents, certificates and opinions as CIT may reasonably request to effect the amendments contemplated by this Amendment.

3.6 Headings. The headings of this Amendment are for the purpose of reference only and shall not effect the construction of this Amendment.

3.7 Expenses. The Companies shall reimburse CIT for CIT's legal fees and expenses (whether in-house or outside) incurred in connection with the preparation, negotiation, execution and delivery of this Amendment and all other agreements and documents contemplated hereby.

3.8 Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH COMPANY AND CIT WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATED TO THIS AMENDMENT, THE FINANCING AGREEMENT OR THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO.

[signatures appear on the following pages]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers to be effective on the day and year first above written.

CCI:

CROWN CRAFTS, INC.

By: /s/ Olivia Elliott
Olivia Elliott
CFO

WEAVERS:

CHURCHILL WEAVERS, INC.

By: /s/ Olivia Elliott
Olivia Elliott
CFO

HAMCO:

HAMCO, INC.

By: /s/ Olivia Elliott
Olivia Elliott
CFO

CCIP:

CROWN CRAFTS INFANT PRODUCTS, INC.

By: /s/ Olivia Elliott
Olivia Elliott
CFO

[signatures continue on the following page]

CIT:

THE CIT GROUP/COMMERCIAL SERVICES, INC.

By: /s/ Vernon Wells

Vernon Wells
Vice President



For Immediate Release

February 10, 2010

**Crown Crafts, Inc. Reports Results for Third Quarter of Fiscal Year 2010
and Announces the Declaration of its First Quarterly Dividend Since 1999**

Gonzales, Louisiana – Crown Crafts, Inc. (the “Company”) (NASDAQ-CM: CRWS) today reported net income for the third quarter of fiscal year 2010, which ended December 27, 2009. The Company also announced the declaration of a quarterly cash dividend of \$0.02 per share on its common stock, which is the first dividend declared by the Company since 1999.

Historical Results

Net income for the quarter was \$1.1 million, or \$0.12 per diluted share, on net sales of \$20.6 million, compared to a net loss for the third quarter of fiscal year 2009 of \$8.2 million, or \$0.88 per diluted share, on net sales of \$19.3 million. The net loss for the third quarter of fiscal year 2009 included a non-cash charge of \$9.0 million for an estimate of a probable impairment to goodwill. Excluding the goodwill impairment charge, the Company would have reported net income of \$822,000, or \$0.09 per diluted share, in the third quarter of fiscal year 2009.

“We are pleased to have increased our net sales by \$1.3 million, or 6.9%, during the quarter,” commented E. Randall Chestnut, Chairman, President and Chief Executive Officer of the Company. “We are also pleased with our continued success in integrating the product development, sourcing and distribution operations of Neat Solutions, which we acquired in July 2009 and which contributed \$1.1 million toward the increase in our net sales during the quarter. We are also pleased that our net income (exclusive of the impairment charge) improved by 35.4% in a very difficult retail environment. The Company’s EBITDA (earnings before interest, taxes, depreciation and amortization) for the quarter was \$2.3 million, compared to EBITDA of \$2.1 million for the third quarter of fiscal year 2009,” Mr. Chestnut continued.

Declaration of Quarterly Cash Dividend

The Company also today announced that its Board of Directors, at its meeting on February 9, 2010, declared a quarterly cash dividend on the Company’s Series A common stock of \$0.02 per share to stockholders of record at the close of business on March 12, 2010 and payable on April 2, 2010. In announcing the first dividend declared by the Company since 1999, which will provide an annualized yield of 2.9% based on yesterday’s closing price of \$2.77 per share, Mr. Chestnut stated, “Over the years, we have employed several strategies to provide value to our stockholders, including the repayment of debt, the cancellation of warrants held by our lenders, targeted acquisitions and share repurchases. A program of regular quarterly cash dividends will provide immediate value to our stockholders and demonstrates our continued confidence in the Company’s earnings capacity and the strength of its balance sheet, even in a challenging economic environment. We do not expect that paying quarterly cash dividends will preclude the Company from pursuing other strategic alternatives as well, and we are pleased to be in a position to further share the Company’s success with its owners.”

Financial Position and Liquidity

In addressing the Company's liquidity, Mr. Chestnut added, "We are confident that our strong balance sheet puts us in a position to benefit as the economy recovers. In December 2009, upon the emergence of the Company's lender from bankruptcy, we returned the bulk of the excess funds that we had borrowed under our credit agreement as a protective measure. The repayment of these funds will result in a significant reduction in our interest expense in future reporting periods."

Conference Call

The Company will host a teleconference today at 1:00 p.m. Central Standard Time to discuss the Company's results and answer appropriate questions. Interested individuals may join the teleconference by dialing (800) 230-1093. Please refer to confirmation number 144152. The teleconference can also be accessed in listen-only mode by visiting the Company's website at www.crowncrafts.com. The financial information to be discussed during the teleconference may be accessed prior to the call on the investor relations portion of the Company's website.

A telephone replay of the teleconference will be available from 2:30 p.m. Central Standard Time on February 10, 2010 through 11:59 p.m. Central Standard Time on February 17, 2010. To access the replay, dial (800) 475-6701 in the United States or (320) 365-3844 from international locations. The access code for the replay is 144152.

About Crown Crafts, Inc.

Crown Crafts, Inc. designs, markets and distributes infant and toddler consumer products, including bedding, blankets, bibs, bath items and the recently-acquired portfolio of the mess protection products of Neat Solutions. Its operating subsidiaries include Hamco, Inc. in Louisiana and Crown Crafts Infant Products, Inc. in California. Crown Crafts is America's largest distributor of infant bedding, bibs and bath items. The Company's products include licensed and branded collections as well as exclusive private label programs for certain of its customers.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Securities Act of 1933, the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Such statements are based upon management's current expectations, projections, estimates and assumptions. Words such as "expects," "believes," "anticipates" and variations of such words and similar expressions identify such forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties that may cause future results to differ materially from those suggested by the forward-looking statements. These risks include, among others, general economic conditions, including changes in interest rates, in the overall level of consumer spending and in the price of oil, cotton and other raw materials used in the Company's products, changing competition, changes in the retail environment, the level and pricing of future orders from the Company's customers, the extent to which the Company's business is concentrated in a small number of customers, the Company's dependence upon third-party suppliers, including some located in foreign countries, customer acceptance of both new designs and newly-introduced product lines, actions of competitors that may impact the Company's business, disruptions to transportation systems or shipping lanes used by the Company or its suppliers, and the Company's dependence upon licenses from third parties. Reference is also made to the Company's periodic filings with the Securities and Exchange Commission for additional factors that may impact the Company's results of operations and financial condition. The Company does not undertake to update the forward-looking statements contained herein to conform to actual results or changes in our expectations, whether as a result of new information, future events or otherwise.

Contact: Investor Relations Department
(225) 647-9146

or

Halliburton Investor Relations
(972) 458-8000

CROWN CRAFTS, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
SELECTED FINANCIAL DATA
In thousands, except percentages and per share data
(Unaudited)

	Three Months Ended		Nine Months Ended	
	December 27, 2009	December 28, 2008	December 27, 2009	December 28, 2008
Net sales	\$ 20,646	\$ 19,316	\$ 60,094	\$ 62,830
Gross profit	4,638	3,797	13,121	12,890
Gross profit percentage	22.5%	19.7%	21.8%	20.5%
Goodwill impairment charge	—	9,000	—	9,000
Income (loss) from operations	1,892	(7,420)	4,496	(4,206)
Income (loss) from continuing operations before income taxes	1,720	(7,648)	3,885	(5,019)
Income tax expense	598	526	1,409	1,532
Income (loss) from continuing operations after income taxes	1,122	(8,174)	2,476	(6,551)
Income (loss) from discontinued operations – net of income taxes	(9)	(4)	(22)	27
Net income (loss)	1,113	(8,178)	2,454	(6,524)
Basic earnings (loss) per share	\$ 0.12	\$ (0.88)	\$ 0.27	\$ (0.70)
Diluted earnings (loss) per share	\$ 0.12	\$ (0.88)	\$ 0.26	\$ (0.70)
Weighted Average Shares Outstanding:				
Basic	9,167	9,265	9,186	9,353
Diluted	9,271	9,265	9,287	9,353

CONSOLIDATED BALANCE SHEETS
SELECTED FINANCIAL DATA
In thousands

	December 27, 2009	March 29, 2009
	(Unaudited)	
Cash and cash equivalents	\$ 920	\$ 15,249
Accounts receivable, net of allowances	13,836	18,954
Inventories	13,293	11,751
Total current assets	31,475	48,495
Intangible assets, net	6,755	5,515
Total assets	\$ 41,761	\$ 56,527
Current maturities of long-term debt	\$ 3,861	\$ 1,667
Total current liabilities	14,875	10,548
Long-term debt	1,784	23,568
Shareholders' equity	25,102	22,411
Total liabilities and shareholders' equity	\$ 41,761	\$ 56,527

CROWN CRAFTS, INC AND SUBSIDIARIES
NON-GAAP RECONCILIATION OF NET INCOME TO EBITDA
In thousands, except percentages
(Unaudited)

	Three Months Ended		Nine Months Ended	
	December 27, 2009	December 28, 2008	December 27, 2009	December 28, 2008
Net income (loss)	\$ 1,113	\$ (8,178)	\$ 2,454	\$ (6,524)
Interest expense	181	265	581	900
Interest income	(3)	(35)	(14)	(123)
Income tax expense on continuing operations	598	526	1,409	1,532
Income tax expense (benefit) on discontinued operations	(4)	(2)	(11)	15
Depreciation	72	64	220	225
Goodwill impairment charge	—	9,000	—	9,000
Amortization	347	434	1,265	1,311
EBITDA	2,304	2,074	5,904	6,336
 Net Sales	 20,646	 19,316	 60,094	 62,830
 EBITDA as a percentage of net sales	 11.2%	 10.7%	 9.8%	 10.1%

In addition to the Company's presentation of its results of operations in conformity with accounting principles generally accepted in the United States of America ("GAAP"), the Company has also disclosed certain measures of its performance which are not determined in accordance with GAAP. These non-GAAP measures include EBITDA and the Company's discussion of net income and diluted earnings per share excluding the goodwill impairment charge. The Company uses these non-GAAP measurements internally to monitor the Company's operating results and cash flow and to evaluate the performance of its businesses. The Company believes that the presentation of non-GAAP measures provides useful information to readers and is an important indicator of the Company's ability to generate cash sufficient to reduce debt, make strategic investments, meet capital expenditures and working capital requirements and otherwise meet its obligations as they become due. The items excluded from non-GAAP measures are significant components in understanding and assessing the Company's financial performance. Non-GAAP measures are provided as supplemental information and should be considered in addition to, and not as a substitute for, such GAAP measures as net income or loss, cash flow provided by or used in operating, investing or financing activities, and other measures of financial performance and liquidity reported in accordance with GAAP. Because these non-GAAP measures are not determined in accordance with GAAP, companies are free to calculate them in varying ways. Therefore, the non-GAAP measures, as presented by the Company, may not be comparable to similarly titled measures of other companies.