

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

(X) QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 28, 2003

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 1-7604

CROWN CRAFTS, INC.

(Exact name of registrant as specified in its charter)

Delaware

58-0678148

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

916 South Burnside Avenue, Gonzales, Louisiana 70737

(Address of principal executive offices)

(225) 647-9100

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares of common stock, \$0.01 par value, of the Registrant outstanding as of December 28, 2003 was 9,504,937.

TABLE OF CONTENTS

PART 1 — FINANCIAL INFORMATION

ITEM 1 — CONSOLIDATED FINANCIAL STATEMENTS

ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF

ITEM 3 — QUANTITATIVE AND QUALITATIVE

ITEM 4 — CONTROLS AND PROCEDURES

PART II — OTHER INFORMATION

Item 1 — Legal Proceedings

Item 2 — Changes in Securities and Use of Proceeds

Item 3 — Defaults Upon Senior Securities

Item 4 — Submission of Matters to a Vote of Security Holders

Item 5 — Other Information

Item 6 — Exhibits and Reports on Form 8-K

SIGNATURES

Index to Exhibits

Amended/Restated Certificate of Incorporation

Bylaws of the Company

Sixth Amendment to Credit Agreement

Certification by the Chief Executive Officer

Certification by the Chief Financial Officer

Certification by the Chief Executive Officer

Certification by the Chief Financial Officer

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

PART 1 — FINANCIAL INFORMATION
ITEM 1 – CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

December 28, 2003 and March 30, 2003

(Unaudited)

Dollar amounts in thousands

	December 28, 2003	March 30, 2003 *
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,302	\$ 194
Accounts receivable (net of allowances of \$4,956 at December 28, 2003 and \$1,927 at March 30, 2003):		
Due from factor	8,595	14,472
Other	1,729	1,304
Inventories, net	15,954	15,548
Other current assets	1,252	1,114
Total current assets	28,832	32,632
Property, plant and equipment — at cost:		
Land, buildings and improvements	1,797	1,920
Machinery and equipment	2,754	3,285
Furniture and fixtures	664	677
	5,215	5,882
Less accumulated depreciation	3,349	3,644
Property, plant and equipment — net	1,866	2,238
Other assets:		
Goodwill, net	22,974	22,974
Other	154	82
Total other assets	23,128	23,056
Total Assets	\$ 53,826	\$ 57,926

* The Consolidated Balance Sheet at March 30, 2003 has been derived from the audited balance sheet at that date.

See notes to unaudited condensed consolidated financial statements.

[Table of Contents](#)

Crown Crafts, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
December 28, 2003 and March 30, 2003
(Unaudited)

Dollar amounts in thousands

	December 28, 2003	March 30, 2003 *
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,405	\$ 4,524
Accrued wages and benefits	871	1,413
Accrued royalties	1,833	1,454
Other accrued liabilities	539	1,361
Current maturities of long-term debt	3,015	3,014
	<u>9,663</u>	<u>11,766</u>
Total current liabilities		
Non-current liabilities:		
Long-term debt	27,299	30,895
Commitments and contingencies	—	—
Shareholders' equity:		
Common stock — par value \$0.01 per share, 74,000,000 shares authorized, 9,504,937 shares outstanding at December 28, 2003; par value \$1.00 per share, 50,000,000 shares authorized, 9,421,437 shares outstanding at March 30, 2003	95	9,421
Additional paid-in capital	38,244	28,857
Accumulated deficit	(21,475)	(22,988)
Cumulative currency translation adjustment	—	(25)
	<u>16,864</u>	<u>15,265</u>
Total shareholders' equity		
Total Liabilities and Shareholders' Equity	\$ 53,826	\$ 57,926

* The Consolidated Balance Sheet at March 30, 2003 has been derived from the audited balance sheet at that date.

See notes to unaudited condensed consolidated financial statements.

[Table of Contents](#)

Crown Crafts, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For The Three and Nine-Month Periods Ended December 28, 2003 and December 29, 2002
(UNAUDITED)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	December 28, 2003	December 29, 2002	December 28, 2003	December 29, 2002
<i>Amounts in thousands, except per share amounts</i>				
Net sales	\$ 20,717	\$ 21,636	\$ 61,183	\$ 67,962
Cost of products sold	16,228	17,023	47,661	52,963
Gross profit	4,489	4,613	13,522	14,999
Marketing and administrative expenses	2,882	2,843	8,868	9,458
Restructuring charge	—	1,775	—	1,775
Income (loss) from operations	1,607	(5)	4,654	3,766
Other income (expense):				
Interest expense	(986)	(1,122)	(3,049)	(3,479)
Other — net	5	302	—	378
Income (loss) before income taxes	626	(825)	1,605	665
Income tax (credit) expense	(93)	166	75	270
Net income (loss)	719	(991)	1,530	395
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	19	2	25	(29)
Comprehensive income (loss)	\$ 738	\$ (989)	\$ 1,555	\$ 366
Basic income (loss) per share	\$ 0.08	\$ (0.11)	\$ 0.16	\$ 0.04
Diluted income (loss) per share	\$ 0.03	\$ (0.11)	\$ 0.07	\$ 0.02
Weighted average shares outstanding — basic	9,505	9,421	9,479	9,421
Weighted average shares outstanding — diluted	22,182	9,421	22,443	21,645

See notes to unaudited condensed consolidated financial statements.

[Table of Contents](#)

Crown Crafts, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine-Month Periods ended December 28, 2003 and December 29, 2002
(UNAUDITED)

	(in thousands)	
	December 28, 2003	December 29, 2002
Operating activities:		
Net income	\$ 1,530	\$ 395
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	398	576
Loss on disposition of property, plant and equipment	(3)	—
Restructuring charge	—	1,775
Changes in assets and liabilities		
Accounts receivable, net	5,452	3,546
Inventories, net	(406)	(1,572)
Income tax receivable	—	1,820
Other current assets	(138)	103
Other assets	(72)	88
Accounts payable	(1,119)	362
Accrued liabilities	(969)	(792)
Net cash provided by operating activities	4,673	6,301
Investing activities:		
Capital expenditures	(319)	(274)
Proceeds from disposition of assets	282	—
Other	6	(29)
Net cash (used in) investing activities	(31)	(303)
Financing activities:		
Payment of long-term borrowing	(30,793)	(35,311)
Long-term borrowing	27,198	29,160
Issuance of common stock	61	—
Net cash (used in) financing activities	(3,534)	(6,151)
Net increase (decrease) in cash and cash equivalents	1,108	(153)
Cash and cash equivalents at beginning of period	194	388
Cash and cash equivalents at end of period	\$ 1,302	\$ 235
Supplemental cash flow information:		
Income taxes paid (refunded)	\$ 266	\$ (1,703)
Interest paid	2,586	2,649

See notes to unaudited condensed consolidated financial statements.

CROWN CRAFTS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AT AND FOR THE THREE AND NINE-MONTH PERIODS ENDED DECEMBER 28, 2003 AND DECEMBER 29, 2002

1. *Basis of Presentation:* The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to interim financial information and the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, such interim consolidated financial statements contain all adjustments necessary to present fairly the financial position of Crown Crafts, Inc. (the "Company") as of December 28, 2003 and the results of its operations and cash flows for the three and nine-month periods ended December 28, 2003 and December 29, 2002. Such adjustments include normal recurring accruals. Operating results for the three and nine-month periods ended December 28, 2003 are not necessarily indicative of the results that may be expected for the year ending March 28, 2004. For further information, refer to the consolidated financial statements and footnotes thereto included in the annual report on Form 10-K for the year ended March 30, 2003 of the Company.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Standards: In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS 141, *Business Combinations*, and SFAS 142, *Goodwill and Other Intangible Assets*. SFAS 141 requires business combinations initiated after June 30, 2001 to be accounted for using the purchase method of accounting and eliminates the use of the pooling-of-interests method. The application of SFAS 141 did not affect any of the Company's previously reported amounts included in goodwill or other intangible assets. SFAS 142 requires that the amortization of goodwill cease prospectively upon adoption and that instead the carrying value of goodwill be evaluated using an impairment approach. Identifiable intangible assets will continue to be amortized over their useful lives and reviewed for impairment in accordance with SFAS 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of*. SFAS 142 is effective for fiscal years beginning after December 15, 2001, and was implemented by the Company on April 1, 2002. Beginning in fiscal 2003, the Company discontinued amortizing goodwill but continued to amortize other long-lived intangible assets. The Company has performed a transitional fair value based impairment test on its goodwill in accordance with SFAS 142 and has determined that the fair value exceeded the recorded value at April 1, 2002 and March 31, 2003.

In December 2002, the FASB issued SFAS 148, *Accounting for Stock-Based Compensation – Transition and Disclosure, an amendment of FASB Statement No. 123*. SFAS 148 amends FASB 123 to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, FASB 148 amends the disclosure requirements of FASB 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS 148 was effective for the Company's fiscal period ended March 30, 2003. The Company adopted this standard on that date and determined that it would continue to utilize the intrinsic method of accounting and included the additional disclosures in the current period financial statements.

2. *Segment and Related Information:* The Company's principal segments include adult home furnishing products, consisting primarily of hand-woven throws, and infant and juvenile products, consisting of infant bedding, bibs, infant soft goods and juvenile products (primarily Pillow Buddies®). Financial information attributable to the Company's business segments for the three and nine-month periods ended December 28, 2003 and December 29, 2002 was as follows (in thousands):

Table of Contents

	Three Months Ended		Nine Months Ended	
	December 28, 2003	December 29, 2002	December 28, 2003	December 29, 2002
Net Sales				
Adult home furnishing products	\$ 895	\$ 871	\$ 1,935	\$ 2,119
Infant & juvenile products	19,822	20,765	59,248	65,843
Total	<u>\$ 20,717</u>	<u>\$ 21,636</u>	<u>\$ 61,183</u>	<u>\$ 67,962</u>
Operating income (loss)				
Adult home furnishing products	\$ 67	\$ 54	\$ (15)	\$ (22)
Infant & juvenile products	1,540	(59)	4,669	3,788
Total	<u>\$ 1,607</u>	<u>\$ (5)</u>	<u>\$ 4,654</u>	<u>\$ 3,766</u>

3. *Inventory*: Major classes of inventory were as follows (in thousands):

	December 28, 2003	March 30, 2003
Raw materials	\$ 2,330	\$ 2,991
Work in process	469	1,411
Finished goods	13,155	11,146
	<u>\$ 15,954</u>	<u>\$15,548</u>

Inventory is net of reserves for inventories classified as irregular or discontinued of \$1.4 million and \$1.6 million at December 28, 2003 and March 30, 2003, respectively.

4. *Restructuring Charge* In December 2002, the Company adopted a formal plan to change its sourcing strategy for certain products and close the Mexican manufacturing facility operated by its majority-owned subsidiary, Burgundy Interamericana ("Burgundy"). This decision was based on extensive research by management which indicated that, due to lower wages and the elimination of the quota on bibs, outsourcing the supply of products then being manufactured by Burgundy to Asian manufacturers was more cost-effective and competitive than maintaining operations in Mexico. Under the plan, Burgundy continued to operate through the first quarter of fiscal 2004, at which time the Company began to liquidate Burgundy's assets. As a result of the decision of the Company to discontinue its Mexican operations, the Company recorded a \$1.8 million restructuring charge to operations in the quarter ended December 29, 2002, which consisted primarily of a write-down of the property and equipment at the Mexican facility of approximately \$800,000, inventory items deemed to be in excess of production requirements of approximately \$600,000, an accrual for contractual termination benefits of approximately \$300,000 due Burgundy's entire workforce (approximately 130 employees) under the provisions of Mexico's labor regulations and the write-off of goodwill of approximately \$60,000. The Company paid approximately \$189,000 of the severance benefits in the first quarter of fiscal 2004 and paid the remainder through October 2003. The Company continued to charge the ongoing operating costs associated with Burgundy's production in the period in which the costs were incurred. The Company incurred a loss of approximately \$85,000 related to the operation and closure of this facility for the three-month period ended June 29, 2003, at which time the closure was complete.

5. *Financing Arrangements*

Factoring Agreement: The Company assigns the majority of its trade accounts receivable to a commercial factor. Under the terms of the associated factoring agreement, which expires in July 2005, the factor remits payments to the Company on the average due date of each group of invoices assigned. The factor bears credit losses with respect to assigned accounts receivable that are within approved credit limits. The Company bears losses resulting from returns, allowances, claims and discounts.

[Table of Contents](#)

Notes Payable and Other Credit Facilities: At December 28, 2003 and March 30, 2003, long-term debt consisted of:

	December 28, 2003	March 30, 2003
Promissory notes	\$ 32,558	\$35,068
Floating rate revolving credit facilities	—	1,799
Non-interest bearing notes	541	274
Original issue discount	(2,785)	(3,232)
	<u>30,314</u>	<u>33,909</u>
Less current maturities	3,015	3,014
	<u>\$ 27,299</u>	<u>\$30,895</u>

At December 28, 2003, the Company's credit facilities included the following:

Revolving Credit of up to \$19 million including a \$3 million sub-limit for letters of credit. The interest rate is prime plus 1.00% (5.00% at December 28, 2003) for base rate borrowings and LIBOR plus 2.75% (3.89% at December 28, 2003) for Euro-dollar borrowings. The maturity date is June 30, 2005. The facility is secured by a first lien on all assets. The balance was \$0 at December 28, 2003. The Company had \$11.8 million available at December 28, 2003. As of December 28, 2003, letters of credit of \$1.35 million were outstanding under the revolving credit facility.

Senior Notes of \$8.5 million with a fixed interest rate of 10% plus additional interest contingent upon cash flow availability of 3%. The maturity date is June 30, 2006 and the notes are secured by a first lien on all assets. Minimum principal payments of \$500,000 are due at the end of each calendar quarter. In the event that required debt service exceeds 85% of free cash flow (EBITDA (as hereinafter defined) less capital expenditures and cash taxes paid), the excess of contingent interest and principal amortization over 85% will be deferred until maturity of the Senior Notes in June 2006. Contingent interest plus additional principal payments will be due annually up to 85% of free cash flow. The Company made an excess cash flow payment of \$1.4 million on September 30, 2003.

Senior Subordinated Notes of \$16 million with a fixed interest rate of 10% plus an additional 1.65% payable by delivery of a promissory note due July 23, 2007. The maturity date is July 23, 2007, and the notes are secured by a second lien on all assets. In addition to principal and interest, a payment of \$8 million is due on the earliest of (i) maturity of the notes, (ii) prepayment of the notes, or (iii) the sale of the Company. The original issue discount of \$4.1 million on this non-interest bearing note at a market interest rate of 12% is being amortized over the life of the notes. The remaining balance of \$2.8 million is included in the Consolidated Balance Sheet as of December 28, 2003.

These credit facilities contain covenants regarding minimum levels of Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA"), maximum total debt to EBITDA, maximum senior debt to EBITDA, minimum EBITDA to cash interest and minimum shareholders' equity. Certain covenants included in the credit facilities were amended in conjunction with the liquidation of Burgundy, as discussed in Note 4, in order to account for the recording of the related restructuring charge. The Company is in compliance with its covenants at December 28, 2003. The bank facilities also place restrictions on the amounts the Company may expend on acquisitions and purchases of treasury stock and currently prohibit the payment of dividends.

Minimum annual maturities are as follows: (in thousands)

Fiscal	Revolver	Senior Notes	Sub Notes	PIK Notes	Total
2004	\$ —	\$ 500	\$ —	\$ —	\$ 500
2005	—	2,000	—	—	2,000
2006	—	2,500	—	—	2,500
2007	—	3,500	—	—	3,500
2008	—	—	24,000 *	541	24,541
Total	<u>\$ —</u>	<u>\$ 8,500</u>	<u>\$ 24,000</u>	<u>\$ 541</u>	<u>\$ 33,041</u>

* Includes \$8 million non-interest bearing note issued at an original issue discount of \$4.1 million.

Table of Contents

As part of its refinancing on July 23, 2001, the Company issued to its lenders warrants for non-voting common stock that are convertible into common stock equivalent to approximately 65% of the shares of the Company on a fully diluted basis at a price of 11.3 cents per share. The warrants are currently exercisable and non-callable and expire six years from their date of issuance. The value of the warrants of \$2.4 million using the Black-Scholes option pricing model was credited to additional paid-in capital in the second quarter of fiscal 2002.

6. *Stock Options* The Company accounts for its stock option plans using the intrinsic value method established by APB Opinion No. 25, "Accounting for Stock Issued to Employees", and its related interpretations. Accordingly, no compensation cost has been recognized in the Company's financial statements for its stock-based compensation plans. The Company complies with the disclosure requirements of SFAS No. 123, "Accounting for Stock Based-Compensation", as amended by SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure", which requires pro forma disclosure regarding net earnings and earnings per share determined as if the Company had accounted for employee stock options using the fair value method of that statement.

Had compensation costs for the Company's stock option plans been determined based on the fair value at the grant date, consistent with the method under SFAS No. 123, the Company's net income (loss) and income (loss) per share would have been as indicated below (in thousands, except per share data):

	Three months ended		Nine months ended	
	December 28, 2003	December 29, 2002	December 28, 2003	December 29, 2002
Net income (loss), as reported	719	(991)	1,530	395
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	(8)	(10)	(21)	(15)
Pro forma net income (loss)	711	(1,001)	1,509	380
Income (loss) per share:				
Basic – as reported	0.08	(0.11)	0.16	0.04
Basic – pro forma	0.07	(0.11)	0.16	0.04
Diluted – as reported	0.03	(0.11)	0.07	0.02
Diluted – pro forma	0.03	(0.11)	0.07	0.02

ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company operates indirectly through its subsidiaries, Crown Crafts Infant Products, Inc., Hamco, Inc. and Churchill Weavers, Inc., primarily in the Infant Products segment within the Consumer Products industry. The Company's offices are located in Huntington Beach and Compton, California; Gonzales, Louisiana; Berea, Kentucky; Rogers, Arkansas and Lynne Haven, Florida.

The Infant Products segment consists of infant bedding, bibs, infant soft goods and accessories. The infant products are marketed under a variety of Company-owned trademarks, under trademarks licensed from others, without trademarks as unbranded merchandise and with customers' private labels. The products are produced primarily by foreign contract manufacturers, then warehoused and shipped from facilities in Compton, California and Gonzales, Louisiana. Sales are generally made directly to retailers, primarily mass merchants, large chain stores and gift stores.

The Company also produces hand-woven adult throws, adult scarves and infant blankets. Sales are generally made to major department stores, specialty shops and designer showrooms.

The infant consumer products industry is highly competitive. The Company competes with a variety of distributors and manufacturers and believes that it is the largest producer of infant bed coverings and bibs, enjoying approximately one-third of infant bedding

Table of Contents

market share and one-half of the infant bib market share within these segments. The Company competes on the basis of quality, design, price, service and packaging.

RESULTS OF OPERATIONS

THREE-MONTH PERIOD ENDED DECEMBER 28, 2003 COMPARED TO THE THREE-MONTH PERIOD ENDED DECEMBER 29, 2002

Total net sales for the third quarter of fiscal year 2004 decreased by \$919,000, or 4.2%, to \$20.7 million from \$21.6 million for the third quarter of fiscal year 2003. Net sales of throws increased \$24,000, or 2.8%, to \$895,000. Net sales of infant and juvenile products decreased by \$943,000, or 4.5%, to \$19.8 million primarily as a result of decreased bedding sales as compared to the prior year. The Company shipped initial sets of several new bedding collections in the third quarter of the prior year; these were not repeated at the same levels in the current year. Also contributing to the decrease in sales of infant and juvenile products was a decline in the Company's Pillow Buddies® business. Sales of these products continued to be slow in the third quarter of fiscal year 2004 as the Company chose not to renew certain existing licenses or enter into new licenses because of the financial commitment required by such licenses.

During the third quarter of fiscal year 2004, cost of sales decreased to 78.3% of net sales from 78.7% for the same period in fiscal year 2003. Although the Company's gross margin has benefited in the current fiscal year from improvements attributable to its sourcing efforts, most of the savings was passed on to customers as a result of pricing pressure.

Marketing and administrative expenses increased by \$39,000, or 1.4%, in the third quarter of fiscal year 2004 compared to the same quarter in the prior year and were 13.9% of net sales for such quarter compared to 13.1% for the corresponding quarter of the prior year. For the third quarter of fiscal year 2004, the Company achieved reductions in commissions, advertising and tradeshow expenditures and compensation. However, these savings were offset by costs incurred in such quarter related to the Company's Delaware reincorporation of approximately \$105,000.

As discussed in Note 4 to the Company's Consolidated Financial Statements, the Company recorded a \$1.8 million restructuring charge in the quarter ended December 29, 2002. In December 2002, the Company adopted a formal plan to change its sourcing strategy for certain products and close its Mexican manufacturing facility operated by its majority-owned subsidiary, Burgundy Interamericana ("Burgundy"). This decision was based on extensive research by management which indicated that, due to lower wages and the elimination of the quota on bibs, outsourcing the supply of products then being manufactured by Burgundy to Asian manufacturers was more cost effective and competitive than maintaining operations in Mexico.

Interest expense for the third quarter of fiscal year 2004 decreased by \$136,000 compared to the third quarter of fiscal year 2003 because of a lower average debt balance and reduced interest rates. Long-term debt was \$30.3 million at December 28, 2003 compared to \$33.6 million at December 29, 2002. Included in the balance in the prior fiscal year was revolving credit of \$1.1 million, whereas there was no revolving credit balance outstanding at December 28, 2003.

Income tax benefit for the quarter ended December 28, 2003 includes a credit of \$130,000 for a revision of federal alternative minimum taxes and an expense for state and local income taxes of \$37,000. For the quarter ended December 29, 2002, the Company recorded income tax expense of \$37,000 related to federal alternative minimum taxes and \$129,000 related to estimated state and local taxes. Income tax expense for both periods was reduced by the utilization of a portion of the Company's net operating loss carryforwards. The remaining net operating loss carryforwards of \$15.7 million are set to expire in 2021.

NINE-MONTH PERIOD ENDED DECEMBER 28, 2003 COMPARED TO THE NINE-MONTH PERIOD ENDED DECEMBER 29, 2002

Total net sales for the nine months ended December 28, 2003 decreased by \$6.8 million, or 10.0%, to \$61.2 million from \$68.0 million for the same period in fiscal year 2003. Net sales of throws decreased by \$184,000, or 8.7%, to \$1.9 million, as sales volumes of high-end luxury throws were negatively impacted for the first six months of the current year by the recent downturn in the economy. Net sales of infant and juvenile products decreased by \$6.6 million, or 10.0%, to \$59.2 million. This decline in sales, which occurred primarily in the second quarter of fiscal year 2004, is attributable to changes in buying patterns by several customers, some of whom lowered on-hand inventory levels in response to the sluggish economy, and changes in internal business strategies. Also, during the second and third quarters of fiscal year 2003, the Company shipped several new product placements to key

Table of Contents

customers; these were not repeated at the same levels in the current year. The Company's Pillow Buddies® business has been comparatively weaker in the current year because retail dollars have not been allocated to the product and increased competition for character licenses has driven royalty commitments higher than management is comfortable guaranteeing. In addition, a marketing decision by Disney Consumer Products to take one of its brands direct to retail beginning in early 2004 has caused the retailers currently offering this brand to begin reducing their purchase volumes.

During the nine months ended December 28, 2003, cost of sales remained level at 77.9%. Although the Company's gross margin has benefited in the current fiscal year from improvements attributable to its sourcing efforts, most of the savings was passed on to customers as a result of pricing pressure.

Marketing and administrative expenses decreased by \$590,000, or 6.2%, for the first nine months of fiscal year 2004 compared to the first nine months of fiscal year 2003 and were 14.5% of net sales for the current year period compared to 13.9% of net sales for the corresponding period of the prior year. For the first nine months of fiscal year 2004, the Company achieved reductions in labor and commissions expenses. However, these savings were partially offset by costs related to the Company's Delaware reincorporation of approximately \$380,000 for the nine months ended December 28, 2003.

As discussed above and in Note 4 to the Company's Consolidated Financial Statements, the Company recorded a \$1.8 million restructuring charge in the quarter ended December 29, 2002 related to the closure of Burgundy.

Interest expense for the nine months ended December 28, 2003 decreased by \$430,000 compared to the nine months ended December 29, 2002 because of a lower average debt balance and reduced interest rates. Long-term debt was \$30.3 million at December 28, 2003 compared to \$33.6 million at December 29, 2002. Included in the balance in the prior fiscal year was revolving credit of \$1.1 million, whereas there was no revolving credit balance outstanding at December 28, 2003.

Income tax expense for the nine months ended December 28, 2003 includes a benefit for a revision of federal alternative minimum taxes of \$99,000 and an expense for state and local income taxes of \$174,000. For the nine months ended December 29, 2002, the Company recorded income tax expense of \$75,000 related to federal taxes, including alternative minimum taxes, and \$195,000 related to estimated state and local taxes. Income tax expense for both periods was reduced by the utilization of a portion of the Company's net operating loss carryforwards.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was \$4.7 million for the nine months ended December 28, 2003 compared to net cash provided by operating activities of \$6.3 million for the nine months ended December 29, 2002. The decrease in cash provided by operating activities was primarily due to the receipt of a one-time income tax refund of \$1.8 million in the prior fiscal year. Net cash used in investing activities was \$31,000 for the nine months ended December 28, 2003 compared to net cash used in investing activities of \$0.3 million in the prior year period. The decrease in cash used in investing activities was due in large part to net proceeds from the sale of assets disposed of in connection with the closure of Burgundy in the current fiscal year of \$244,000, whereas the Company had no proceeds from the sale of assets in the prior fiscal year. Net cash used in financing activities was \$3.5 million compared to net cash used in financing activities of \$6.2 million in the prior year period. The decrease in cash used in financing activities was due to a lower net payment of long-term debt in the current fiscal year as compared to the prior fiscal year. A portion of the long-term debt reduction in the prior fiscal year resulted from the use of the tax refund discussed above to reduce the Company's revolver.

The Company's ability to make scheduled payments of principal, to pay the interest on or to refinance its maturing indebtedness, to fund capital expenditures or to comply with its debt covenants will depend upon future performance. The Company's future performance is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and other factors beyond its control. Based upon the current level of operations, the Company believes that cash flow from operations together with revolving credit availability will be adequate to meet liquidity needs.

To reduce its exposure to credit losses and to enhance its cash flow, the Company factors the majority of its trade accounts receivable. The Company's factor establishes customer credit lines and accounts for and collects receivable balances. The factor remits payment to the Company on the average due dates of the factored invoices. The factor assumes all responsibility for credit losses on sales within approved credit lines, but may deduct from its remittances to the Company the amounts of customer deductions for returns, allowances, disputes and discounts. The Company's factor at any time may terminate or limit its approval of shipments to a particular

[Table of Contents](#)

customer. If such a termination occurs, the Company may either assume the credit risks for shipments after the date of such termination or cease shipments to such customer.

FORWARD-LOOKING INFORMATION

This Form 10-Q contains forward-looking statements within the meaning of 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, changing competition, the level and pricing of future orders from the Company's customers, the Company's dependence upon third-party suppliers, including some located in foreign countries with unstable political situations, the Company's ability to successfully implement new information technologies and the Company's dependence upon licenses from third parties.

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk from changes in interest rates on debt, changes in commodity prices, the concentration of the Company's customers and the Company's reliance upon licenses. The Company's exposure to interest rate risk relates to the Company's floating rate debt, of which no balance was outstanding at December 28, 2003, compared to an outstanding balance of \$1.8 million at March 30, 2003. Each 1.0 percentage point increase in interest rates would have no impact on pretax earnings at the Company's debt level of December 28, 2003, but would have an impact of \$18,000 at its debt level of March 30, 2003. The Company's exposure to commodity price risk primarily relates to changes in the price of cotton, which is a principal raw material used in a substantial number of the Company's products. Additionally, the Company's top three customers represent approximately 74% of net sales, and 39% of the Company's net sales is of licensed products. The Company could be materially impacted by the loss of one or more of these customers or licenses.

ITEM 4 – CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report, as required by paragraph (b) of Rule 13a-15 or 15d-15 of the Exchange Act. Based on such evaluation, such officers have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic filings under the Exchange Act.

PART II — OTHER INFORMATION

Item 1 — Legal Proceedings

From time to time, the Company is involved in various legal proceedings relating to claims arising in the ordinary course of its business. Neither the Company nor any of its subsidiaries is a party to any such legal proceeding the outcome of which, individually or in the aggregate, is expected to have a material adverse effect on the Company's financial condition or results of operations.

Item 2 — Changes in Securities and Use of Proceeds

None

Table of Contents

Item 3 — Defaults Upon Senior Securities

None

Item 4 — Submission of Matters to a Vote of Security Holders

None

Item 5 — Other Information

None

Item 6 — Exhibits and Reports on Form 8-K

(a) Exhibits

- 3.1 Amended and Restated Certificate of Incorporation of the Company
- 3.2 Bylaws of the Company
- 10.1 Sixth Amendment to Credit Agreement dated as of December 16, 2003 by and among the Company, Churchill Weavers, Inc., Hamco, Inc., Crown Crafts Infant Products, Inc., Wachovia Bank, National Association (successor by merger to Wachovia Bank, N.A.), as Agent, and Wachovia Bank, National Association (successor by merger to Wachovia Bank, N.A.), Banc of America Strategic Solutions, Inc. (assignee of Bank of America, N.A.) and The Prudential Insurance Company of America, as Lenders
- 31.1 Rule 13a-14(a)/15d-14(a) Certification by the Company's Chief Executive Officer
- 31.2 Rule 13a-14(a)/15d-14(a) Certification by the Company's Chief Financial Officer
- 32.1 Section 1350 Certification by the Company's Chief Executive Officer
- 32.2 Section 1350 Certification by the Company's Chief Financial Officer

(b) Reports on Form 8-K

The Company filed the following Current Reports on Form 8-K during the quarter ended December 28, 2003:

- (1) The Company's Current Report on Form 8-K filed with the SEC on November 12, 2003, setting forth under Item 12 of such report a press release discussing the Company's financial results for the second quarter of fiscal year 2004, which ended September 28, 2003.

SIGNATURES

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

Date: February 11, 2004

CROWN CRAFTS, INC.

/s/ Amy Vidrine Samson

AMY VIDRINE SAMSON
Chief Financial Officer
(duly authorized signatory and
Principal Financial and Accounting
Officer)

[Table of Contents](#)

Index to Exhibits

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Company
3.2	Bylaws of the Company
10.1	Sixth Amendment to Credit Agreement dated as of December 16, 2003 by and among the Company, Churchill Weavers, Inc., Hamco, Inc., Crown Crafts Infant Products, Inc., Wachovia Bank, National Association (successor by merger to Wachovia Bank, N.A.), as Agent, and Wachovia Bank, National Association (successor by merger to Wachovia Bank, N.A.), Banc of America Strategic Solutions, Inc. (assignee of Bank of America, N.A.) and The Prudential Insurance Company of America, as Lenders
31.1	Rule 13a-14(a)/15d-14(a) Certification by the Company's Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification by the Company's Chief Financial Officer
32.1	Section 1350 Certification by the Company's Chief Executive Officer
32.2	Section 1350 Certification by the Company's Chief Financial Officer

CERTIFICATION

I, E. Randall Chestnut, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended December 28, 2003 of Crown Crafts, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that was materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 11, 2004

/s/ E. Randall Chestnut

E. Randall Chestnut
Chairman of the Board, President & Chief
Executive Officer

CERTIFICATION

I, Amy Vidrine Samson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended December 28, 2003 of Crown Crafts, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that was materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 11, 2004

/s/ Amy Vidrine Samson

Amy Vidrine Samson
Vice President & Chief Financial Officer

SECTION 1350 CERTIFICATION

I, E. Randall Chestnut, Chairman of the Board, President and Chief Executive Officer of Crown Crafts, Inc. (the "Company"), do hereby certify, in accordance with 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the period ending December 28, 2003 (the "Periodic Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 15 U.S.C. §§78m or 78o(d); and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 11, 2004

/s/ E. Randall Chestnut

E. Randall Chestnut, Chairman of the Board,
President and Chief Executive Officer

SECTION 1350 CERTIFICATION

I, Amy Vidrine Samson, Chief Financial Officer of Crown Crafts, Inc. (the "Company"), do hereby certify, in accordance with 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the period ending December 28, 2003 (the "Periodic Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 15 U.S.C. §§78m or 78o(d); and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 11, 2004

/s/ Amy Vidrine Samson

Amy Vidrine Samson, Chief Financial Officer

EXHIBIT 3.1

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
CROWN CRAFTS MERGER SUB, INC.

(Originally incorporated August 5, 2003)

The following having been duly adopted and approved in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, Crown Crafts Merger Sub, Inc. does hereby certify that:

ARTICLE I.

The name of the Corporation is Crown Crafts, Inc. (the "Corporation").

ARTICLE II.

The Corporation is organized pursuant to the provisions of the Delaware General Corporation Law ("DGCL").

ARTICLE III.

The period of duration of the Corporation is perpetual.

ARTICLE IV.

The purpose of the Corporation is to engage in any lawful act or activity for which a Corporation may be organized under the DGCL.

ARTICLE V.

(a) Authorized Classes and Series and Numbers of Shares. The aggregate number of shares of capital stock that the Corporation shall have authority to issue is 75,000,000 shares, (i) 74,000,000 shares of which shall be common stock, with a par value of \$0.01 per share (the "Common Stock"), and (ii) 1,000,000 shares of which shall be preferred stock, with a par value of \$0.01 per share (the "Preferred Stock").

(i) Common Stock. The Common Stock shall consist of 73,500,000 shares of Series A Common Stock (the "Series A Common Stock"), 327,940 shares of Series B Common Stock (the "Series B Common Stock") and 172,060 shares of Series C Common Stock (the "Series C Common Stock"), with each such series of Common Stock to have such voting powers, designations, preferences and relative, participating and other special rights, and such qualifications, limitations and restrictions, as set forth below.

(ii) Preferred Stock. Notwithstanding anything in subparagraph (d)(xvii) of this Article V to the contrary, the Preferred Stock may be issued from time to time in one or more series and only as described below in connection with the Rights Plan (defined hereinafter). All shares of Preferred Stock shall be of equal rank and shall be identical,

except in respect of the matters that may be fixed by the Board of Directors as hereinafter provided, and each share of each series shall be identical with all other shares of such series. The Board of Directors of the Corporation is expressly authorized to provide for the issuance of all or any of the shares of Preferred Stock in one or more series and to fix the number of shares of each such series. Each series of Preferred Stock may entitle the holders of shares of such series to the rights of voting and economic participation equivalent to those of holders of any multiple of shares of Series A Common Stock, may be convertible into shares of Series A Common Stock and otherwise may possess such voting powers, full or limited, or no voting powers, and such other designations, qualifications, limitations, restrictions and relative rights as are consistent with this subparagraph (a)(ii) and adopted by the Board of Directors providing for the issuance of such shares and as may be permitted by the DGCL; provided that no series of

Preferred Stock shall have any economic rights, preferences or powers superior to the shares of Series A Common Stock other than specifically provided above or entitle holders thereof to any redemption right not granted to holders of Series A Common Stock under the Rights Plan. The Board of Directors is also expressly authorized to increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series of Preferred Stock subsequent to the issuance of shares of that series. In case the number of shares of any such series is so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution or resolutions originally fixing the number of shares of such series. Notwithstanding anything herein to the contrary, in no event shall the Corporation issue any shares of Preferred Stock other than in connection with any exercise of the stock purchase rights issued pursuant to that certain Amended and Restated Rights Agreement between the Corporation and SunTrust Bank dated as of August 6, 2003, as the same may be amended from time to time in accordance with its terms (the "Rights Plan").

(b) Certain Definitions. For the purposes of the designations that follow, the following terms shall have the meanings specified:

"Additional Shares of Series A Common Stock" shall mean all shares of Series A Common Stock issued or sold (or deemed to be issued pursuant to subparagraph (d)(viii) or (d)(ix) of this Article V) by the Corporation after the Original Issue Date of the Series B Common Stock or the Series C Common Stock, whether or not subsequently reacquired or retired by the Corporation, other than shares of Series A Common Stock issued (i) upon the exercise or partial exercise of the Warrants, (ii) upon the conversion of the Series B Common Stock or the Series C Common Stock into shares of Series A Common Stock; or (iii) pursuant to that certain Amended and Restated Restricted Stock Plan of the Corporation adopted as of June 17, 2003.

"Affiliate" with respect to a particular person shall mean a person that directly or indirectly controls, is controlled by, or is under common control with such person; control for such purpose meaning the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise.

2

"Business Day" shall mean any day on which banks are open for business in New York City (other than a Saturday, Sunday or legal holiday in the States of New York or New Jersey), provided, that any reference to "days" (unless Business Days are specified) shall mean calendar days.

"CCI" shall mean Crown Crafts, Inc., a Georgia corporation, which merged with and into the Corporation pursuant to a Certificate of Ownership and Merger filed with the Secretary of State of Delaware.

"Conversion Price" shall have the meaning given to such term in subparagraph (d)(v)(A) of this Article V.

"Conversion Rate" shall have the meaning given to such term in subparagraph (d)(v)(A) of this Article V.

"Convertible Securities" shall mean any evidences of indebtedness, shares of capital stock (other than Series A Common Stock) or other securities that are or may be at any time directly or indirectly convertible into or exchangeable for Additional Shares of Series A Common Stock.

"Credit Agreement" shall mean that certain Credit Agreement by and among CCI, Churchill Weavers, Inc., Hamco, Inc., and Crown Crafts Infant Products, Inc., as borrowers, and Wachovia Bank, National Association (successor by merger to Wachovia Bank, N.A.), as a lender and as agent for the lenders thereunder, dated as of July 23, 2001, as amended.

"Fair Value" shall mean, with respect to any securities or other property, the fair value thereof as of a date that is within fifteen (15) days of the date as of which the determination is to be made (a) determined by agreement between the Corporation and the Required Holders, or (b) if the

Corporation and the Required Holders fail to agree, determined jointly by an independent investment banking firm retained by the Corporation and by an independent investment banking firm retained by the Required Holders, either of which firms may be an independent investment banking firm regularly retained by the Corporation, or (c) if the Corporation or the Required Holders shall fail so to retain an independent investment banking firm within ten (10) Business Days of the retention of such a firm by the Required Holders or the Corporation, as the case may be, determined solely by the firm so retained, or (d) if the firms so retained by the Corporation and by such holders shall be unable to reach a joint determination within fifteen (15) Business Days of the retention of the last firm so retained, determined by another independent investment banking firm which is not a regular investment banking firm of the Corporation chosen by the first two such firms.

"Invested Amount" per share of Series B Common Stock or Series C Common Stock shall mean the price per share at which shares of such series are issued on the Original Issue Date thereof (as such price is adjusted for changes in the shares of such series by stock split, stock dividend, or the like occurring after such Original Issue Date).

"Liquidation" shall mean the liquidation, dissolution or winding up of the Corporation, or such of the Corporation's subsidiaries the assets of which constitute all or substantially all the assets of the business of the Corporation and its subsidiaries taken as a whole.

3

"Loan Agreement" shall mean that certain Subordinated Note and Warrant Purchase Agreement by and among CCI and Wachovia Bank, National Association (successor by merger to Wachovia Bank, N.A.), The Prudential Insurance Company of America and Banc of America Strategic Solutions, Inc. (as assignee of Bank of America, N.A.), dated as of July 23, 2001, as amended.

"Loan Closing Date" shall mean the closing date of the transactions contemplated by the Credit Agreement and the Loan Agreement.

"Market Price" shall mean with respect to Series A Common Stock, as of any date specified herein, the amount per share equal to (i) the average sale price of the last sale price of shares of Series A Common Stock, regular way, or of shares of such stock (or equivalent equity interests) for the immediately preceding twenty (20) Business Days or, if no such sale takes place on any such date, the average of the closing bid and asked prices thereof on such date, in each case as officially reported on the principal national securities exchange on which the same are then listed or admitted to trading; or (ii) if no shares of Series A Common Stock are then listed or admitted to trading on any national securities exchange, the average sale price of the last sale price of shares of Series A Common Stock, regular way, for the immediately preceding twenty (20) Business Days; or, if no such sale takes place on any such date, the average of the reported closing bid and asked prices thereof on such date, in each case as quoted in the Nasdaq National Market, as published by the National Quotation Bureau, Incorporated or any similar successor organization; and, in either case, as reported by any member firm of the New York Stock Exchange selected by the Corporation; or (iii) if no shares of Series A Common Stock are then listed or admitted to trading on any national securities exchange or quoted or published in the over-the-counter market, the higher of (x) the book value thereof as determined by any firm of independent certified public accountants of recognized national standing selected by the Board of Directors of the Corporation, as of the last day of any month ending within sixty (60) days preceding the date as of which the determination is to be made or (y) the Fair Value thereof; provided, that all determinations of the Market Price shall be appropriately adjusted for any stock dividends, stock splits or other similar transactions during such period.

"Options" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Additional Shares of Series A Common Stock or Convertible Securities.

"Original Issue Date" with respect to each of the Series B Common Stock and the Series C Common Stock shall mean the date on which shares of such series are first actually issued by the Corporation pursuant to exercise of any Warrants.

"Required Holders" shall mean the holders of at least 66-2/3% of all the shares of Series B Common Stock and Series C Common Stock at the time outstanding, determined on the basis of the number of shares of Series A Common Stock into which such shares could be converted (assuming for this purpose that all conditions for conversion have been satisfied, whether or not such is actually the case).

"Sale or Merger" shall mean any of the following:

(i) the merger, reorganization or consolidation of the Corporation or such subsidiary or subsidiaries of the Corporation the assets of which constitute all or

4

substantially all the assets of the business of the Corporation and its subsidiaries taken as a whole into or with another corporation in which the stockholders of the Corporation or such subsidiaries immediately preceding such merger, reorganization or consolidation (solely by virtue of their shares or other securities of the Corporation or such subsidiaries) shall own fewer than fifty percent (50%) of the voting securities of the surviving corporation;

(ii) the sale, transfer or lease (but not including a transfer or lease by pledge or mortgage to a bona fide lender), whether in a single transaction or pursuant to a series of related transactions, of all or substantially all the assets of the Corporation, whether pursuant to a single transaction or a series of related transactions or plan (which assets shall include for these purposes fifty percent (50%) or more of the outstanding voting interests of such of the Corporation's subsidiaries the assets of which constitute all or substantially all the assets of the Corporation and its subsidiaries taken as a whole);

(iii) the sale, transfer or lease (but not including a transfer or lease by pledge or mortgage to a bona fide lender), whether in a single transaction or pursuant to a series of related transactions, of all or substantially all the assets of such of the Corporation's subsidiaries the assets of which constitute all or substantially all of the assets of the Corporation and such subsidiaries taken as a whole; or

(iv) the sale or transfer, whether in a single transaction or pursuant to a series of related transactions, of securities of the Corporation such that all holders of securities of the Corporation that are entitled to vote by virtue of holding such securities with respect to matters generally that are voted on by stockholders of the Corporation (and not any matter requiring an additional series or other special vote) (collectively, the "Corporation's Voting Power") immediately prior to such transaction or series of related transactions do not hold after such transaction such securities of the Corporation that constitute more than a majority of the Corporation's Voting Power.

"Series A Common Stock Equivalents" shall mean securities or rights convertible into or entitling the holder thereof to purchase or receive shares of Series A Common Stock.

"Warrants" shall mean those certain Series B Common Stock Purchase Warrants and that certain Series C Common Stock Purchase Warrant (as the same may be divided or combined in accordance with their terms) of even date therewith issued pursuant to the Loan Agreement, and any amendments, modifications or replacements thereof, including, without limitation, any Warrants to acquire shares of the capital stock of the Corporation issued in connection with the merger of CCI with and into the Corporation.

(c) Series A Common Stock. The following is a statement of the preferences, limitations and relative rights in respect of the Series A Common Stock.

(i) Voting Rights. With respect to all such matters upon which stockholders are entitled to vote or give consent, each holder of Series A Common Stock shall be entitled to one (1) vote (in person or

by proxy) for each share of Series A Common Stock held by such holder on the record date for the determination of stockholders entitled to vote.

5

(ii) Dividends. Subject to the provisions of applicable law, the holders of shares of Series A Common Stock shall be entitled to receive, when and as declared by the Board of Directors, out of the assets of the Corporation legally available therefor, dividends or other distributions, whether payable in cash, property or securities of the Corporation.

(iii) Liquidation. In the event of a Liquidation or other similar event, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation, the assets of the Corporation shall be distributed ratably to the holders of Series A Common Stock in proportion to the number of shares held by them.

(d) Series B Common Stock and Series C Common Stock. The following is a statement of the designations and preferences, limitations and relative rights in respect of each of the Series B Common Stock and the Series C Common Stock.

(i) Rank. Each of the Series B Common Stock and the Series C Common Stock shall, with respect to dividend rights and rights on Liquidation, rank *pari passu* with the Series A Common Stock on the basis of the number of shares of Series A Common Stock that each share of Series B Common Stock or Series C Common Stock could be converted into in accordance with subparagraph (d)(v) of this Article V.

(ii) Voting Rights. Except as otherwise provided in subparagraph (d)(xvii) of this Article V or as otherwise provided by law, the holders of Series B Common Stock and of Series C Common Stock shall have no voting rights.

(iii) Dividends. In the event that any dividends are declared or paid on the Series A Common Stock (other than dividends paid in shares of additional Series A Common Stock or Series A Common Equivalents that are subject to subparagraph (d)(x) of this Article V), the holder of each share of Series B Common Stock and of Series C Common Stock shall be entitled to receive like dividends on the basis of the number of shares of Series A Common Stock into which such share of Series B Common Stock or Series C Common Stock, as the case may be, could be converted in accordance with subparagraph (d)(v) of this Article V, assuming for such purposes that all conditions for conversion have been satisfied, whether or not such is actually the case.

(iv) Liquidation. In the event of a Liquidation or other similar event, each holder of a share of Series B Common Stock or Series C Common Stock shall be entitled to receive a share of the proceeds thereof identical to those received by the holders of the Series A Common Stock on the basis of the number of shares of Series A Common Stock into which a share of Series B Common Stock or Series C Common Stock could be converted in accordance with subparagraph (d)(v) of this Article V, assuming for such purpose that all conditions for conversion have been satisfied, whether or not such is actually the case.

6

(v) Conversion Price and Rate.

(A) Subject to and in compliance with the provisions of this subparagraph (d)(v), shares of Series B Common Stock and of Series C Common Stock may, at the option of the holder, be converted after the occurrence of one of the events listed below with respect to a particular series into fully paid and nonassessable shares of Series A Common Stock at the rate (the "Conversion Rate" of such series) of one share of Series B

Common Stock or Series C Common Stock, as the case may be, to the number of shares of Series A Common Stock that equals the quotient obtained by dividing the Invested Amount of the series in question by the Conversion Price of such series (defined hereinafter). Thus, the number of shares of Series A Common Stock to which a holder of Series B Common Stock or Series C Common Stock shall be entitled upon any conversion provided for in this subparagraph (d)(v) shall be the product obtained by multiplying the Conversion Rate of such series by the number of shares of such series being converted. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of the surrender of the shares of the series to be converted in accordance with the procedures described in subparagraph (d)(v)(B) of this Article V. The "Conversion Price" of each of the Series B Common Stock and the Series C Common Stock shall be equal to the Invested Amount thereof, except as otherwise adjusted as provided hereunder in subparagraphs (d)(vi) through (xiv) of this Article V. The initial Conversion Rate of each of the Series B Common Stock and the Series C Common Stock shall be one share of such series for 44.69107183 shares of Series A Common Stock.

(1) Each share of Series B Common Stock may be converted at any time at the option of the holder thereof into shares of Series A Common Stock following the transfer of such share of Series B Common Stock by the person to which the Corporation originally issued such share (the "Original Series B Holder") to a person not an Affiliate of the Original Series B Holder.

(2) The shares of Series C Common Stock may be converted at any time at the option of the holders thereof into shares of Series A Common Stock following the earliest to occur of the following events:

(a) with respect to a particular share of Series C Common Stock, the transfer of such share of Series C Common Stock by the person to which the Corporation originally issued such share (the "Original Series C Holder") to a person not an Affiliate of the Original Series C Holder;

(b) with respect to all shares of Series C Common Stock then outstanding, the closing of a Sale or Merger of the Corporation;

(c) with respect to all shares of Series C Common Stock then outstanding, the transfer (whether in one or a series of

7

transactions over time) after the Loan Closing Date by the individuals constituting the Corporation's Management Group (defined for this purpose to mean the President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and each Vice President) of greater than fifty percent (50%) of the Series A Common Stock represented on an as-converted or as-exercised basis by the shares of Series A Common Stock and Series A Common Stock Equivalents held in the aggregate by the Management Group as of the Loan Closing Date; provided, however, that such transfer shall not include any pledge of shares of

Series A Common Stock made pursuant to a bona fide loan transaction that creates a mere security interest or any transfer to a trust for the benefit of a member of Management Group or for the benefit of an ancestor, descendant or spouse of such member, provided also that such member retains control over voting such shares;

(d) with respect to all shares of Series C Common Stock then outstanding, the transfer after the Loan Closing Date by those persons who constitute, as of the Loan Closing Date, the three largest stockholders of the Corporation, in one or a series of transactions over time, of greater than seventy-five percent (75%) of the Series A Common Stock represented on an as-converted or as-exercised basis by the shares of Series A Common Stock and Series A Common Stock Equivalents outstanding on the Loan Closing Date;

(e) with respect to all shares of Series C Common Stock then outstanding, the occurrence of an Event of Default (as defined in the Loan Agreement or the Credit Agreement) by the Corporation following the Loan Closing Date consisting of the nonpayment of principal, interest or any other amount due and owing to The Prudential Insurance Company of America or its successors or assigns under either the Credit Agreement or the Loan Agreement;

(f) with respect to all shares of Series C Common Stock then outstanding, the failure by the Corporation to pay an aggregate of \$250,000 in indebtedness, whether principal or interest, in addition to that described in clause (e) above;

(g) with respect to all shares of Series C Common Stock then outstanding, the resignation, removal or death at one time or over time of one third (1/3) of the members of the Board of Directors and the election of substitutes therefor at any time following the Loan Closing Date; and

8

(h) the breach following the Loan Closing Date of any of the financial covenants made by the Corporation in the Loan Agreement or the Credit Agreement.

In the event that any of the events described in this subparagraph (d)(v)(A)(2) shall occur prior to the Original Issue Date of the Series C Common Stock, all the holders of shares of Series C Common Stock shall be entitled to exercise the conversion rights provided in this subparagraph (d)(v) at any time following issuance of such shares.

(B) Mechanics of Conversion. Notwithstanding the provisions of subparagraph (d)(v)(A) of this Article V, the Corporation shall not be obligated to issue certificates evidencing the shares of Series A Common Stock issuable upon conversion unless the certificates evidencing the shares of Series B Common Stock or Series C Common Stock being converted are either delivered to the Corporation or its transfer agent as provided below, or any holder of any such certificates notifies the Corporation or its transfer agent that such

certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. Upon the occurrence of such conversion, the holders of Series B Common Stock or Series C Common Stock subject thereto shall surrender the certificates representing such shares at the office of the Corporation or any transfer agent for the same, and shall give written notice to the Corporation at such office of the name or names in which such holder wishes the certificate or certificates for shares of Series A Common Stock to be issued, if different from the name shown on the books and records of the Corporation. The Corporation shall, as soon as practicable thereafter and in no event later than twenty (20) days after the surrender of the certificates of the shares of the series sought to be converted, issue and deliver at such office to the holder of such shares, or to the nominee or nominees of such holder as provided in such notice, a certificate or certificates for the number of shares of Series A Common Stock into which the shares of Series B Common Stock or Series C Common Stock (as the case may be) were convertible on the date on which such conversion was effective to which such holder shall be entitled as provided in such sections. The delivery of the new certificates may be conditioned on the person or persons to which the holder has requested delivery making such written representations as may reasonably be required by the Corporation to the effect that the shares to be received upon conversion are not being acquired and will not be transferred in any way that might violate the then applicable securities laws. The person or persons entitled to receive the shares of Series A Common Stock issuable upon a conversion pursuant to subparagraph (d)(v)(A) of this Article V shall be treated for all purposes as the record holder or holders of such shares of Series A Common Stock as of the effective date of conversion specified in such subsection.

(vi) Adjustment for Additional Shares of Series A Common Stock. In case the Corporation, at any time or from time to time after the Original Issue Date of the Series B Common Stock and of the Series C Common Stock, respectively, shall issue or sell Additional Shares of Series A Common Stock, including Additional Shares of Common

9

Stock deemed to be issued pursuant to subparagraphs (d)(viii) and (d)(ix) of this Article V, without consideration or for a consideration per share (determined pursuant to subparagraph (d)(ix) of this Article V), less than the Market Price of such series in effect on the date of and immediately prior to such issue or sale, then, and in each such case, subject to subparagraph (d)(xiv) of this Article V, the Conversion Price of such series shall be reduced, concurrently with such issue or sale, to a price determined by multiplying the Conversion Price of such series then in effect by a fraction,

(A) the numerator of which shall be equal to (i) the number of shares of Series A Common Stock outstanding immediately prior to such issue or sale plus (ii) the number of shares of Series A Common Stock which the aggregate consideration received by the Corporation for the total number of such Additional Shares of Series A Common Stock so issued or sold would purchase at the greater of the Market Price then in effect or the Conversion Price of the Series B Common Stock or the Series C Common Stock then in effect; and

(B) the denominator of which shall be equal to the number of shares of Series A Common Stock outstanding immediately after such issue or sale of Additional Shares of Series A Common Stock,

provided that, for the purposes of this subparagraph (d)(vi), (x) immediately after any Additional Shares of Series A Common Stock are deemed to have been issued pursuant to subparagraph (d)(viii) or (d)(ix) of this Article V, such

Additional Shares of Series A Common Stock shall be deemed to be outstanding, and (y) treasury shares shall not be deemed to be outstanding. Any adjustment to the Conversion Price of the Series B Common Stock or the Series C Common Stock shall cause simultaneously a corresponding adjustment to the Conversion Rate of such series.

(vii) Extraordinary Dividends and Distributions. In case the Corporation at any time or from time to time after the Original Issue Date of the Series B Common Stock or the Series C Common Stock, as the case may be, shall declare, order, pay or make a dividend or other distribution (including, without limitation, any distribution of other or additional stock or other securities or property or Options by way of dividend or spin-off, reclassification, recapitalization or similar corporate rearrangement, any redemption or acquisition of any such stock or Options on the Series A Common Stock, and any issuance of any stock or other securities or property under the Rights Plan, whether pursuant to any exercise of the stock purchase rights provided for therein or any exchange of such rights or otherwise) other than a dividend described in subparagraph (d)(iii) or (d)(x) of this Article V or payable in Additional Shares of Series A Common Stock (except for issuances in connection with the Rights Plan) or in Options for Common Stock, then and in each such event provision shall be made so that the holders of Series B Common Stock or Series C Common Stock shall receive upon conversion thereof, in addition to the number of shares of Series A Common Stock receivable thereupon, the amount of securities and other property of the Corporation which they would have received had their shares of Series B Common Stock or Series C Common Stock been converted into Series A Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the date of

10

conversion, retained such securities and other property receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under subparagraphs (d)(vi) through (xiv) of this Article V with respect to the rights of the holders of the Series B Common Stock and the Series C Common Stock.

(viii) Treatment of Options and Convertible Securities. In case the Corporation, at any time or from time to time after the Original Issue Date of the Series B Common Stock or the Series C Common Stock, as the case may be, shall issue, sell, grant or assume, or shall fix a record date for the determination of holders of any series of securities entitled to receive, any Options or Convertible Securities, whether or not such Options or the right to convert or exchange any such Convertible Securities are immediately exercisable, then, and in each such case, the maximum number of Additional Shares of Series A Common Stock (as set forth in the instrument relating thereto, without regard to any provisions contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities, issuable upon the conversion or exchange of such Convertible Securities (or the exercise of such Options for Convertible Securities and subsequent conversion or exchange of the Convertible Securities issued), shall be deemed to be Additional Shares of Series A Common Stock issued as of the time of such issue, sale, grant or assumption or, in case such a record date shall have been fixed, as of the close of business on such record date; provided that such Additional Shares of Series A Common Stock shall not be deemed to have been issued unless the consideration per share (determined pursuant to subparagraph (d)(ix) of this Article V) of such shares would be less than the Market Price of the Series B Common Stock or the Series C Common Stock, as the case may be, in effect, in each case, on the date of and immediately prior to such issue, sale, grant or assumption or immediately prior to the close of business on such record date or, if the Series A Common Stock trades on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading, as the case may be; provided, further, that in any such case in which Additional Shares of Common Stock are deemed to be issued,

(A) if an adjustment of the Conversion Price (or the corresponding Conversion Rate) of either the Series B Common

Stock or the Series C Common Stock shall be made upon the fixing of a record date as referred to in the first sentence of this subparagraph 5(d)(viii), no further adjustment of such Conversion Price (or the corresponding Conversion Rate) shall be made as a result of the subsequent issue or sale of any Options or Convertible Securities for the purpose of which such record date was set;

(B) no further adjustment of such Conversion Price (or the corresponding Conversion Rate) shall be made upon the subsequent issue or sale of Additional Shares of Common Stock or Convertible Securities upon the exercise of such Options or the conversion or exchange of such Convertible Securities;

(C) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any change in the consideration payable to the Corporation, or change in the number of Additional Shares of Series A

11

Common Stock issuable, upon the exercise, conversion or exchange thereof (by change of rate or otherwise), such Conversion Price (and corresponding Conversion Rate) computed upon the original issue, sale, grant or assumption thereof (or upon the occurrence of the record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such change becoming effective, be recomputed to reflect such change insofar as it affects such Options, or the rights of conversion or exchange under such Convertible Securities, which are outstanding at such time;

(D) upon the expiration of any such Options or of the rights of conversion or exchange under any such Convertible Securities that shall not have been exercised (or upon purchase by the Corporation and cancellation or retirement of any such Options that shall not have been exercised or of any such Convertible Securities the rights of conversion or exchange under which shall not have been exercised), such Conversion Price (and corresponding Conversion Rate) computed upon the original issue, sale, grant or assumption thereof (or upon the occurrence of the record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration (or such cancellation or retirement, as the case may be), be recomputed as if:

(1) in the case of Options for Series A Common Stock or in the case of Convertible Securities, the only Additional Shares of Series A Common Stock issued or sold (or deemed issued or sold) were the Additional Shares of Series A Common Stock, if any, actually issued or sold upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was (a) an amount equal to (i) the consideration actually received by the Corporation for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus (ii) the consideration actually received by the Corporation upon such exercise, minus (iii) the consideration paid by the Corporation for any purchase of such Options which were not exercised, or (b) an amount equal to (i) the consideration actually received by the Corporation for the issue, sale, grant or assumption of all such Convertible Securities which were actually converted or exchanged, plus (ii) the additional consideration, if any, actually received by the Corporation upon such conversion or exchange, minus (iii) the excess, if any, of the consideration paid by the Corporation for any purchase of such Convertible Securities, the

rights of conversion or exchange under which were not exercised, over an amount that would be equal to the Fair Value of the Convertible Securities so purchased if such Convertible Securities were not convertible into or exchangeable for Additional Shares of Series A Common Stock; and

(2) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued or sold upon the exercise of such Options were issued at the time of the issue, sale, grant or assumption of such Options, and the consideration received by the Corporation for the

12

Additional Shares of Series A Common Stock deemed to have then been issued was an amount equal to (a) the consideration actually received by the Corporation for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus (b) the consideration deemed to have been received by the Corporation (pursuant to subparagraph (d)(ix) of this Article V) upon the issue or sale of the Convertible Securities with respect to which such Options were actually exercised, minus (c) the consideration paid by the Corporation for any purchase of such Options which were not exercised;

(E) no recomputation pursuant to subsection (C) or (D) above shall have the effect of increasing such Conversion Price then in effect by an amount in excess of the amount of the adjustment thereof originally made in respect of the issue, sale, grant or assumption of such Options or Convertible Securities; and

(F) no Additional Shares of Series A Common Stock shall be deemed to have been issued merely by virtue of an adjustment to the Conversion Price (and corresponding Conversion Rate) in accordance with subparagraphs (d)(vi) through (viii) of this Article V.

(ix) Computation of Consideration. For the purposes of subparagraphs (d)(vi) through (viii) of this Article V:

(A) The consideration for the issue or sale of any Additional Shares of Series A Common Stock or for the issue, sale, grant or assumption of any Options or Convertible Securities, irrespective of the accounting treatment of such consideration,

(1) insofar as it consists of cash, shall be computed as the amount of cash received by the Corporation, and insofar as it consists of securities or other property, shall be computed as of the date immediately preceding such issue, sale, grant or assumption as the Fair Value of such consideration (or, if such consideration is received for the issue or sale of Additional Shares of Series A Common Stock and the Market Price of such securities is less than the Fair Value of such consideration, then such consideration shall be valued at the Market Price of such Additional Shares of Series A Common Stock), in each case without deducting any expenses paid or incurred by the Corporation, any commissions or compensation paid or concessions or discounts allowed to underwriters, dealers or others performing similar services or any accrued interest or dividends in connection with such issue or sale, and

(2) in case Additional Shares of Series A Common Stock are issued or sold or Options or

Convertible Securities are issued, sold, granted or assumed together with other stock or securities or other assets of the Corporation for a consideration that covers both, shall be the proportion of such consideration so received, computed as provided in clause (i) above, allocable to such Additional Shares of Series A Common

13

Stock or Options or Convertible Securities, as the case may be, all as determined in good faith by the Board of Directors or the Corporation.

(B) All Additional Shares of Series A Common Stock, Options or Convertible Securities issued in payment of any dividend or other distribution on any class or series of stock of the Corporation and all Additional Shares of Series A Common Stock issued to effect a subdivision of the outstanding shares of Series A Common Stock into a greater number of shares of Series A Common Stock (by reclassification or otherwise than by payment of a dividend in Series A Common Stock) shall be deemed to have been issued without consideration.

(C) Additional Shares of Series A Common Stock deemed to have been issued for consideration pursuant to subparagraph (d)(viii) of this Article V, relating to Options and Convertible Securities, shall be deemed to have been issued for a consideration per share determined by dividing

(1) the total amount, if any, received and receivable by the Corporation as consideration for the issue, sale, grant or assumption of the Options or Convertible Securities in question, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise in full of such Options or the conversion or exchange of such Convertible Securities or, in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, in each case computing such consideration as provided in the foregoing subsection (A);

by

(2) the maximum number of shares of Series A Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(x) Treatment of Stock Dividends, Stock Splits and the Like. In case the Corporation, at any time or from time to time after the Original Issue Date of the Series B Common Stock or the Series C Common Stock, as the case may be, shall declare or pay any dividend or other distribution on any class or series of securities of the Corporation payable in shares of Series A Common Stock, or shall effect a subdivision of the outstanding shares of Series A Common Stock into a greater number of shares of Series A Common Stock (by reclassification or otherwise than by payment of a dividend in Series A Common Stock), then, and in each such case, Additional Shares of Series A Common Stock shall be deemed to have been issued (A) in the case of any such dividend or other distribution, immediately after the close of business on the record date for the determination of holders of any class or series of securities entitled to receive such dividend or other

distribution (or if no such record is taken, then immediately prior to

14

such payment or other distribution), or (B) in the case of any such subdivision, at the close of business on the day immediately prior to the day upon which such corporate action becomes effective.

(xi) Adjustments for Combinations and the Like. In case at any time or from time to time after the Original Issue Date of the Series B Common Stock or the Series C Common Stock, the outstanding shares of Series A Common Stock shall be combined or consolidated, by reclassification or otherwise, into a lesser number of shares of Series A Common Stock, the Conversion Price of the Series B Common Stock or the Series C Common Stock, as applicable, in effect immediately prior to such combination or consolidation shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

(xii) Adjustments for Reclassification, Exchange and Substitution. If the Series A Common Stock issuable upon conversion of the Series B Common Stock or the Series C Common Stock shall be changed into the same or a different number of shares of any other class or series of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for above), the Conversion Price (and the corresponding Conversion Rate) then in effect with respect to the Series B Common Stock or the Series C Common Stock, as the case may be, shall, concurrently with the effectiveness of such reorganization or reclassification, be proportionately adjusted such that the Series B Common Stock and the Series C Common Stock shall be convertible into, in lieu of the number of shares of Series A Common Stock that the holders would otherwise have been entitled to receive, that number of shares of such other class or series of stock equal to the number of shares of Series A Common Stock issuable upon conversion of the Series B Common Stock or the Series C Common Stock (adjusted for any combinations, consolidations, stock splits, or stock distributions or dividends with respect to such shares) immediately prior to such capital reorganization or reclassification as would have been subject to receipt by the holders upon conversion of such series immediately before that change.

(xiii) Reorganizations, Mergers, Consolidations and Sales of Assets. If at any time or from time to time, there is a capital reorganization of the Series A Common Stock (other than a recapitalization, subdivision, combination, reclassification, exchange or substitution of shares provided for elsewhere in this paragraph (d)), then, as a part of such capital reorganization, provision shall be made so that the holders of each of the Series B Common Stock and the Series C Common Stock shall thereafter be entitled to receive upon conversion of shares of such series the number of shares of stock or other securities or property of the Corporation to which a holder of the number of shares of Series A Common Stock deliverable upon conversion of the applicable series would have been entitled on such capital reorganization, subject to adjustment in respect of such stock or securities by the terms thereof. In any such case, appropriate adjustment shall be made in applying the provisions of this paragraph (d) with respect to the rights of the holders of the Series B Common Stock and the Series C Common Stock after the capital reorganization to the end that the provisions of subparagraphs (d)(vi) through (xii) of this Article V (including adjustment of the Conversion Price of such series then in effect and the number of shares issuable upon conversion of the Series B Common Stock and the

15

Series C Common Stock, respectively) shall be applicable after that event and be as nearly equivalent as practicable.

(xiv) Minimum Adjustment of Exercise Price. If the amount of any adjustment of the Conversion Price of the Series B Common Stock or

the Series C Common Stock required hereunder would be less than 1% of such Conversion Price in effect at the time such adjustment is otherwise so required to be made, such amount shall be carried forward and adjustment with respect thereto made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall equal in the aggregate at least 1% of such Conversion Price.

(xv) Notice of Adjustment. Upon the occurrence of any event requiring an adjustment of the Conversion Price of the Series B Common Stock or the Series C Common Stock, then and in each such case the Corporation shall promptly deliver to each holder of such shares of such stock an officer's certificate stating the applicable Conversion Price resulting from such adjustment and the increase or decrease, if any, in the number of shares of Series A Common Stock issuable upon conversion thereof, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Within ninety (90) days after the end of each fiscal year in which any such adjustment shall have occurred, or within thirty (30) days after any request therefor by any holder of Series B Common Stock or Series C Common Stock stating that such holder contemplates the conversion of such stock, the Corporation will obtain and deliver to such holder the opinion of its regular independent auditors or another firm of independent public accountants of recognized national standing selected by the Board of Directors, which opinion shall confirm the statements in the most recent officer's certificate delivered under this subparagraph (d)(xv). It is understood and agreed that the independent public accountants rendering any such opinion shall be entitled expressly to assume in such opinion the accuracy of any determination of fair value made by the Board of Directors pursuant to subparagraph (d)(ix) of this Article V.

(xvi) Other Notices. In case at any time:

(A) the Corporation shall declare to the holders of Series A Common Stock any dividend in cash, whether or not a regular cash dividend;

(B) the Corporation shall declare or pay any dividend upon Series A Common Stock payable in stock or make any special dividend or other distribution (other than cash dividends) to the holders of Series A Common Stock;

(C) the Corporation shall offer for subscription pro rata to the holders of Series A Common Stock any additional shares of stock of any class or series or other rights;

(D) there shall be any capital reorganization or reclassification of the capital stock of the Corporation or Sale or Merger;

16

(E) there shall be a voluntary or involuntary Liquidation or any partial liquidation of the Corporation or distribution to holders of Series A Common Stock;

(F) there shall be made any tender offer for any shares of capital stock of the Corporation; or

(G) the Series A Common Stock shall cease to be or shall be suspended from being a publicly traded security, (i) listed on the New York Stock Exchange or the American Stock Exchange, (ii) quoted by the Nasdaq Market or any successor thereto or comparable system, or (iii) quoted or published in the over-the-counter market;

then, in any one or more of such cases, the Corporation shall give to each holder of shares of Series B Common Stock or Series C Common Stock (1) at least fifteen (15) days prior to any event referred to in subsection (A) or (B) above, at least thirty (30) days prior to any event referred to in subsection (C), (D) or (E) above, and within five (5) days after it has

knowledge that any of the events specified in subsections (F) and (G) is imminent, written notice of the date on which the books of the Corporation shall close or a record shall be taken for such dividend, distribution or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, Sale or Merger, Liquidation, or partial liquidation or the date by which stockholders must tender shares in any tender offer and (2) in the case of any such reorganization, reclassification, consolidation, Sale or Merger, Liquidation, partial liquidation or tender offer known to the Corporation, at least thirty (30) days' prior written notice of the date (or, if not then known, a reasonable approximation thereof by the Corporation) when the same shall take place. Such notice in accordance with the foregoing clause (1) shall also specify, in the case of any such dividend, distribution or subscription rights, the date on which the holders of Series A Common Stock shall be entitled thereto, and such notice in accordance with the foregoing clause (2) shall also specify the date on which the holders of Series A Common Stock shall be entitled to exchange their Series A Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, Sale or Merger, Liquidation, partial liquidation or tender offer, as the case may be. Such notice shall also state that the action in question or the record date is subject to the effectiveness of a registration statement under the Securities Act of 1933, as amended, or to a favorable vote of security holders, if either is required.

(xvii) Prohibition of Certain Actions. In addition to any other rights provided by law, at any time when shares of Series B Common Stock or Series C Common Stock are outstanding, except where the vote or written consent of the holders of a greater number of shares of the Corporation is required by law, and in addition to any other vote required by law, without the consent of the holders of at least two-thirds (66 2/3%) of the then outstanding shares of Series B Common Stock and Series C Common Stock, given in writing or by a vote in a meeting, consenting or voting (as the case may be) separately as a single group, the Corporation will not, by amendment of the Certificate of Incorporation or bylaws or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed

17

by the Corporation under this paragraph (d), but will at all times in good faith assist in the carrying out of all the provisions of this paragraph (d) and in the taking of all such action as may reasonably be requested by any holder of shares of Series B Common Stock or Series C Common Stock in order to protect the privileges of each holder against dilution or other impairment, consistent with the tenor and purpose of this paragraph (d). Without limiting the generality of the foregoing, the Corporation (A) will not increase the par value of any shares of Series A Common Stock receivable upon the conversion of shares of Series B Common Stock or Series C Common Stock above the applicable Conversion Price then in effect, (B) will take all such action as may be necessary or appropriate in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Series A Common Stock, free and clear of any liens, charges or encumbrances upon the conversion of shares of Series B Common Stock or Series C Common Stock from time to time outstanding, (C) will not take any action which results in any adjustment of the applicable Conversion Price if the total number of shares of Series A Common Stock issuable after the action upon the conversion of all outstanding shares of Series B Common Stock and Series C Common Stock would exceed the total number of shares of Series A Common Stock then authorized by this Certificate of Incorporation and available for the purpose of issue upon such conversion, (D) will not issue any capital stock of any class or series which has the right to more than one vote per share or any capital stock of any class or series which is preferred as to dividends or as to the distribution of assets upon voluntary or involuntary dissolution, liquidation or winding-up, unless the rights of the holders thereof shall be limited to a fixed sum or percentage (or floating rate related to market yields) of par value or stated value in respect of participation in dividends and a fixed sum or percentage of par value or stated value in any such distribution of assets, and (E) will not otherwise amend, alter or change the designations or the

powers, preferences, rights, privileges or restrictions of the Series B Common Stock or the Series C Common Stock materially or adversely.

(xviii) Stock to be Reserved. The Corporation will at all times reserve and keep available out of its authorized but unissued Series A Common Stock, solely for the purpose of issue upon the conversion of all outstanding shares of Series B Common Stock and Series C Common Stock, such number of shares of Series A Common Stock as shall then be issuable upon the conversion of all outstanding shares of Series B Common Stock and Series C Common Stock, and the Corporation will maintain at all times all other rights and privileges sufficient to enable it to fulfill all its obligations hereunder. The Corporation covenants that all shares of Series A Common Stock that shall be so issuable shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, free from preemptive or similar rights on the part of the holders of any shares of capital stock or securities of the Corporation or any other person, and free from all taxes, liens, charges and encumbrances with respect to the issue thereof. The Corporation will take all such action as may be necessary to assure that such shares of Series A Common Stock may be so issued without violation of any applicable law or regulation, or of any applicable requirements of the National Association of Securities Dealers, Inc. and of any domestic securities exchange upon which the Series A Common Stock may be listed.

18

ARTICLE VI.

No holder of any of the shares of stock of the Corporation, whether now or hereafter authorized or issued, shall have any pre-emptive rights or preference rights, or be entitled, as of right, to purchase or subscribe for (a) any unissued stock of any class, or (b) any additional stock of any class to be issued by reason of any increase in the authorized capital stock of the Corporation of any class, or (c) any warrants, options or rights to purchase or subscribe for shares of stock of the Corporation of any class, or to purchase or subscribe for any convertible or exchangeable obligations, whether now or hereafter authorized or whether unissued or issued and thereafter acquired by the Corporation. Any such stock or other securities herein enumerated may be issued and disposed of pursuant to resolutions of the Board of Directors at such prices and upon such terms as may be deemed advisable to the Board of Directors in the exercise of its discretion.

ARTICLE VII.

No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty by such a director as a director. Notwithstanding the foregoing sentence, a director shall be liable to the extent provided by applicable law (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the DGCL or (iv) for any transaction from which such director derived an improper personal benefit. No amendment to or repeal of this Article VII shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal. If the DGCL is amended hereafter to further eliminate or limit the personal liability of directors, the liability of a director of this Corporation shall be limited or eliminated to the fullest extent permitted by the DGCL, as amended.

ARTICLE VIII.

The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

(a) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by the DGCL or by this Certificate of Incorporation or the Bylaws of the Corporation, the directors are hereby

empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

(b) The Board of Directors may adopt, amend or repeal the Bylaws of this Corporation.

(c) Election of directors need not be by written ballot.

19

ARTICLE IX.

The Corporation reserves the right to repeal, alter, amend or rescind any provisions contained in this Certificate of Incorporation in the manner now or hereafter prescribed by the laws of the State of Delaware, except as otherwise limited by the other provisions of this Certificate of Incorporation, and all rights conferred on stockholders herein are granted subject to this reservation.

ARTICLE X.

(a) Right to Indemnification. Each person who was or is made a party to or is threatened to be made a party to or is involuntarily involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation, or is or was serving (during his or her tenure as a director and/or an officer) at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, whether the basis of such Proceeding is an alleged action or inaction in an official capacity as a director or officer or in any other capacity while serving as a director or officer, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL (or other applicable law), as the same exists or may hereafter be amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, taxes, penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection with such Proceeding. Such director or officer shall have the right to be paid by the Corporation for expenses incurred in defending any such Proceeding in advance of its final disposition; provided, however, that, if the DGCL (or other applicable law) requires, the payment of such expenses in advance of the final disposition of any such Proceeding shall be made only upon receipt by the Corporation of an undertaking by or on behalf of such director or officer to repay all amounts so advanced if it should be determined ultimately that he or she is not entitled to be indemnified under this Article X or otherwise.

(b) Non-Exclusivity of Rights. The rights conferred by this Article X shall not be exclusive of any other right which any director, officer, representative, employee or other agent may have or hereafter acquire under the DGCL or any other statute, or any provision contained in this Certificate of Incorporation or the Corporation's Bylaws, or any agreement, or pursuant to a vote of stockholders or disinterested directors, or otherwise.

(c) Insurance and Trust Fund. In furtherance and not in limitation of the powers conferred by statute:

(i) the Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of law; and

20

(ii) the Corporation may create a trust fund, grant a security interest and/or use other means (including, without limitation, letters of credit, surety bonds and/or other similar arrangements), as well as enter into contracts providing indemnification to the fullest extent

permitted by law and including as part thereof provisions with respect to any or all of the foregoing, to ensure the payment of such amount as may become necessary to effect indemnification as provided therein, or elsewhere.

(d) Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, including the right to be paid by the Corporation the expenses incurred in defending any Proceeding in advance of its final disposition, to any employee or agent of the Corporation to the fullest extent of the provisions of this Article X or otherwise with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

(e) Survival of Rights. The rights set forth in this Article X are contract rights and survive any change to this Article X. Any repeal or modification of this Article X shall not change the rights of an officer or director to indemnification with respect to any action or omission occurring prior to such repeal or modification.

ARTICLE XI.

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE XII.

Any action which is required to be or may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice to stockholders and without a vote if consents in writing, setting forth the action so taken, shall have been signed by all of the stockholders of the Corporation.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation, which restates and integrates and does further amend the provisions of the Corporation's Certificate of Incorporation and having been duly adopted and approved in accordance with the General Corporation Law of the State of Delaware, has been executed this 6th day of November, 2003, by E. Randall Chestnut, the Corporation's authorized officer.

/s/ E. RANDALL CHESTNUT

E. Randall Chestnut,
Chairman of the Board, President and Chief
Executive Officer

EXHIBIT 3.2

BYLAWS OF CROWN CRAFTS MERGER SUB, INC.

ARTICLE I OFFICES

Section 1.1. The Registered Office and Principal Executive Office. The registered office of the Corporation in the State of Delaware shall be in the City of Wilmington, County of New Castle, and the registered agent of the Corporation in said State shall be The Corporation Trust Company. The principal executive office of the Corporation shall be located at 916 South Burnside Avenue, Gonzales, Louisiana, or at such other place within or without the State of Louisiana as may be fixed by the Board of Directors.

Section 1.2. Other Offices. The Corporation may also maintain an office or offices at such other place or places as the Board of Directors may from time to time select.

ARTICLE II MEETINGS OF STOCKHOLDERS

Section 2.1. Annual Meetings. The annual meeting of stockholders of the Corporation shall be held on such date and at such time as may be designated from time to time by the Board of Directors. At the annual meeting directors shall be elected and any other business may be transacted as may be properly brought before the meeting.

Section 2.2. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Chairman of the Board or the President and shall be called by the Secretary at the request in writing of (i) a majority of the Board of Directors or (ii) stockholders owning at least seventy-five percent (75%) of the issued and outstanding capital stock of the Corporation entitled to vote thereat. Any such request shall state the purpose or purposes of the proposed meeting. Notwithstanding any other provisions of these Bylaws or the Certificate of Incorporation, the provisions of this Section 2.2 may not be repealed or amended in any respect (including, without limitation, the amendment of the third sentence of this Section 2.2), nor may any provision of the Certificate of Incorporation or these Bylaws be adopted inconsistent with this Section 2.2, unless such action is approved by the affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of capital stock of the Corporation entitled to vote in the election of directors.

Section 2.3. Place of Meeting. All meetings of stockholders shall be held at such places, within or without the State of Delaware, as may from time to time be designated in the respective notices or waivers or notice thereof.

Section 2.4. Notice of Annual Meetings. The Secretary or Assistant Secretary shall give written or printed notice of the annual meeting stating the place, date and hour of the meeting to each stockholder entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting.

Section 2.5. Notice of Special Meeting. Upon receipt of request for a special meeting of stockholders in writing from a person or persons entitled to call any such meeting, the officer receiving such notice forthwith shall cause written notice to be given to the stockholders entitled to vote at such meeting that a meeting will be held at the time requested by the person or persons requesting a meeting, which date shall be not less than thirty-five (35) nor more than sixty (60) days after the receipt by such officer of the request. Business conducted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 2.6. Voting Lists. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each

stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified at the place where the meeting is to be held. The list shall also be produced and maintained at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder.

Section 2.7. Persons Entitled to Vote. Except as otherwise provided by law, and except when a record date has been fixed, only persons in whose names shares entitled to vote stand on the stock records of the Corporation at the close of business on the business day next preceding the day on which notice is given, shall be entitled to notice of a stockholders' meeting, or to vote at such meeting.

Section 2.8. Record Date. The Board of Directors may fix a time in the future as a record date for the determination of the stockholders entitled to notice of, and to vote at, any meeting of stockholders or entitled to receive any dividend or distribution, or to any change, conversion, or exchange of shares. The record date so fixed shall be not more than sixty (60) days nor less than ten (10) days prior to the date of the meeting or event for the purposes for which it is fixed. When a record date is so fixed, only stockholders of record on that date are entitled to notice of and to vote at the meeting or to receive the dividend, distribution, or allotment of rights, or to exercise the rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after the record date.

Section 2.9. Quorum and Adjournments. The holders of a majority of the shares issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for all purposes, unless or except to the extent that the presence of a larger number may be required by law or the Certificate of Incorporation of the Corporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the chairman of the meeting or the holders of a majority of shares of stock who are present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented, except as indicated in the next paragraph. Except as otherwise provided by statute or in the Certificate of Incorporation of this Corporation, the

2

affirmative vote of a majority of the shares represented at a meeting at which a quorum is present, shall be the act of the stockholders.

When a meeting is adjourned to another place, date or time, written notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, written notice of the place, date, and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 2.10. Order of Business. The order of business at each meeting of the stockholders shall be determined by the Chairman of the Board as the chairman of the meeting.

Section 2.11. Proxies and Voting. At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing filed in accordance with the procedure established for the meeting.

Each stockholder shall have one vote for every share of stock entitled to vote which is registered in his name on the record date for the meeting, except as otherwise provided herein or required by law or the Certificate of Incorporation.

All elections shall be determined by a plurality of the votes cast, and

except as otherwise provided herein or required by law or the Certificate of Incorporation, all other matters shall be determined by a majority of the votes cast.

Section 2.12. Inspectors. In advance of any meeting of the stockholders, the chairman of such meeting shall appoint at least one inspector of elections to act at the meeting and make a written report thereof. Each inspector so appointed shall first subscribe an oath on affirmation faithfully to execute the duties of an inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors shall (i) ascertain the number of shares outstanding and the voting power of each, (ii) determine the shares represented at a meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

Section 2.13. Advance Notice of Stockholder Proposals.

(a) At any meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the Corporation who complies with the notice procedures set forth in this Section 2.13(a). For business to be properly brought before any meeting of the stockholders by a stockholder, the stockholder must have given notice thereof in writing to the Secretary of the Corporation not less than ninety (90) days in advance of such meeting or, if later, the seventh day

3

following the first public announcement of the date of such meeting. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the meeting (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting; (ii) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business; (iii) the class and number of shares of the Corporation which are beneficially owned by the stockholder; and (iv) any material interest of the stockholder in such business. In addition, the stockholder making such proposal shall promptly provide any other information reasonably requested by the Corporation. Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at any meeting of the stockholders except in accordance with the procedures set forth in this Section 2.13. The Chairman of any such meeting shall direct that any business not properly brought before the meeting shall not be considered. Notwithstanding the provisions of this Section 2.13(a), if the Corporation is subject to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, business consisting of a proposal properly included in the Corporation's proxy statement with respect to a meeting pursuant to such Rule may be transacted at a meeting.

(b) Nominations for the election of directors may be made (i) by the Board of Directors or (ii) by any stockholder entitled to vote in the election of directors who complies with the notice procedures set forth in this Section 2.13(b). A stockholder may nominate a person for election as a director at a meeting only if written notice of such stockholder's intent to make such nomination has been given to the Secretary of the Corporation not later than ninety (90) days in advance of such meeting or, if later, the seventh day following the first public announcement of the date of such meeting. Each such notice shall set forth: (i) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (ii) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting and nominate the person or persons specified in the notice; (iii) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (iv) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the United States Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the

Board of Directors; and (v) the consent of each nominee to serve as a director of the Corporation if so elected. In addition, the stockholder making such nomination shall promptly provide any other information reasonably requested by the Corporation. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 2.13(b). The Chairman of any meeting of stockholders shall direct that any nomination not made in accordance with these procedures be disregarded.

Section 2.14. Action by Written Consent. Unless otherwise provided in the Certificate of Incorporation, any action which is required to be or may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice to stockholders and without a vote if consents in writing, setting forth the action so taken, shall have been signed by all of the stockholders of the Corporation.

4

ARTICLE III BOARD OF DIRECTORS

Section 3.1. General Powers. The property, business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors of the Corporation.

Section 3.2. Number, Election and Term. The number of directors which shall constitute the whole board shall be not less than three (3) nor more than fifteen (15), the exact number thereof to be determined by resolution of the Board of Directors; provided, however, that the number of directors may be increased or decreased from time to time by the Board of Directors by amendment of this bylaw, but no decrease shall have the effect of shortening the term of an incumbent director. The directors shall be elected by plurality vote at the annual meeting of stockholders, except as hereinafter provided. Directors shall be natural persons who have attained the age of eighteen (18) years, but need not be residents of the State of Delaware or stockholders of the Corporation. The Board of Directors of the Corporation shall be divided into three (3) classes which shall be as nearly equal in number as is possible. At the first election of directors to such classified Board, each Class 1 director shall be elected to serve until the next ensuing annual meeting of stockholders, each Class 2 director shall be elected to serve until the second ensuing annual meeting of stockholders and each Class 3 director shall be elected to serve until the third ensuing annual meeting of stockholders, and in each case until his or her successor is elected and qualified or until his or her earlier death, resignation or removal from office. At each annual meeting of stockholders following the meeting at which the Board of Directors is initially classified, the number of directors equal to the number of the class whose term expires at the time of such meeting shall be elected to serve until the third ensuing annual meeting of stockholders. Notwithstanding any of the foregoing provisions of this Section 2, directors shall serve until their successors are elected and qualified or until their earlier death, resignation or removal from office.

In the event of any change in the authorized number of directors, the number of directors in each class shall be adjusted so that thereafter each of the three classes shall be composed, as nearly as may be possible, of one-third of the authorized number of directors; provided, that any change in the authorized number of directors shall not increase or shorten the term of any director, and any decrease shall become effective only as and when the term or terms of office of the class or classes of directors affected thereby shall expire, or a vacancy or vacancies in such class or classes shall occur.

Section 3.3. Resignations. Any director may resign at any time by giving written notice of his resignation to the Chairman of the Board or the Secretary. Any such resignation shall take effect at the time specified therein, or if the time when it shall become effective shall not be specified therein, then it shall take effect immediately upon its receipt by such Chairman of the Board or Secretary; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.4. Vacancies, etc. Vacancies and newly-created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director and the directors so

chosen shall hold office until the next election of directors, and until their successors shall be elected and qualified. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

Section 3.5. Removal of Directors. At any stockholders' meeting with respect to which notice of such purpose has been given, any director may be removed from office for cause by the vote of stockholders representing seventy-five percent (75%) of the issued and outstanding capital stock entitled to vote for the election of directors, and his successor may be elected at the same or any subsequent meeting of stockholders; provided, that to the extent any vacancy created by such removal is not filled by such an election within sixty (60) days after such removal, the remaining directors shall, by majority vote, fill such vacancy. Notwithstanding any other provisions of these Bylaws or the Certificate of Incorporation, the provisions of this Section 3.5 may not be repealed or amended in any respect (including, without limitation, the amendment of the second sentence of this Section 3.5), nor may any provision of the Certificate of Incorporation or these Bylaws be adopted inconsistent with this Section 3.5, unless such action is approved by the affirmative vote of the holders of not less than seventy-five percent (75%) of the outstanding shares of capital stock of the Corporation entitled to vote in the election of directors.

ARTICLE IV MEETINGS OF THE BOARD OF DIRECTORS

Section 4.1. Place of Meetings. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the States of Delaware and Louisiana.

Section 4.2. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this bylaw, immediately after, and at the same place, as the annual meeting of stockholders at which time the Board shall elect its officers. The Board of Directors may provide, by resolution, the time and place, within or without the States of Delaware and Louisiana for the holding of additional regular meetings without other notice than such resolution.

Section 4.3. Special Meetings. Special meetings of the Board may be called by the Chairman of the Board, the President, or a majority of directors then in office upon forty-eight (48) hours' written notice by mail before the date of the meeting or twenty-four (24) hours' notice delivered personally or by telephone, telegram, or facsimile to each director, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances. Meetings may be held at any time without notice if all the directors are present or if all those not present waive such notice in accordance with Section 8.2 of these Bylaws.

Section 4.4. Quorum. At all meetings of the Board, a majority of the total number of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Certificate of

Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 4.5. Meeting Participation by Conference Telephone. Any director may participate in a meeting of the Board or of any committee thereof by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

Section 4.6. Action by Written Consent. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any

committee thereof may be taken without a meeting, if all members of the Board or of any such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 4.7. Compensation. The Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as a director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings if approved by a resolution adopted by a majority of the members of the Board of Directors.

ARTICLE V COMMITTEES OF DIRECTORS

The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any committee, to the extent allowed by law and provided in the bylaw or resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Each committee shall keep regular minutes and report to the Board of Directors when required.

7

ARTICLE VI OFFICERS

Section 6.1. Number and Qualifications. The officers of the Corporation shall be chosen by the Board of Directors and shall be a Chairman of the Board, a President, a Secretary, and a Chief Financial Officer or a Treasurer or both. The Board of Directors may also choose a Vice Chairman, one or more Senior Vice Presidents, and one or more Assistant Secretaries and Assistant Treasurers, each of whom shall hold office for such term and shall exercise such powers and perform such duties as shall be determined from time to time by the Board. Any number of offices may be held by the same person unless the Certificate of Incorporation or these Bylaws otherwise provide.

Section 6.2. Election and Term of Office. The principal officers of the Corporation shall be chosen annually by the Board. Each principal officer shall hold office until his successor shall have been duly chosen and shall qualify or until his earlier death or his earlier resignation or removal in the manner hereinafter provided.

Section 6.3. Other Officers and Agents. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 6.4. Removal of Officers. Any officer of the Corporation may be removed, either with or without cause, at any time, by resolution adopted by a majority of the whole Board or by any committee of officers upon whom such power of removal may be conferred by the Board.

Section 6.5. Resignations. Any officer of the Corporation may resign at any time by giving written notice of his resignation to the Board or the Chairman of the Board or the Secretary. Any such resignation shall take effect at the time specified therein, or if the time when it shall become effective shall not be specified therein, then it shall take effect immediately upon its

receipt by the Board or the Chairman of the Board or Secretary, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6.6. Chairman of the Board. The Chairman of the Board shall, if present, preside at all meetings of the stockholders and of the Board of Directors. He may sign bonds, mortgages, certificates for shares and all other contracts and documents whether or not under the seal of the Corporation except in cases where the signing and execution thereof shall be expressly delegated by law, by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation. He shall have general powers of supervision and shall be the final arbiter of all differences between officers of the Corporation and his decision as to any matter affecting the Corporation shall be final and binding between the officers of the Corporation subject only to actions of the Board of Directors. He may also delegate such of his duties to the President or such other officers as the Chairman of the Board from time to time deems appropriate.

8

Section 6.7. President. The President shall be the Chief Executive Officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation. He shall attend all meetings of the stockholders and of the Board of Directors and shall see that orders and resolutions of the Board of Directors are carried into effect. The President shall have and exercise such further powers and duties as may be specifically delegated to or vested in the President from time to time by these Bylaws, the Chairman of the Board or the Board of Directors. In the absence of the Chairman of the Board or in the event of his inability or refusal to act, or if the Board has not designated a Chairman, the President shall perform the duties of the Chairman of the Board, and when so acting, shall have all of the powers and be subject to all of the restrictions upon the Chairman of the Board. The President shall, at all times, have concurrent power with the Chairman of the Board to sign bonds, mortgages, certificates for shares and other contracts and documents whether or not under the seal of the Corporation except in cases where the signing and execution thereof shall be expressly delegated by law, by the Board of Directors, or by these Bylaws to some other officer or agent of the Corporation.

Section 6.8. Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice President (or in the event there be more than one vice president, the vice presidents in the order designated by the directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The vice presidents shall perform such other duties and have such other powers as the Board of Directors, the Chairman of the Board, or the President may from time to time prescribe.

Section 6.9. Chief Financial Officer. The Chief Financial Officer shall have general supervision, direction and control of the financial affairs of the Corporation and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws. In the absence of a named Treasurer, the Chief Financial Officer shall also have the powers and duties of the Treasurer as hereinafter set forth and shall be authorized and empowered to sign as Treasurer in any case where such officer's signature is required.

Section 6.10. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chairman of the Board and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as treasurer and of the financial condition of the Corporation.

Section 6.11. Assistant Treasurer. The Assistant Treasurer shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties as the Chairman of the Board or the Board of Directors may from time to time prescribe or perform such duties of the Treasurer as the

Treasurer of this Corporation may delegate from time to time.

9

Section 6.12. Secretary. The Secretary (or Assistant Secretary if appropriately delegated) shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book for that purpose and shall perform like duties for the standing committee when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the Chief Executive Officer. He shall have custody of the corporate seal of the Corporation, and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or such Assistant Secretary. The Chairman of the Board or the Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

Section 6.13. Assistant Secretary. The Assistant Secretary, shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties as the Chairman of the Board or the Board of Directors, or the Secretary may from time to time prescribe.

Section 6.14. Salaries. The salaries of all officers and agents of the Corporation shall be fixed by the Board of Directors.

ARTICLE VII STOCK

Section 7.1. Certificate of Shares. Every owner of shares in this Corporation shall be entitled to have a certificate in such form, not inconsistent with the Certificate of Incorporation or any law, as shall be prescribed by the Board of Directors, certifying the number of shares, and class or series, owned by him in the Corporation. Every certificate for shares shall be signed by the Chairman of the Board or the President and the Secretary or an Assistant Secretary. Subject to the restrictions provided by law, signatures may be facsimile and shall be effective irrespective of whether any person whose signature appears on the certificates shall have ceased to be such officer before the certificate is delivered by the Corporation. Such certificate issued shall bear all statements or legends required by law to be affixed thereto.

Section 7.2. Transfer of Stock. Stock of the Corporation shall be transferable in the manner prescribed by law, the Certificate of Incorporation and in these Bylaws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, which shall be cancelled before a new certificate shall be issued.

Section 7.3. Lost, Stolen, Destroyed or Mutilated Certificates. The holder of any shares of the Corporation shall immediately notify the Corporation of any loss, theft, destruction or mutilation of the certificates therefor. The Board of Directors shall direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, or upon the surrender of any mutilated

10

certificate, upon the making of an affidavit of that fact by the person claiming the same, if the Corporation shall not theretofore have received notice that the certificate alleged to have been lost, destroyed or stolen has been acquired by a bona fide purchaser thereof. The Board of Directors may, in its discretion, require the owner of the lost, stolen, or destroyed certificate or his legal representatives to give the Corporation a bond in such sum, limited or unlimited, in such form and with such surety or sureties as the Board of Directors shall, in its uncontrolled discretion, determine, to indemnify the Corporation against any claim that may be made against it on account of alleged loss, theft or destruction of any such certificate or the issuance of such new

certificates.

Section 7.4. Registered Stockholders. Except as otherwise provided by law, the Corporation shall be entitled to recognize as the exclusive owner of shares of the Corporation for all purposes as regards the Corporation, the person in whose name the shares stand registered on its books as the owner and such person exclusively shall be entitled to receive dividends and to vote as such owner. To the extent permissible under law, the Corporation shall be entitled to hold liable for calls and assessments a person registered on its books as the owner of the shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any person, whether or not it shall have express or other notice thereof.

Section 7.5. Regulations. The Board of Directors shall have power and authority to make all such rules and regulations not inconsistent with law or with the Certificate of Incorporation as may be deemed expedient concerning the issue, transfer and registration of certificates for shares of the capital stock of the Corporation, and may appoint transfer agents, transfer clerks and registrars thereof.

Section 7.6. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chairman of the Board, the President, any Vice President or the Secretary and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

ARTICLE VIII NOTICES

Section 8.1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these Bylaws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at such person's address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be

11

given personally or by telegram, facsimile or cable and such notice shall be deemed to be given at the time of receipt thereof if given personally at the time of transmission thereof if given by telegram, facsimile or cable.

Section 8.2. Waiver of Notice. Whenever any notice is required by law, the Certificate of Incorporation or these Bylaws to be given to any director, member or a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

ARTICLE IX GENERAL PROVISIONS

Section 9.1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting or by any Committee of the Board of Directors having such authority at any meeting thereof, and may be paid in cash, in property, in shares of the capital stock or in any combination thereof. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or

abolish any such reserve.

Section 9.2. Disbursements. All notes, checks, drafts and orders for the payment of money issued by the Corporation shall be signed in the name of the Corporation by such officers or such other persons as the Board of Directors may from time to time designate.

Section 9.3. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 9.4. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

ARTICLE X DIRECTORS' LIABILITY AND INDEMNIFICATION

Section 10.1. Directors' Liability. No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty by such a director as a director. Notwithstanding the foregoing sentence, a director shall be liable to the extent provided by applicable law (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which such director derived an improper personal benefit. No amendment to or repeal of this Article shall

12

apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal. If the Delaware General Corporation Law is amended hereafter to further eliminate or limit the personal liability of directors, the liability of a director of this Corporation shall be limited or eliminated to the fullest extent permitted by the Delaware General Corporation Law, as amended.

Section 10.2. Right to Indemnification. Each person who was or is made a party to or is threatened to be made a party to or is involuntarily involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation, or is or was serving (during his or her tenure as a director and/or an officer) at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, whether the basis of such Proceeding is an alleged action or inaction in an official capacity as a director or officer or in any other capacity while serving as a director or officer, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law (or other applicable law), as the same exists or may hereafter be amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, taxes, penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection with such Proceeding. Such director or officer shall have the right to be paid by the Corporation for expenses incurred in defending any such Proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law (or other applicable law) requires, the payment of such expenses in advance of the final disposition of any such Proceeding shall be made only upon receipt by the Corporation of an undertaking by or on behalf of such director or officer to repay all amounts so advanced if it should be determined ultimately that he or she is not entitled to be indemnified under this Article or otherwise.

Section 10.3. Non-Exclusivity of Rights. The rights conferred by this Article shall not be exclusive of any other right which any director, officer, representative, employee or other agent may have or hereafter acquire under the Delaware General Corporation Law or any other statute, or any provision contained in the Corporation's Certificate of Incorporation or Bylaws, or any agreement, or pursuant to a vote of stockholders or disinterested directors, or otherwise.

Section 10.4. Insurance and Trust Fund. In furtherance and not in limitation of the powers conferred by statute:

(a) the Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of law; and

13

(b) the Corporation may create a trust fund, grant a security interest and/or use other means (including, without limitation, letters of credit, surety bonds and/or other similar arrangements), as well as enter into contracts providing indemnification to the fullest extent permitted by law and including as part thereof provisions with respect to any or all of the foregoing, to ensure the payment of such amount as may become necessary to effect indemnification as provided therein, or elsewhere.

Section 10.5. Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, including the right to be paid by the Corporation the expenses incurred in defending any Proceeding in advance of its final disposition, to any employee or agent of the Corporation to the fullest extent of the provisions of this Article X or otherwise with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

Section 10.6. Survival of Rights. The rights set forth in this Article X are contract rights and survive any change to this Article X. Any repeal or modification of this Article X shall not change the rights of an officer or director to indemnification with respect to any action or omission occurring prior to such repeal or modification.

Section 10.7. Amendment. This Article X is also contained in Articles VIII and XI of the Corporation's Certificate of Incorporation, and accordingly, may be altered, amended or repealed only to the extent and at the time the comparable Certificate Article is altered, amended or repealed. Any repeal or modification of this Article X shall not change the rights of an officer or director to indemnification with respect to any action or omission occurring prior to such repeal or modification.

ARTICLE XI AMENDMENTS

Except as otherwise specifically stated within an Article to be altered, amended or repealed, these Bylaws may be altered, amended or repealed and new Bylaws may be adopted at any meeting of the Board of Directors or of the stockholders, provided notice of the proposed change was given in the notice of the meeting.

14

EXHIBIT 10.1

SIXTH AMENDMENT TO CREDIT AGREEMENT

THIS SIXTH AMENDMENT TO CREDIT AGREEMENT (this "Sixth Amendment") is dated as of the 16th day of December, 2003 among CROWN CRAFTS, INC., CHURCHILL WEAVERS, INC., HAMCO, INC. and CROWN CRAFTS INFANT PRODUCTS, INC. (collectively, the "Borrowers"), WACHOVIA BANK, NATIONAL ASSOCIATION (successor by merger to Wachovia Bank, N.A.), as Agent (the "Agent") and WACHOVIA BANK, NATIONAL ASSOCIATION (successor by merger to Wachovia Bank, N.A.), BANC OF AMERICA STRATEGIC SOLUTIONS, INC. (assignee of Bank of America, N.A.) and THE PRUDENTIAL INSURANCE COMPANY OF AMERICA, as Lenders (collectively, the "Lenders");

WITNESSETH:

WHEREAS, the Borrowers, the Agent and the Lenders executed and delivered that certain Credit Agreement, dated as of July 23, 2001, as amended by First Amendment to Credit Agreement dated as of September 28, 2001, Second Amendment to Credit Agreement dated as of November 25, 2002, Third Amendment to Credit Agreement dated as of February 10, 2003, Global Amendment Agreement dated as of April 29, 2003 and Fifth Amendment to Credit Agreement dated as of August 1, 2003 (as so amended, the "Credit Agreement");

WHEREAS, the Borrowers, the Agent and the Lenders have agreed to certain amendments to the Credit Agreement to provide for the issuance of a Letter of Credit having an expiration date that extends beyond the Revolving Loan Maturity Date, subject to the terms and conditions hereof;

NOW, THEREFORE, for and in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which hereby is acknowledged by the parties hereto, the Borrowers, the Agent and the Lenders hereby covenant and agree as follows:

1. Definitions. Unless otherwise specifically defined herein, each term used herein which is defined in the Credit Agreement shall have the meaning assigned to such term in the Credit Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Credit Agreement shall from and after the date hereof refer to the Credit Agreement as amended hereby.

2. Amendment to Section 2.16(c). Section 2.16(c) of the Credit Agreement hereby is deleted in its entirety and the following is substituted therefor:

(c) which has an expiration date less than 30 days prior to the Revolving Loan Termination Date; provided, however, that: (i) pursuant to the Second Amendment to Credit Agreement, (x) the Agent and the Lenders (and Wachovia, in its capacity as issuer thereof) consented to the issuance of a Letter of Credit, Wachovia letter of credit number

LC 870-132220, in the face amount of \$1,000,000, in favor of Disney Enterprises, and having an expiration date of March 31, 2005 (the "Disney Letter of Credit") and (y) the Borrowers expressly agreed that the Disney Letter of Credit is subject to the provisions of Section 2.08, so that on the Revolving Loan Termination Date, the Borrowers are required to pledge in favor of the Collateral Agent cash collateral equal to at least 110% of the outstanding Letter of Credit Obligations arising therefrom; and (ii) the Agent and the Lenders (and Wachovia, in its capacity as issuer thereof) hereby agree to the extension of the expiration date of the Disney Letter of Credit to March 31, 2006, subject to the agreements and requirements described in clause (i)(y) hereof, which shall continue in force and effect.

3. Restatement of Representations and Warranties. The Borrowers hereby restate and renew each and every representation and warranty heretofore made by them in the Credit Agreement and the other Loan Documents as fully as if made on the date hereof (except where reference is expressly made to a specific date) and with specific reference to this Sixth Amendment and all other loan documents executed and/or delivered in connection herewith.

4. Effect of Amendment. Except as set forth expressly hereinabove, all terms of the Credit Agreement and the other Loan Documents shall be and remain in full force and effect, and shall constitute the legal, valid, binding and enforceable obligations of the Borrowers. The amendments contained herein shall be deemed to have prospective application only, unless otherwise specifically stated herein.

5. Ratification. The Borrowers hereby restate, ratify and reaffirm each and every term, covenant and condition set forth in the Credit Agreement and the other Loan Documents effective as of the date hereof.

6. Counterparts. This Sixth Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered (which may be by facsimile) shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same instrument.

7. Section References. Section titles and references used in this Sixth Amendment shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto evidenced hereby.

8. No Default. To induce the Agent and the Lenders to enter into this Sixth Amendment and to continue to make advances pursuant to the Credit Agreement, the Borrowers hereby acknowledge and agree that, as of the date hereof, and after giving effect to the terms hereof, there exists (i) no Default or Event of Default and (ii) no right of offset, defense, counterclaim, claim or objection in favor of the Borrowers arising out of or with respect to any of the Loans or other obligations of the Borrowers owed to the Lenders under the Credit Agreement.

9. Further Assurances. The Borrowers agree to take such further actions as the Agent shall reasonably request in connection herewith to evidence the amendments herein contained.

10. Governing Law. This Sixth Amendment shall be governed by and construed and interpreted in accordance with, the laws of the State of Georgia.

2

11. Conditions Precedent. This Sixth Amendment shall become effective only upon execution and delivery (including by facsimile) of this Sixth Amendment by each of the parties hereto.

3

IN WITNESS WHEREOF, the Borrowers, the Agent and each of the Lenders has caused this Sixth Amendment to be duly executed, under seal, by its duly authorized officer as of the day and year first above written.

CROWN CRAFTS, INC., (SEAL)

By: /s/ E. Randall Chestnut

Name: E. Randall Chestnut

Title: President and CEO

CHURCHILL WEAVERS, INC.,
HAMCO, INC.
CROWN CRAFTS INFANT
PRODUCTS, INC. (SEAL)

By: /s/ Olivia Woodyear

Name: Olivia Woodyear

Title: Secretary-Treasurer

WACHOVIA BANK, NATIONAL ASSOCIATION

(successor by merger
to Wachovia Bank, N.A.), (SEAL)
as Agent and as a Lender

By: /s/ Monica H. Cole

Name: Monica H. Cole

Title: VP

4

BANC OF AMERICA STRATEGIC SOLUTIONS,
INC. (assignee of Bank of America, N.A.), (SEAL)
as a Lender

By: /s/ John F. Register

Name: John F. Register

Title: Principal

THE PRUDENTIAL INSURANCE (SEAL)
COMPANY OF AMERICA, as a Lender

By: /s/ Paul G. Price

Name: Paul G. Price

Title: Vice President

5