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

FORM 8-K

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

Date of report (Date of earliest event reported): November 9, 2007 (November 5, 2007)

Crown Crafts, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware	1-7604	58-0678148
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)
916 South Burnside Avenue, Gonzales, LA		70737
(Address of Principal Executive Offices)		(Zip Code)

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

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

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

(a) Purchase Agreement

On November 5, 2007 (the “Closing Date”), Crown Crafts Infant Products, Inc. (“CCIP”), a wholly-owned subsidiary of Crown Crafts, Inc. (the “Company”), entered into an Asset Purchase Agreement (the “Purchase Agreement”) with Springs Global US, Inc. (“Springs”) pursuant to which CCIP purchased certain assets from, and assumed certain liabilities of, Springs with respect to Springs’ infant and toddler product line. On the Closing Date, CCIP paid Springs approximately \$12.4 million for such assets, which included inventory, intellectual property and certain related assets as specified in the Purchase Agreement. The final purchase price is subject to adjustment pending the completion by the parties of a final inventory valuation as of the Closing Date.

On the Closing Date, CCIP and Springs also entered into a Noncompetition and Non-Disclosure Agreement (the “Noncompete Agreement”), a Warehousing Agreement (the “Warehousing Agreement”) and a Transition Services Agreement (the “Transition Services Agreement”). Pursuant to the Noncompete Agreement, Springs is restricted in its ability to engage in certain business activities related to infant and toddler products. Pursuant to the Warehousing Agreement and the Transition Services Agreement, Springs will warehouse and distribute purchased products on CCIP’s behalf for a period of six months.

The descriptions contained herein of the Purchase Agreement, the Noncompete Agreement, the Warehousing Agreement and the Transition Services Agreement are qualified in their entirety by reference to the terms of such documents, each of which is attached hereto as an exhibit and incorporated herein by this reference.

(b) Financing Agreement

On the Closing Date, the Company and its wholly-owned subsidiaries, CCIP, Churchill Weavers, Inc. and Hamco, Inc. (collectively, the “Subsidiaries,” and together with the Company, the “Borrowers”), entered into a First Amendment to Financing Agreement (the “First Amendment”) with The CIT Group/Commercial Services, Inc. (“CIT”) to amend that certain Financing Agreement between the Borrowers and CIT dated July 11, 2006 (the “Financing Agreement”) to increase the maximum principal amount of the revolving line of credit under the Financing Agreement, as amended, from \$22 million to \$26 million, to extend the term of such revolving line of credit one year to July 11, 2010 and to provide for a \$5 million term loan due November 1, 2009. In addition, the Borrowers and CIT entered into a First Amendment to Mortgage, Assignment of Leases and Rents, Fixture Filing and Security Agreement (the “Amended Mortgage”) on the Closing Date that amended that certain Mortgage, Assignment of Leases and Rents, Fixture Filing and Security Agreement dated July 11, 2006 from Churchill Weavers, Inc. to CIT.

The descriptions contained herein of the First Amendment and the Amended Mortgage are qualified in their entirety by reference to the terms of such documents, each of which is attached hereto as an exhibit and incorporated herein by this reference.

Item 2.01. Completion of Acquisition or Disposition of Assets.

The information set forth in part (a) of Item 1.01 is incorporated herein by reference.

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

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The information set forth in part (b) of Item 1.01 is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(a)-(b) Financial Statements of Businesses Acquired and Pro Forma Financial Information.

No later than 71 calendar days after this Current Report is required to be filed, the Company shall file by amendment to this Current Report any financial statements and pro forma financial information required to be filed in connection with the acquisition reported in Item 2.01 above.

(d) Exhibits.

- 2.1 Asset Purchase Agreement dated as of November 5, 2007 by and between Springs Global US, Inc. and Crown Crafts Infant Products, Inc.
- 10.1 Noncompetition and Non-Disclosure Agreement dated as of November 5, 2007 by and between Springs Global US, Inc. and Crown Crafts Infant Products, Inc.
- 10.2 Warehousing Agreement dated as of November 5, 2007 by and between Springs Global US, Inc. and Crown Crafts Infant Products, Inc.
- 10.3 Transition Services Agreement dated as of November 5, 2007 by and between Springs Global US, Inc. and Crown Crafts Infant Products, Inc.
- 10.4 First Amendment to Financing Agreement dated as of November 5, 2007 by and among Crown Crafts, Inc., Churchill Weavers, Inc., Hamco, Inc., Crown Crafts Infant Products, Inc. and The CIT Group/Commercial Services, Inc.
- 10.5 First Amendment to Mortgage, Assignment of Leases and Rents, and Security Agreement dated November 5, 2007 from Churchill Weavers, Inc. to The CIT Group/Commercial Services, Inc.
- 99.1 Press Release dated November 5, 2007.

SIGNATURE

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

CROWN CRAFTS, INC.

By: /s/ Amy Vidrine Samson
Amy Vidrine Samson,
Vice President and Chief Financial Officer
Chief Accounting Officer

Dated: November 9, 2007

EXHIBIT INDEX

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99.1	Press Release dated November 5, 2007.

ASSET PURCHASE AGREEMENT
BY AND BETWEEN
SPRINGS GLOBAL US, INC.
AND
CROWN CRAFTS INFANT PRODUCTS, INC.
Dated as of November 5, 2007

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement") is made and entered into as of the 5th day of November, 2007, by and between **SPRINGS GLOBAL US, INC.**, a Delaware corporation ("Seller"), and **CROWN CRAFTS INFANT PRODUCTS, INC.**, a Delaware corporation ("Purchaser").

W I T N E S S E T H:

WHEREAS, Seller is engaged in the business of designing, marketing, importing, selling and distributing various types of bedding, blanket and bath products and related accessories for the infant and toddler retail market through Seller's unincorporated baby product line (the "Business"); and

WHEREAS, Seller desires to sell and transfer to Purchaser certain of its assets, rights and properties relating to the Business, and Purchaser desires to purchase such assets, rights and properties and has agreed to assume certain liabilities of Seller relating to the Business, in each case in the manner and upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the material covenants, agreements, representations and warranties contained in this Agreement, and intending to be legally bound thereby, the parties hereto hereby agree as follows:

ARTICLE I. PURCHASE AND SALE OF ASSETS AND ASSUMPTION OF LIABILITIES

SECTION 1.01 Purchased Assets. Upon the terms and subject to the conditions set forth in this Agreement, Seller agrees to sell, convey, transfer, assign and deliver to Purchaser, and Purchaser agrees to accept and purchase from Seller, all of the right, title and interest of Seller in, to and under the following assets, rights and properties of Seller (collectively, the "Purchased Assets", which shall in no event include the Excluded Assets (as hereinafter defined)), free and clear of all liens, encumbrances, charges, security interests, pledges and claims of any kind whatsoever ("Liens") other than Permitted Liens (for purposes of this Agreement, "Permitted Liens" means (i) Liens for taxes or assessments not yet delinquent or that are being contested in good faith and by appropriate proceedings; (ii) Liens imposed by law, such as Liens of carriers, warehousemen, mechanics, materialmen and landlords, and other similar Liens incurred in the ordinary course of business consistent with past practices for sums that are not overdue; (iii) as to any leased or licensed assets or properties, rights of the lessors or licensors thereof; and (iv) the Liens described on Schedule 1.01):

(a) **Inventory.** All of the inventory of finished goods used or held for use in connection with the Business (including all closeouts) (the "Inventory"), together with all purchase contracts and orders for the same, and all bills of lading, trust receipts, warehouse receipts and other documents of title of whatever kind and description to the extent relating to the foregoing, other than (i) any unidentifiable, unsalable or damaged Inventory, any items of Inventory that have not been classified by Seller as first quality and any Inventory that does not meet generally accepted industry standards for first quality goods (it being acknowledged and agreed that industry standards allow for up to a four percent (4%) off-quality-level variation in

first quality goods (the “Variance”)); (ii) any labels, inserts, supplies or packaging that Purchaser cannot use because of wrong declaration of responsibility or failure to meet any other legal requirement; and (iii) any Inventory that has been transferred for sale at Seller’s outlet stores (all Inventory to be transferred to the Purchaser pursuant to this Section 1.01(a), the “Eligible Inventory”).

(b) **Intellectual Property**. All of the following used solely in the Business: patents and patent applications; copyrights and copyright applications; trademarks, trademark applications, service marks, logos, trade names, slogans, brands and all similar rights to names (including trademark applications with respect to “Welcome to the World” and “Everything Kids” (collectively, the “Specified Applications”)) and any and all variations thereof, together with all applications for any of the foregoing; inventions, discoveries, improvements, processes, methods, designs, data, drawings and product and process specifications; cost sheets, artwork, screens, films, samples, molds, test procedures and specifications; trade secrets, confidential information, know-how and ideas, whether patentable or not; data processing records, written instructions for procedures, technical information and related data; and all goodwill to the extent associated with any of the foregoing and all rights to use the same (collectively, the “Intellectual Property”).

(c) **Licenses**. All licenses, sublicenses and other assignments or permissions of Seller with respect to all active product programs and all closeout Inventory included within the Eligible Inventory, each of which is set forth on Schedule 1.01(c) (the “Licenses”).

(d) **Sales Agent Contracts**. All of Seller’s rights under the sales agency contracts listed on Schedule 1.01(d) (the “Contracts”).

(e) **Business Records, Marketing Materials and Certain Related Assets**. To the extent (i) under Seller’s possession or control and (ii) used in the Business or related to the Purchased Assets: originals or copies of all books, records, manuals and other materials (including all records and materials maintained at the headquarters, manufacturing facilities and sales offices of the Business and at the locations of the Business’s suppliers), advertising materials, catalogues, price lists, correspondence, mailing lists, lists of customers, lists of suppliers, distribution lists, photographs, production data, marketing materials and records, sales and promotional materials and records, purchasing materials and records, product specifications, manufacturing and quality control records and procedures, blueprints, research and development files, financial and cost accounting records, and current sales order files, provided that personnel and payroll records are expressly excluded from the foregoing, and the yellow modular house used by Seller for trade shows in connection with the Business.

(f) **Goodwill**. All goodwill relating to the Purchased Assets and the Business.

(g) **Certain Rights**. All guarantees, warranties, indemnities and similar rights in favor of Seller with respect to any Purchased Assets, other than Retained Inventory Rights.

(h) **Claims**. All rights to causes of action, lawsuits, judgments, claims and demands of any nature available to or being pursued by Seller to the extent relating to the ownership, use, function or value of the Purchased Assets, whether arising by way of

counterclaim or otherwise, other than (i) the Retained Inventory Rights and (ii) any such actions, lawsuits, judgments, claims and demands that relate to Excluded Assets or Excluded Liabilities.

(i) **Prepayments.** All credits, prepaid royalties, prepaid expenses, deferred charges, advance payments, security deposits, funds advanced to customers and prepaid items relating to or arising out of the operation of the Business (the "Prepay Amount").

SECTION 1.02 Excluded Assets. Seller will retain and not transfer, and Purchaser will not purchase or acquire any of the following assets, rights or properties of Seller (collectively, the "Excluded Assets"): (a) any of Seller's assets, rights or properties that are not expressly identified herein as Purchased Assets, including the Receivables (as hereinafter defined) and other rights to receive payment arising out of sales occurring in the ordinary course of conduct of the Business on or prior to the Closing Date (as hereinafter defined); and (b) without limiting the generality of the immediately preceding clause (a), (i) any of Seller's rights to causes of action, lawsuits, judgments, claims or demands of any nature available to Seller relating to the Excluded Assets or the Excluded Liabilities, (ii) any guarantees, warranties, indemnities and similar rights in favor of Seller relating to the representations made by Seller with respect to the Inventory pursuant to Section 2.01(j) (the "Retained Inventory Rights"), and (iii) any of Seller's assets, rights or properties listed on Schedule 1.02.

SECTION 1.03 Assumption of Certain Obligations and Liabilities On the terms and subject to the conditions set forth herein, and in consideration of the sale, conveyance, transfer, assignment and delivery of the Purchased Assets by Seller to Purchaser as provided in Section 1.01 hereof, at the Closing Purchaser shall assume and be responsible for (a) all open purchase orders relating to Eligible Inventory, (b) all unpaid Allowances (as hereinafter defined) as of the Closing Date and Allowances of the Business for shipments to customers subsequent to the Closing Date, and (c) all obligations related to Licenses or Contracts to be performed after the Closing (collectively, the "Assumed Liabilities"). Purchaser shall not assume or be liable for any liabilities, obligations or commitments of Seller relating to the operation of the Business or the ownership of the Purchased Assets prior to the Closing other than the Assumed Liabilities, including (x) any Payables (as hereinafter defined) or (y) any chargebacks resulting from shipping errors or for agreed allowances and discounts for shipments to customers prior to the Closing Date (all liabilities, obligations or commitments of Seller other than Assumed Liabilities are referred to herein as "Excluded Liabilities").

SECTION 1.04 Purchase Price.

(a) In consideration of the sale, transfer, conveyance, assignment and delivery of the Purchased Assets, at the Closing Purchaser shall (i) assume the Assumed Liabilities as provided in Section 1.03, and (ii) pay Seller, by wire transfer of immediately available funds to an account designated by Seller in writing, an amount (the "Closing Payment") equal to eighty percent (80%) of the following (the "Preliminary Purchase Price"): \$14,592,659, minus (A) \$3,078,985, which equals the amount of all trade accounts receivable invoices arising out of sales occurring in the ordinary course of conduct of the Business (the "Receivables") which were unpaid as of the month ended August 4, 2007 (the "Month End") and (B) \$386,900, which equals all advertising allowances and accruals earned by customers of the Business arising in the ordinary course of conduct of the Business (the "Allowances") which were unpaid as of the Month End, plus \$1,265,960, which equals the amount of all trade accounts payable arising in

the ordinary course of conduct of the Business (the “Payables”) which were unpaid as of the Month End.

(b) At the Closing, Purchaser shall deposit an amount equal to twenty percent (20%) of the Preliminary Purchase Price (the “Escrow Amount”) with an escrow agent reasonably acceptable to Seller and Purchaser (the “Escrow Agent”), pursuant to an escrow agreement substantially in the form attached hereto as Exhibit A (the “Escrow Agreement”), which Escrow Amount is intended to be available to satisfy Purchaser’s obligations, if any, under Section 1.05 hereof.

SECTION 1.05 Adjustments to Preliminary Purchase Price.

(a) Promptly following the Closing, representatives of Seller and Purchaser shall conduct (or cause to be conducted) a physical count of the Eligible Inventory as of the Closing Date in accordance with inventory procedures mutually acceptable to Seller and Purchaser. Purchaser shall be solely responsible for its auditor’s fees in connection with such physical count of the Eligible Inventory. All Eligible Inventory shall be valued as of the Closing Date at Seller’s standard costs for such items (in a manner consistent with Seller’s methods for determining standard costs prior to June 30, 2007), plus any prepayments with respect thereto for which Purchaser will be given credit by the applicable vendor (the “Value”). In determining Seller’s standard costs, all finished goods shall be valued at cost of acquisition, plus any applicable freight, duty and broker’s fees incurred in the procurement process.

(b) As promptly as practicable, but no later than thirty (30) days after the Closing Date, (i) Purchaser shall cause to be prepared and delivered to Seller a statement setting forth Purchaser’s calculation of the Eligible Inventory and the Value thereof, and (ii) Seller shall cause to be prepared and deliver to Purchaser a statement setting forth Seller’s calculation of the Prepay Amount and the amount of the Allowances as of the Closing Date. If either party disagrees with the calculations of the other in any respect, such party may, within thirty (30) days after its receipt of such calculations, deliver a notice to the other setting forth such disputes (the “Disputed Items”). The parties shall use their reasonable best efforts to negotiate in good faith an agreement as to all such Disputed Items. If all such disputes are not resolved within fifteen (15) days, then the parties shall submit their unresolved disputes for final resolution to an accounting firm to be mutually agreed upon (the “Final Resolution”).

(c) Upon the determination of the Eligible Inventory and the Value thereof, the amount of the Prepay Amount and the amount of the unpaid Allowances as of the Closing Date, whether by the agreement of the parties or by Final Resolution, the following adjustments shall be made to the Preliminary Purchase Price (and the Preliminary Purchase Price, after giving effect to such adjustments, is referred to herein as the “Final Purchase Price”):

(i) if the Value of the current and in-line Eligible Inventory (plus the Value of all current and in-line Eligible Inventory in transit with respect to which title has already passed to Seller), as agreed upon or as determined by Final Resolution, exceeds \$4,329,912, then the Preliminary Purchase Price shall be increased by the amount of such excess;

(ii) if the Value of the closeout Eligible Inventory (plus the Value of all closeout Eligible Inventory in transit with respect to which title has already passed to Seller),

as agreed upon or as determined by Final Resolution, exceeds \$5,037,966, then the Preliminary Purchase Price shall be increased by 19.35% of such excess;

(iii) if the Value of the current and in-line Eligible Inventory (plus the Value of all current and in-line Eligible Inventory in transit with respect to which title has already passed to Seller), as agreed upon or as determined by Final Resolution, is less than \$4,329,912, then the Preliminary Purchase Price shall be decreased by the amount of such shortfall;

(iv) if the Value of the closeout Eligible Inventory (plus the Value of all closeout Eligible Inventory in transit with respect to which title has already passed to Seller), as agreed upon or as determined by Final Resolution, is less than \$5,037,966, then the Preliminary Purchase Price shall be decreased by the amount of such shortfall;

(v) if the amount of the unpaid Allowances as of the Closing Date, as agreed upon or as determined by Final Resolution, exceeds \$386,900, which equals the amount of the unpaid Allowances as of the Month End, then the Preliminary Purchase Price shall be decreased by the amount of such excess;

(vi) if the amount of the unpaid Allowances as of the Closing Date, as agreed upon or as determined by Final Resolution, is less than \$386,900, which equals the amount of the unpaid Allowances as of the Month End, then the Preliminary Purchase Price shall be increased by the amount of such shortfall; and

(vii) the Preliminary Purchase Price shall be increased by the amount of the Prepay Amount, as agreed upon or as determined by Final Resolution.

(d) On the first business day following the earlier of (A) the date on which the parties reach agreement with respect to the Eligible Inventory and the Value thereof, the amount of the Prepay Amount and the amount of the unpaid Allowances as of the Closing Date, and (B) the date of Final Resolution:

(i) As provided in the Escrow Agreement, the Escrow Agent shall pay to Seller from the Escrow Amount the amount, if any, by which the Final Purchase Price, as finally determined pursuant to Section 1.05(c) hereof, exceeds the Closing Payment. To the extent that the Escrow Amount is insufficient, Purchaser shall make immediate payment by wire transfer to Seller of such difference.

(ii) As provided in the Escrow Agreement, the Escrow Agent shall pay to Purchaser from the Escrow Amount the amount, if any, by which the Final Purchase Price, as finally determined pursuant to Section 1.05(c) hereof, is less than the Closing Payment. To the extent that the Escrow Amount is insufficient, Seller shall make immediate payment by wire transfer to Purchaser of such difference.

(e) Seller acknowledges that Purchaser disagrees with Seller's methods for determining standard costs of Eligible Inventory prior to the date hereof solely with respect to the effect of import duties on such standard costs, including the effect of any miscoding in connection therewith. In connection with the determination of Eligible Inventory as of the

Closing Date pursuant to Section 1.05(a), Seller shall review its methods of determining standard costs of inventory in good faith, and review information provided by Purchaser with respect to possible defects in such methods. If, after this review, (A) Seller and Purchaser agree that Seller's methods of determining standard costs of inventory overstate or understate the actual cost of such inventory solely with respect to the effect of import duties on such standard costs, and agree on a method of correcting such overstatement or understatement or the exact amount of such overstatement or understatement, or (B) Seller and Purchaser are not able to agree on the amount or method of correcting any such overstatement or understatement after having made reasonable and good faith efforts to reach agreement on this issue for a period of at least 20 business days, but a subsequent binding arbitration decision pursuant to Section 6.12 concludes that import duties were incorrectly calculated with respect to Seller's Inventory as of June 30, 2007 or the Closing Date, then the parties hereto, notwithstanding anything to the contrary in this Agreement, will take the following actions:

(i) if the sum of the inventory threshold amounts referenced in Sections 1.05(c)(i) and (ii) is less than the actual amount of Seller's Inventory as of June 30, 2007 (as determined by mutual agreement or arbitration pursuant to this Section 1.05(e)), Purchaser shall pay Seller the amount of such difference on the same date a payment is required to be made pursuant to Section 1.05(d);

(ii) if the sum of the inventory threshold amounts referenced in Sections 1.05(c)(i) and (ii) is greater than the actual amount of Seller's Inventory as of June 30, 2007 (as determined by mutual agreement or arbitration pursuant to this Section 1.05(e)), Seller shall pay Purchaser the amount of such difference on the same date a payment is required to be made pursuant to Section 1.05(d);

(iii) the inventory thresholds in Sections 1.05(c)(i), (ii), (iii) and (iv) shall be deemed adjusted to equal the amounts agreed upon by the parties or decided by arbitration pursuant to this Section 1.05(e); and

(iv) the Eligible Inventory as of the Closing Date shall be calculated using the Seller's methods for determining standard costs of Inventory prior to the date hereof, as such methods may be adjusted by this Section 1.05(e).

SECTION 1.06 Allocation of Purchase Price. Purchaser and Seller shall cooperate with one another in good faith to prepare an allocation of the Final Purchase Price among the Purchased Assets promptly following the determination of the Final Purchase Price. The parties shall make consistent use of such allocation for all income tax purposes and in all filings, declarations and reports with the Internal Revenue Service and other governmental agencies in respect thereof, including the reports required to be filed under Section 1060 of the Internal Revenue Code of 1986, as amended. Neither Purchaser nor Seller will take a position on any income tax return, before any governmental agency charged with the collection of any income tax or in any judicial proceeding that is in any manner inconsistent with the terms of such allocation or this Section 1.06 without the written consent of the other party.

SECTION 1.07 Taxes. Purchaser shall pay, in a timely manner, all sales, transfer, documentary, stamp and use taxes, if any, arising out of the transfer or conveyance of the

Purchased Assets. Purchaser shall have delivered to Seller prior to the Closing Date a valid resale exemption certificate with respect to the Eligible Inventory.

SECTION 1.08 Liabilities; Proration. Purchaser shall be responsible for all liabilities and obligations pertaining to the operation and ownership of the Business arising after the Closing. Seller shall be responsible for all liabilities and obligations (other than Assumed Liabilities) pertaining to the operation of the Business arising prior to the Closing, including all royalty minimums and shortfalls set forth on Schedule 1.08. Those liabilities and obligations attributable to periods both prior to or on the Closing Date and subsequent to the Closing Date shall be prorated accordingly and shall be charged or credited to Seller and Purchaser, as applicable, at the Closing based on the amount reasonably estimated by Seller and Purchaser. Upon receipt by Seller or Purchaser of invoices relating in whole or in part to liabilities and obligations so prorated, each party shall promptly submit to the other party such invoices, together with the supporting documentation demonstrating that the related liability, or the applicable portion thereof, was incurred prior to or on the Closing Date. Upon the submission of such documentation, Seller and Purchaser shall re-prorate such liabilities and shall promptly pay any amounts owing to each other as a result thereof.

SECTION 1.09 Consent of Third Parties. Notwithstanding anything to the contrary in this Agreement, this Agreement shall not constitute an agreement to assign or transfer any instrument, contract, lease, permit, approval, license or other agreement or undertaking or any claim, right or benefit arising thereunder or resulting therefrom if an assignment or transfer or an attempt to make such an assignment or transfer without the consent of a third party would constitute a breach or violation thereof or affect adversely the right of Purchaser or Seller thereunder, and any transfer or assignment to Purchaser by Seller of any interest under any such instrument, contract, lease, permit or other agreement or undertaking that required the consent of a third party shall be made subject to such consent or approval being obtained. In the event any such consent or approval has not been obtained prior to the Closing, Seller shall continue to use commercially reasonable efforts to obtain any such approval or consent as quickly as practicable after the Closing until such time as such consent or approval has been obtained, but in no event shall Seller be required to continue its efforts to obtain any such consent for more than three (3) months after the Closing. Until any such consent is obtained, Seller and Purchaser will cooperate in any reasonable and lawful arrangement designed to give to Purchaser the interest of Seller in the benefits under any such instrument, contract, lease, permit, approval, license or other agreement or undertaking, including performance by Seller as agent, and Purchaser shall undertake to pay or otherwise satisfy the corresponding liabilities for the enjoyment of such benefit to the extent Purchaser would have been responsible therefor hereunder if such consent or approval had been obtained. Seller and Purchaser shall bear equally any fees or other costs incurred as a result of the transfer to Purchaser of any License or Contract, other than (i) those fees or costs incurred at or prior to Closing to transfer to Purchaser that certain License Agreement between Disney Consumer Products, a division of Disney Enterprises, Inc. ("Disney"), and Seller dated as of May 5, 2006 (the "Disney License"), which shall be paid by Seller at or before the Closing; provided that Purchaser shall have sole liability for, and shall pay as and when due, any increased fees under the Disney License (including any license or royalty fees) for periods after the Closing that Disney may impose in connection with the transfer of the Disney License, and (ii) the \$25,000 transfer fee required to be paid by Purchaser to Mattel, Inc. pursuant to that certain Letter Agreement, dated as of November 1, 2007, between Purchaser and

Mattel, Inc. to transfer to Purchaser that certain Fisher Price License Agreement (Contract No. 20921) with an effective date of January 1, 2007 between Mattel, Inc. and Seller, which shall be paid solely by Purchaser. Nothing in this Section 1.09 shall be deemed to constitute an agreement to exclude from the Purchased Assets any assets described under Section 1.01.

ARTICLE II. REPRESENTATIONS AND WARRANTIES

SECTION 2.01 Representations and Warranties of Seller. As a material inducement to enter into this Agreement and all other documents to be executed in connection with this Agreement (collectively, the “Ancillary Documents”), Seller represents and warrants to Purchaser as follows, and acknowledges and confirms that Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement, notwithstanding any investigation made by Purchaser or on its behalf:

(a) **Organization and Standing.** Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Seller is duly qualified to do business as a foreign corporation and is in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification, except where the failure to qualify would not reasonably be expected to have a Material Adverse Effect. For purposes of this Agreement, “Material Adverse Effect” means an effect which is materially adverse to the financial condition, results of operations, properties or liabilities of the Business; provided, however, that in determining whether a Material Adverse Effect has occurred, there shall be excluded any effect to the extent attributable to or resulting from (i) any change in economic conditions in the industry in which the Business operates (but only to the extent that the effect of any such change on the Business is not materially different from the effect on comparable businesses); (ii) any change in currency rates; (iii) any change in any Law (as hereinafter defined) generally affecting the industry in which the Business operates; (iv) any increases in the costs of commodities or supplies; (v) any change in the financial condition or results of operation of the Business caused by the pending sale of the Business to Purchaser; (vi) any act of war or terrorism; or (vii) any actions expressly required to be taken pursuant to or in accordance with this Agreement. Seller has all requisite corporate power and authority to execute, deliver and perform this Agreement and the Ancillary Documents, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. Seller has all necessary corporate power and authority to own, lease and operate its properties and conduct the Business as it is currently being conducted.

(b) **Authorization and Binding Effect.** The execution, delivery and performance of this Agreement and the Ancillary Documents by Seller have been duly authorized by the Board of Directors of Seller, and this Agreement and the Ancillary Documents constitute the legal, valid and binding obligation of Seller enforceable in accordance with their respective terms, except as may be limited by bankruptcy, reorganization, insolvency and other similar Laws or equitable principles relating to or affecting the enforcement of rights of creditors generally. All other corporate proceedings required by the certificate of incorporation or bylaws of Seller or otherwise for the execution and delivery of this Agreement and the Ancillary Documents, and for the consummation of the transactions contemplated hereby and thereby, have been duly taken.

(c) **No Violation.** The execution, delivery and performance by Seller of this Agreement do not and will not (i) contravene or breach or constitute a default under any term or provision of the certificate of incorporation or bylaws of Seller, (ii) constitute a violation of any statute, ordinance, judgment, order, decree, regulation or rule of any court, governmental authority or arbitrator or, except as set forth on Schedule 2.01(c), any license, permit or franchise applicable or relating to the Business or the Purchased Assets, or (iii) result in the creation of any Lien upon any of the Purchased Assets pursuant to the provisions of any of the foregoing. Except as set forth on Schedule 2.01(c), no governmental approval or governmental consent is required to be obtained by Seller in connection with the execution and delivery of this Agreement and the transactions contemplated hereby.

(d) **Financial Statements.** Attached hereto as Schedule 2.01(d) are Statements of Assets Acquired and Liabilities Assumed as of January 1, 2005 (fiscal 2004), December 30, 2005, December 30, 2006 and September 29, 2007, and Statements of Revenues and Direct Expenses for the fiscal years (or portion thereof) ending on such dates (the "Financial Statements"). The Financial Statements have been prepared from the books and records of Seller and present fairly in all material respects the information contained therein for the periods covered thereby.

(e) **Insurance.** As of the date hereof and immediately prior to the Closing, the Business and the Purchased Assets are, and will be, insured against such hazards and liabilities, under such coverages and in such amounts, as are customarily maintained by prudent companies similarly situated and under policies issued by insurers of recognized responsibility. Such policies are in full force and effect, all premiums due thereon have been paid, and Seller has complied in all material respects with the terms and provisions thereof. Except for workers' compensation and medical insurance claims arising in the ordinary course of business, there are no claims pending or, to the Knowledge of Seller, threatened under any of said policies in respect of the Business, and no disputes with underwriters are pending or, to the Knowledge of Seller, threatened. Seller has not been refused any insurance with respect to the Business by any insurance carrier to which it has applied for insurance or with which it has carried insurance. For purposes of this Agreement, "Knowledge" means the actual knowledge of Ashley Edwards, John De La Roche, Thomas P. O'Connor, C. Powers Dorsett, Delbridge E. Narron, Steven P. Burns and Craig Jones, without independent investigation.

(f) **Litigation and Compliance.**

(i) There is no action, suit, claim or proceeding pending or, to the Knowledge of Seller, threatened with respect to the Business or the Purchased Assets or with respect to the transactions contemplated by this Agreement.

(ii) Except with respect to compliance with Laws applicable to the items of Eligible Inventory that are not for active and ongoing programs of the Business, which is covered exclusively by Section 2.01(j) and not by this Section 2.01(f)(ii), Seller is in compliance with, and is not in default or violation under, and, to the Knowledge of Seller, no valid basis exists for any claim of noncompliance, default or violation with respect to, any Law with respect to the Business, except for such failures to be in compliance, defaults or violations that, individually or in the aggregate, would not be reasonably expected to result in a Material Adverse Effect. For purposes of this

Agreement, “Law” shall mean any federal, state or local law (including common law), rule, regulation or governmental requirement of any kind, and the rules, regulations, guidelines, directives and orders promulgated thereunder. Seller is not subject to any judgment, order or decree entered in any lawsuit or proceeding that has or may have a Material Adverse Effect upon the Business. All material governmental licenses, consents, authorizations and permits required in connection with the Business have been obtained and are in full force and effect.

(g) **Taxes and Other Payments.** Seller has paid, or made adequate provision on applicable books and records for the payment of, all federal, state, local and foreign taxes, including sales, use, real property and personal property taxes, penalties and other payments required, as the case may be, to be paid or currently due in respect of the Business; the payment of any such tax is not in default; and Seller has duly filed all tax reports and returns required to be filed by it in respect of the Business. There are no tax liens (other than liens for taxes not yet delinquent) upon, pending against or, to the Knowledge of Seller, threatened against Seller in respect of, the Purchased Assets. Seller has made and transmitted to the appropriate taxing authorities all required employee withholding payments in respect of the Business.

(h) **Consents and Approvals.** Except as specified in Schedule 2.01(h), the execution, delivery and performance of this Agreement and the Ancillary Documents by Seller, and the consummation by Seller of the transactions contemplated hereby and thereby, will not require any notice to, action of, filing with, or consent, authorization, order or approval from, any Person. For purposes of this Agreement, “Person” shall mean an individual, partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture or other entity or a court, administrative agency or other federal, state, local, municipal, foreign or other governmental or quasi-governmental authority or agency of any nature.

(i) **Absence of Changes or Events.** Since June 30, 2007, Seller has operated and conducted the Business only in the ordinary course, and, except as set forth on Schedule 2.01(i), Seller has not:

(i) waived or released any right of substantial value relating to the Business, including any contractual rights;

(ii) received any notice of termination of any Assumed Contract (as hereinafter defined), or suffered any damage, destruction or loss (whether or not covered by insurance) or other change in the business, operations, financial condition, liabilities, assets or earnings of the Business, which, in any case or in the aggregate, has had or may have a Material Adverse Effect on the Purchased Assets or the Business nor, to the Knowledge of Seller, has there been any event which has had or may reasonably be expected to have a Material Adverse Effect on the Purchased Assets or the Business;

(iii) received notification of a material violation of any Law applicable to the Business or the Purchased Assets;

(iv) instituted, settled, or agreed to settle any litigation, legal action, proceeding or arbitration directly affecting the Purchased Assets or the Business;

(v) permitted, allowed or suffered any of the Purchased Assets to be subjected to any mortgage, pledge, lien, encumbrance, restriction or charge of any kind, other than Permitted Liens or any other Lien that will be released on or prior to Closing; or

(vi) entered into, or agreed to enter into, any agreement or arrangement granting any right to purchase or acquire any other right with respect to any of the Purchased Assets or requiring the consent of any party to the transfer or assignment of the Purchased Assets.

(j) **Inventory**. All Eligible Inventory, as of the Closing, will be valued at Seller's standard costs for such items (in a manner consistent with Seller's methods for determining standard costs prior to June 30, 2007). Except as set forth on Schedule 2.01(j), Seller is not in possession of any Inventory not owned by Seller, including goods already sold. Eligible Inventory now on hand that was purchased after the Month End was purchased in the ordinary course of business of Seller. All items included in the Eligible Inventory consist of a quality and quantity which are usable and saleable in the ordinary course of business of Seller except for closeout items and items of below-standard quality in excess of the Variance. All items of Eligible Inventory for active and ongoing programs of the Business that were purchased by Seller for a specific Significant Customer (as hereinafter defined) meet or exceed all standards specified by such Significant Customer. All items of Eligible Inventory that are not for active and ongoing programs of the Business met or exceeded all applicable standards specified by the United States Consumer Products Safety Commission with respect to material content and safety matters at the time they were purchased by Seller.

(k) **Contracts**. Schedule 2.01(k) lists all contracts, agreements and other arrangements, including all amendments thereto, which relate directly to or represent the Assumed Liabilities (other than contractual obligations to pay the Allowances, the terms of which are set forth on Schedule 2.01(q) hereto) (collectively, the "Assumed Contracts"), all of which are valid and binding obligations of the respective parties thereto, enforceable in accordance with their respective terms, are in full force and effect and, except as set forth on Schedule 2.01(k), are validly assignable to Purchaser without the consent of any other Person. Seller has no understandings or arrangements, whether oral or written and whether or not legally enforceable, with parties (other than customers and suppliers) that are material to the Purchaser's ownership and use of the Purchased Assets after the Closing that have not previously been disclosed to Purchaser in writing.

(l) **Licenses and Permits**. Seller lawfully obtained and currently possesses the governmental licenses and permits necessary to own and operate the Business and has fulfilled and performed all of its material obligations thereunder, other than those that, if not obtained or currently possessed, could not reasonably be expected to have a Material Adverse Effect on the Business, and Seller has delivered to Purchaser true and complete copies of all such governmental licenses and permits, which are listed on Schedule 2.01(l) (the "Scheduled Licenses and Permits"). Each of the Scheduled Licenses and Permits is valid and in full force and effect.

(m) **Intellectual Property**. Set forth on Schedule 2.01(m) are all patents and patent applications, registered copyrights and copyright applications, registered trademarks and

trademark applications (including the Specified Applications), service marks, logos, trade names, slogans and brands included within the Intellectual Property being transferred to Purchaser hereunder (the "Specified Intellectual Property"). Except as set forth on Schedule 2.01(m):

(i) Seller owns, free and clear of all Liens, or has the right to use, all of the Specified Intellectual Property without payment to any third party;

(ii) to Seller's Knowledge, Seller owns, free and clear of all Liens, or has the right to use, all of the Intellectual Property (other than the Specified Intellectual Property) without payment to any third party;

(iii) all of the issued patents, registered trademarks and registered copyrights included within the Intellectual Property are currently in compliance in all material respects with applicable Laws (including, as applicable, payment of filing, examination and maintenance fees and the timely filing of affidavits of use and incontestability and renewal applications), are valid and enforceable and are not subject to any maintenance fees or taxes or actions falling due within ninety (90) days after the Closing Date;

(iv) upon the consummation of the transactions contemplated hereby and compliance with applicable Laws as to the assignment of such Specified Intellectual Property, Purchaser will have the right to own and use the Specified Intellectual Property;

(v) Seller has not received written notice of any claim and no claims are pending nor, to the Knowledge of Seller, threatened by any Person, as to the use of any such Specified Intellectual Property or challenging or questioning the validity or effectiveness of any state or federal registration of the Specified Intellectual Property;

(vi) Seller's use of the Specified Intellectual Property does not, and Purchaser's continued use of the Specified Intellectual Property following the Closing in the same manner as heretofore used by Seller will not, infringe on the rights of any Person; and

(vii) to the Knowledge of Seller, there has not been any theft, infringement, misappropriation or other violation of the Intellectual Property by any Person.

Seller has taken commercially reasonable steps to protect its rights in any of Seller's data or information (including trade secrets) that is valuable to the creation of the Business and not generally known to the public or competitors.

(n) **Product Warranties.** Except for warranties under applicable law or as otherwise set forth on Schedule 2.01(n), (i) Seller has made no warranties, express or implied, written or oral, with respect to the products designed, manufactured, marketed, imported, sold or distributed in connection with the Purchased Assets, and (ii) there is no claim pending or, to the Knowledge of Seller, threatened against it under any warranty.

(o) **Customers.** Schedule 2.01(o) sets forth (i) the names and addresses of all customers of the Business that ordered products, goods and services from Seller with respect to the Business with an aggregate value for each such customer of \$50,000 or more during the twelve-month period ended September 1, 2007 (collectively, the “Significant Customers”) and (ii) the amount for which each such customer was invoiced during such period. Except as set forth on Schedule 2.01(o), Seller has not received any notice, nor does Seller have Knowledge, that any Significant Customer (i) has ceased, or will cease, to purchase those types of products included in current and active programs for such Significant Customer, (ii) will substantially reduce the purchase of those types of products included in current and active programs for such Significant Customer, or (iii) has sought, or is seeking, to substantially reduce the price it will pay for those types of products included in current and active programs for such Significant Customer other than in a manner consistent with such Significant Customer’s ordinary business efforts to obtain products at lower prices, including in each case after the consummation of the transactions contemplated hereby. To the Knowledge of Seller and other than as indicated above, no Significant Customer of the Business has threatened to take any action described in the immediately preceding sentence as a result of the consummation of the transactions contemplated hereby.

(p) **Suppliers; Raw Materials.** Schedule 2.01(p) sets forth (i) the names and addresses of all suppliers to the Business from which Seller ordered raw materials, supplies, merchandise and other goods and services for use in the Business with an aggregate purchase price for each such supplier of \$25,000 or more during the twelve-month period ended October 5, 2007, and (ii) the amount for which such supplier invoiced Seller during such period. Except as set forth on Schedule 2.01(p), Seller has not received any notice, nor does Seller have Knowledge, that there has been any material adverse change in the price of such raw materials, supplies, merchandise or other goods or that any such supplier will not sell raw materials, supplies, merchandise and other goods to Purchaser at any time after the Closing Date on terms and conditions substantially similar to those used in its current sales to Seller, subject to general and customary price increases, including those related to currency fluctuations. To the Knowledge of Seller, no supplier of the Business has otherwise threatened to take any action described in the immediately preceding sentence as a result of the consummation of the transactions contemplated hereby.

(q) **Rebates.** Except as set forth on Schedule 2.01(q), Seller has not entered into, or offered to enter into, any agreement, contract, commitment, mark-down, buy-in, co-op or other arrangement (whether written or oral) pursuant to which Seller is or will be obligated to make any rebates, discounts, promotional allowances or similar payments or arrangements to any customer of the Business.

(r) **Brokers.** Seller has not employed any investment banker, broker or finder in connection with the transactions contemplated hereby.

(s) **Title to Purchased Assets.** Seller owns good title to all of the Purchased Assets (other than Intellectual Property, which is covered exclusively by Section 2.01(m) and not by this Section 2.01(s)) free and clear of any Liens other than Permitted Liens.

(t) **No Other Representations or Warranties.** EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 2.01 OR IN ANY ANCILLARY DOCUMENT, SELLER

DOES NOT MAKE, AND NO PARTY SHALL BE ENTITLED TO RELY UPON, ANY REPRESENTATION OR WARRANTY AS TO ANY FACT OR MATTER ABOUT SELLER, THE BUSINESS OR THE PURCHASED ASSETS, INCLUDING ANY WARRANTY OF MERCHANTABILITY OF FITNESS FOR A PARTICULAR PURPOSE.

SECTION 2.02 Representations and Warranties of Purchaser. Purchaser, for itself and its successors and assigns, represents and warrants to Seller as follows, and acknowledges and confirms that Seller is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement, notwithstanding any investigation made by or on behalf of Seller:

(a) **Due Organization.** Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Purchaser has all requisite corporate power and authority to execute, deliver and perform this Agreement and the Ancillary Documents, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.

(b) **Authorization and Binding Effect.** The execution, delivery and performance of this Agreement and the Ancillary Documents by Purchaser have been duly authorized by the Board of Directors of Purchaser, and this Agreement and the Ancillary Documents constitute the legal, valid and binding obligation of Purchaser enforceable in accordance with their respective terms, except as may be limited by bankruptcy, reorganization, insolvency and other similar Laws or equitable principles relating to or affecting the enforcement of rights of creditors generally. All other corporate proceedings required by the certificate of incorporation or bylaws of Purchaser or otherwise for the execution and delivery of this Agreement and the Ancillary Documents, and for the consummation of the transactions contemplated hereby and thereby, have been duly taken.

(c) **No Violation.** Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby constitutes or will constitute a violation of, is or will be in conflict with, or constitutes or will constitute a default under (i) any term or provision of the certificate of incorporation or bylaws of Purchaser; (ii) any statute, ordinance, judgment, order, decree, regulation or rule of any court, governmental authority or arbitrator; or (iii) any contract, license, permit or franchise applicable or relating to Purchaser. No governmental approval or other consent is required to be obtained by Purchaser in connection with the execution and delivery of this Agreement and the transactions contemplated hereby.

(d) **Brokers.** Purchaser has not employed any investment banker, broker or finder in connection with the transactions contemplated hereby.

(e) **Financing.** Purchaser has previously delivered to Seller a true, correct and complete copy of the Commitment Letter, dated September 18, 2007, made by The CIT Group/Commercial Services, Inc. ("Lender") in favor of Purchaser (the "Commitment Letter"). The Commitment Letter is a legal, valid and binding obligation of Lender, enforceable in accordance with its terms, and is in full force and effect. Purchaser is in full compliance with all of the material terms of the Commitment Letter. To the knowledge of Purchaser, no event, occurrence or condition exists that would permit Lender to refuse to advance the funds contemplated by the Commitment Letter in accordance with its terms.

ARTICLE III. ADDITIONAL COVENANTS AND AGREEMENTS

SECTION 3.01 All Reasonable Efforts. Each of the parties hereto agrees to use commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper and advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement. If at any time after the Closing any further action is necessary or desirable to carry out the purposes of this Agreement, including the execution of additional instruments, the parties to this Agreement shall take all such necessary action.

SECTION 3.02 Audited Financial Statements. Seller acknowledges that Crown Crafts, Inc., a Delaware corporation (“Parent”) and the holder of 100% of the outstanding capital stock of Purchaser, at the sole cost and expense of Purchaser and Parent, will cause to be prepared and will file with the Securities and Exchange Commission (the “SEC”) such financial statements as are required under that certain letter from the SEC dated October 10, 2007 with respect to Purchaser’s acquisition of the Purchased Assets pursuant hereto (the “Required Financial Statements”). Seller shall (i) cooperate with Purchaser and the auditor selected by Purchaser to audit any such Required Financial Statements to give Purchaser and such auditor reasonable access to Seller’s financial records, files, personnel and advisors as may be reasonably necessary to permit Purchaser’s preparation of such Required Financial Statements and to permit such auditor to perform its audit and issue its audit report in respect thereof; and (ii) use its commercially reasonable efforts to cause its personnel and advisors to cooperate with Purchaser and such auditor regarding the matters addressed in this Section 3.02, including delivery of customary representation letters to such auditor.

ARTICLE IV. CLOSING

SECTION 4.01 The Closing. The purchase and sale (the “Closing”) of the Purchased Assets provided for in this Agreement shall take place simultaneously with the execution and delivery hereof and shall be effected by the execution and delivery of documents by such combination of facsimile, electronic mail and original documents as the parties may mutually determine. The date on which the Closing occurs shall be referred to herein as the “Closing Date.”

SECTION 4.02 Deliveries by Seller. At Closing, Seller shall deliver to Purchaser the following:

- (a) a bill of sale for all of the Purchased Assets that are tangible personal property substantially in the form of Exhibit B executed by Seller (the “Bill of Sale”);
- (b) an assignment of all of the Purchased Assets that are intangible personal property, which assignment shall also contain Purchaser’s undertaking and assumption of the Assumed Liabilities, substantially in the form of Exhibit C executed by Seller (the “Assignment and Assumption Agreement”);
- (c) separate assignments of the Specified Applications and such other items of the Intellectual Property as Purchaser may reasonably require, each executed by Seller;

- (d) a noncompetition agreement substantially in the form of Exhibit D executed by Seller (the “Noncompetition Agreement”);
- (e) a transition services agreement substantially in the form of Exhibit E executed by Seller (the “Transition Services Agreement”);
- (f) a warehousing agreement substantially in the form of Exhibit F executed by Seller (the “Warehousing Agreement”);
- (g) a license agreement with respect to Seller’s Springmaid, Wamsutta and Dundee trade marks and the Owen tradename substantially in the form of Exhibit G executed by Seller (the “Seller License Agreement”);
- (h) an agreement pursuant to which Purchaser shall obtain the right to use the “Blue Jean Teddy” name and mark formerly held by Seller royalty-free with respect to Eligible Inventory;
- (i) the Escrow Agreement executed by Seller;
- (j) the consents and approvals set forth on Schedule 2.01(h) (including the consent of Disney to the transfer to Purchaser of the Disney License and the consent of any other licensor or other Person necessary for Purchaser to sell the Eligible Inventory to be transferred to Purchaser hereunder); and
- (k) a warehouse’s/bailee’s agreement that is acceptable to Purchaser’s lender in both form and substance executed by Seller.

The documents to be delivered hereunder by or on behalf of Seller on the Closing Date shall be in form and substance reasonably satisfactory to Purchaser and its counsel.

SECTION 4.03 Deliveries by Purchaser. At Closing, Purchaser shall deliver the following:

- (a) to Seller, the Closing Payment by wire transfer of immediately available funds to such account at such bank as Seller shall direct;
- (b) to the Escrow Agent, the Escrow Amount by wire transfer of immediately available funds to such account at such bank as the Escrow Agent shall direct; and
- (c) to Seller, (i) the Assignment and Assumption Agreement, (ii) the Noncompetition Agreement, (iii) the Transition Services Agreement, (iv) the Warehousing Agreement, (v) the Seller License Agreement and (vi) the Escrow Agreement, each executed by Purchaser.

The documents to be delivered hereunder by or on behalf of Purchaser on the Closing Date shall be in form and substance reasonably satisfactory to Seller and its counsel.

SECTION 4.04 Passage of Title at Closing. Upon delivery of the instruments of sale, conveyance, assignment, transfer and delivery, title to the Purchased Assets shall pass to Purchaser at the Closing.

SECTION 4.05 Retention of and Access to Records. After the Closing Date, Purchaser will retain those records of the Business and other materials delivered to Purchaser pursuant to Section 1.01(e) and will not destroy such records and materials without the written consent of the Seller prior to the fifth anniversary of the Closing Date. Purchaser also will provide Seller and its representatives reasonable access thereto, during normal business hours and on reasonable prior written notice, to enable Seller to prepare financial statements or defend claims or other proceedings or investigations relating to Excluded Liabilities, Excluded Assets, Retained Inventory Rights or any claims for indemnification made under Article V.

ARTICLE V. INDEMNIFICATION

SECTION 5.01 Agreement of Seller to Indemnify Purchaser. Subject to the terms and conditions of this Article V, Seller agrees to indemnify, defend and hold harmless Purchaser and its officers, directors, shareholders, other affiliates, employees and agents (collectively, the “Purchaser Indemnitees”) from, against, for and in respect of any and all demands, claims, actions or causes of action, assessments, losses, damages, liabilities, costs, expenses (including reasonable costs of investigation and defense and reasonable attorneys’ fees and expenses) and diminution of value (collectively, “Losses”) asserted against, imposed upon or incurred by Purchaser Indemnitees by reason of, resulting from, based upon or arising out of:

(a) the breach of any representation or warranty of Seller contained in or made pursuant to this Agreement or any Ancillary Document;

(b) the breach of any covenant or agreement of Seller contained in or made pursuant to this Agreement or any Ancillary Document other than the Noncompetition Agreement, the Transition Services Agreement, the Warehousing Agreement, the Seller License Agreement and the Escrow Agreement (such remaining Ancillary Documents, collectively, the “Standalone Ancillary Documents”);

(c) any Excluded Liability;

(d) Seller’s failure to comply with the terms of any state bulk sales or fraudulent transfer laws applicable to the transactions contemplated hereby; and

(e) any trademark infringement claim arising out of any sale of Eligible Inventory purchased by Purchaser hereunder or any inventory purchased under a purchase order constituting an Assumed Liability, in each case as a direct result of the fact that (i) such Eligible Inventory is currently labeled with the “Welcome to the World” trademark listed on Schedule 2.01(m) hereto or (ii) such inventory is labeled with the “Welcome to the World” trademark at the time Purchaser takes title to such inventory.

Notwithstanding anything to the contrary herein, the term “Losses” specifically excludes damage to reputation, lost business opportunities, lost profits, mental or emotional distress, incidental, special, exemplary, punitive or indirect damages or interference with business operations.

SECTION 5.02 Agreement of Purchaser to Indemnify Seller. Subject to the terms and conditions of this Article V, Purchaser agrees to indemnify, defend and hold harmless Seller and its officers, directors, shareholders, other affiliates, employees and agents (collectively, the “Seller Indemnitees”) from, against, for and in respect of any and all Losses asserted against, imposed upon or incurred by Seller Indemnitees by reason of, resulting from, based upon or arising out of:

(a) the breach of any representation or warranty of Purchaser contained in or made pursuant to this Agreement or any Ancillary Document;

(b) the breach of any covenant or agreement of Purchaser contained in or made pursuant to this Agreement or any Ancillary Document, other than any Standalone Ancillary Document; and

(c) any Assumed Liability.

SECTION 5.03 Procedures for Indemnification.

(a) As used herein, the term “Indemnitor” means the party against whom indemnification hereunder is sought, and the term “Indemnatee” means the party seeking indemnification hereunder.

(b) Promptly after receipt by the Indemnatee of notice of commencement of any suit or proceeding (including a binding arbitration or an audit by any taxing authority) or notice of any claim or demand from a third party against the Indemnatee that may give rise to an indemnification obligation under this Article V (a “Third Party Claim”), the Indemnatee will give notice to the Indemnitor in writing of such Third Party Claim, together with the estimated amount thereof (if known). Failure to give notice of a Third Party Claim shall not affect the indemnification obligations hereunder except to the extent that actual and material prejudice to the defense of such claim is established by the Indemnitor.

(c) The Indemnitor shall have the right to assume the defense (at the Indemnitor’s expense) of any such claim through counsel of the Indemnitor’s own choosing by so notifying the Indemnatee in writing within thirty (30) days of the first receipt by the Indemnitor of such notice from the Indemnatee; provided, however, that any such counsel shall be reasonably satisfactory to the Indemnatee. The Indemnatee shall have the right to employ separate counsel in such claim and participate in the defense thereof, but the fees and expenses of such counsel (other than expenses reasonably incurred prior to the Indemnitor’s assumption of the defense) shall be at the expense of the Indemnatee unless: (i) the Indemnitor has agreed to pay such expenses; (ii) the Indemnitor has failed to assume the defense within thirty (30) days of receipt of notice thereof and employ counsel reasonably satisfactory to the Indemnatee; or (iii) the named parties in any such claim (including any impleaded parties) include the Indemnatee and the Indemnitor, and the Indemnatee shall have been advised by counsel that either (x) there is reasonably likely to be one or more legal defenses available to it which are different from or in addition to those available to the Indemnitor or (y) a conflict of interest is reasonably likely to exist if such counsel represents the Indemnatee and the Indemnitor; provided, however, that (1) if the Indemnatee notifies the Indemnitor in writing that it elects to employ separate counsel in the circumstances described in clause (i), (ii) or (iii) above, then the Indemnitor shall not have the

right to assume the defense thereof and such counsel shall be at the reasonable expense of the Indemnitor, and Indemnitor may elect to participate in such defense at any time at its own expense, and (2) the Indemnitor shall not, in connection with any one such claim or separate but substantially similar or related claims in the same jurisdiction arising out of the same general allegations or circumstances, be responsible hereunder for the fees and expenses of more than one such firm of separate counsel (in addition to any local counsel), which counsel shall be designated by the Indemnitor.

(d) Notwithstanding the foregoing, if the Indemnitor determines in good faith that there is a reasonable probability that a Third Party Claim may materially and adversely affect it other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the Indemnitor may, by notice to the Indemnitor, assume the exclusive right (subject to Indemnitor's right to employ separate counsel with respect to such matter at its own expense) to defend, compromise or settle such Third Party Claim, but the Indemnitor will not be bound by any determination of any Third Party Claim so defended for the purposes of this Agreement or any compromise or settlement effected without its prior written consent (which may not be unreasonably withheld or delayed).

(e) A claim for indemnification for any matter not involving a Third Party Claim may be asserted by notice to the party from whom indemnification is sought and shall be paid promptly after such notice, subject to the other provisions of this Article V.

SECTION 5.04 Establishment of Indemnification Liability. To be effective, any claim for indemnification by the Indemnitor must be made by a written notice (a "Notice of Claim") to the Indemnitor, given in accordance with the provisions of Section 6.03 hereof. Upon final determination of the amount of the Losses that is the subject of an indemnification claim (whether such determination is the result of the Indemnitor's acceptance of a Notice of Claim or a resolution of any dispute with respect thereto by agreement of the parties or otherwise), the Indemnitor shall be obligated to pay the amount of such Losses to the Indemnitor within ten (10) days of such final determination of the amount of the Losses due by the Indemnitor.

SECTION 5.05 Settlement of Third Party Claims. No settlement of a Third Party Claim involving the asserted liability of the Indemnitor under this Article V shall be made without the prior written consent by or on behalf of the Indemnitor, which consent shall not be unreasonably withheld or delayed, unless (i) there is no finding or admission of any violation of law or any violation of the rights of any Person by the Indemnitor and no material adverse effect on any other claims then pending against the Indemnitor and (ii) the sole relief provided is monetary damages that are paid in full by the Indemnitor. Consent shall be presumed in the case of settlements of \$10,000 or less where the Indemnitor has not responded within ten (10) days of written notice of a proposed settlement.

SECTION 5.06 Duration. The indemnification rights of the parties hereto for Losses resulting from a breach of representations and warranties contained in this Agreement or any Ancillary Documents or for breaches of covenants contained in this Agreement or any Ancillary Document other than any Standalone Ancillary Document (other than as hereinafter set forth in this Section 5.06) are subject to the condition that the Indemnitor shall have received written notice of the Losses for which indemnity is sought within eighteen (18) months after the Closing Date. The indemnification rights of the parties hereto for Losses resulting from a breach

of representations and warranties or for breaches of covenants that are related to tax matters are subject to the condition that the Indemnitor shall have received written notice of the Losses for which indemnity is sought prior to the expiration of the applicable statute of limitations therefor. The indemnification rights of the parties hereto for Losses resulting from a breach of any representation and warranty with respect to title to any of the Purchased Assets, or with respect to the breach of any agreement or undertaking with respect to payment of the Excluded Liabilities and Assumed Liabilities, shall be effective for all purposes hereunder without limitation as to the time within which such notice may be given.

SECTION 5.07 Limitations. The Indemnitor shall not be obligated to indemnify the Indemnitee until the sum of the aggregate of all Losses suffered or incurred by the Indemnitee as to which a right of indemnification is provided under this Article V exceeds One Hundred Thousand and No/100 Dollars (\$100,000.00) (the “Threshold”), at which time the Indemnitee shall be entitled to indemnification for the amount of all Losses, including the amount of the Threshold; provided, however, that, notwithstanding the foregoing, any Losses suffered or incurred by the Indemnitee under Section 5.01(c), (d) or (e) or Section 5.02(c) hereof shall not be subject to the Threshold. In no event shall the aggregate liability of Seller, or the aggregate liability of Purchaser, under this Article V exceed Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00) exclusive of any Losses suffered or incurred by the Indemnitee under Section 5.01(e) hereof. Notwithstanding anything herein to the contrary, (a) all references to “material” and “Material Adverse Effect” (except those references included in Sections 2.01(d), 2.01(i)(ii), 2.01(k) and 2.01(p)) shall be disregarded for purposes of determining whether and the extent to which there are, and in calculating the amount of, Losses entitled to indemnification under this Article V, and (b) if any Losses arising from any breach by Seller of any representation or warranty are included in the calculation of the Final Purchase Price pursuant to Section 1.05, Purchaser shall not be entitled to any indemnification hereunder for such Losses. All Losses recoverable by an Indemnitee shall be net of any insurance proceeds which the Indemnitee actually receives as a direct consequence of the circumstances to which the Losses related or from which the Losses resulted or arose, which amount shall be offset by any increases (current and future) in insurance premiums that result from the insurer having covered such Losses and any costs incurred by the Indemnitee in connection therewith.

SECTION 5.08 Investigations. The respective representations and warranties of the parties contained in this Agreement or in any Ancillary Document delivered by either party at or prior to the Closing and the rights to indemnification set forth in this Article V shall not be deemed waived or otherwise affected by any investigation made, or knowledge acquired (or capable of being acquired), by either party hereto.

SECTION 5.09 Sole and Exclusive Remedy. Except as set forth in Section 1.05 and Section 6.11, the indemnification obligations of Seller and Purchaser under this Article V shall constitute the sole and exclusive remedies of Seller and Purchaser, respectively, with respect to (i) any and all claims arising under or relating to this Agreement, and (ii) any and all claims relating to a breach of any representation or warranty arising under or relating to any Ancillary Agreement or other agreement, instrument or document executed and delivered pursuant to this Agreement or the transactions contemplated by this Agreement, the Ancillary Agreements or any of such other agreements, instruments or documents.

ARTICLE VI. MISCELLANEOUS

SECTION 6.01 Expenses. Except as provided in Section 1.08, Seller, on the one hand, and Purchaser, on the other hand, shall bear their respective expenses, costs and fees (including attorneys' fees) in connection with the transactions contemplated hereby, including the preparation, execution and delivery of this Agreement and compliance herewith.

SECTION 6.02 Interpretation.

(a) When a reference is made in this Agreement to a section or article, such reference shall be to a section or article of this Agreement unless otherwise clearly indicated to the contrary.

(b) The descriptive headings of this Agreement are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

(c) Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

(d) The words "hereof", "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, paragraph, exhibit and schedule references are to the articles, sections, paragraphs, exhibits and schedules of this Agreement unless otherwise specified.

(e) The meaning assigned to each term defined herein shall be equally applicable to both the singular and the plural forms of such term, and words denoting any gender shall include all genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(f) A reference to any party to this Agreement or any other agreement or document shall include such party's successors and permitted assigns.

(g) A reference to any statute or to any provision of any statute shall include any amendment to, and any modification or re-enactment thereof, and all regulations and statutory instruments issued thereunder or pursuant thereto.

(h) The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

(i) All Exhibits hereto are hereby incorporated into this Agreement and are hereby made a part hereof as if set out in full herein.

SECTION 6.03 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if (a) delivered by hand, (b) mailed by registered or certified mail (return receipt requested), (c) by deposit with a nationally recognized courier for

next business day delivery, or (d) faxed and immediately confirmed both orally and in writing, to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and shall be deemed given on the date on which so hand-delivered or so telecommunicated or the next business day following deposit with such courier or on the third business day following the date on which so mailed, if deposited in a regularly-maintained receptacle for United States mail:

If to Seller:

Springs Global US, Inc.
205 North White Street
Fort Mill, South Carolina 29715
Attn: Mr. Tom O'Connor
Fax: (803) 547-1688

With a copy to (which shall not constitute notice to Seller):

Springs Global US, Inc.
205 North White Street
Fort Mill, South Carolina 29715
Attn: Legal Department
Fax: (803) 547-3766

If to Purchaser:

Crown Crafts Infant Products, Inc.
916 S. Burnside Avenue
Gonzales, Louisiana 70737
Attn: Mr. E. Randall Chestnut
Fax: (225) 647-9112

With a copy to (which shall not constitute notice to Purchaser):

Rogers & Hardin LLP
2700 International Tower
229 Peachtree Street, NE
Atlanta, Georgia 30303
Attn: Steven E. Fox, Esq.
Fax: (404) 525-2224

SECTION 6.04 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement. Executed by counterparts may be delivered by facsimile transmission or by other electronic communication.

SECTION 6.05 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws.

SECTION 6.06 Assignability. This Agreement shall not be assignable otherwise than by operation of law by any party without the prior written consent of the other parties hereto, and any purported assignment by any party without the prior written consent of the other parties shall be void.

SECTION 6.07 Waivers and Amendments. Any term or provision of this Agreement may be waived at any time by the party that is entitled to the benefits thereof, and any term or provision of this Agreement may be amended or supplemented at any time by the mutual consent of the parties hereto, except that any waiver of any term or condition, or any amendment or supplementation, of this Agreement must be in writing. A waiver of any breach or failure to enforce any of the terms or conditions of this Agreement shall not in any way affect, limit or waive a party's rights hereunder at any time to enforce strict compliance thereafter with every term or condition of this Agreement.

SECTION 6.08 Third Party Rights. This Agreement shall not create benefits on behalf of any employee of Seller, any third party or any other Person except for the rights of Seller Indemnitees and Purchaser Indemnitees pursuant to Article V hereof, and this Agreement shall be effective only as between the parties hereto (including the Purchaser Indemnitees and Seller Indemnitees with respect to Article V hereof), their successors and permitted assigns.

SECTION 6.09 Entire Agreement. This Agreement (including the Exhibits, Schedules, documents and instruments referred to herein and the Confidentiality Agreement, dated as of October 9, 2007, between Purchaser and Seller, all of which are intended to survive closing in accordance with their terms) constitutes the entire agreement, and supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them with respect to the subject matter hereof.

SECTION 6.10 Severability. In the event that any one or more of the provisions contained in this Agreement shall be declared invalid, void or unenforceable, the remainder of the provisions of this Agreement shall remain in full force and effect.

SECTION 6.11 Enforcement of Agreement. Each party hereto acknowledges and agrees that the other party would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that any breach by either party of any covenant or agreement of such party contained in this Agreement could not be adequately compensated in all cases by monetary damages alone. Accordingly, in addition to any other right or remedy to which either party hereto may be entitled, at law or in equity, it shall be entitled to enforce any covenant or agreement of the other party contained in this Agreement by a decree of specific performance and to temporary, preliminary and permanent injunctive relief to prevent breaches or threatened breaches of any of the provisions of this Agreement, without posting any bond or other undertaking.

SECTION 6.12 Arbitration. Except as set forth in Sections 1.05 and 6.11, any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or validity thereof ("Dispute"), shall be finally settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") then in effect (the "Rules"), except as modified herein. The place of arbitration shall be Charlotte, North Carolina. A party shall be deemed properly served and joined to an arbitration proceeding

instituted pursuant to this Section 6.12 upon delivery of a notice (in accordance with Section 6.03) that such an arbitration has been instituted (a “Notice of Arbitration”). There shall be one (1) neutral and impartial arbitrator appointed by Purchaser and Seller within fifteen (15) days of the receipt by the respondent of the demand for arbitration if both parties agree on the arbitrator; provided, however, that if there is disagreement on the selection of the arbitrator, then there shall be three (3) neutral and impartial arbitrators, of whom Purchaser shall appoint one (1) and Seller shall appoint one (1) within thirty (30) days of the receipt by the respondent of the demand for arbitration. In such event, the two (2) arbitrators so appointed shall select the chair of the arbitral tribunal within thirty (30) days of the appointment of the second arbitrator. If any arbitrator is not appointed within the time limit provided herein, such arbitrator shall be appointed by the AAA in accordance with the listing, striking and ranking procedure in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or a practicing attorney with no less than fifteen (15) years of experience and shall be an experienced arbitrator. Any arbitration decision or award rendered hereunder and the validity, effect and interpretation of this Section 6.12 shall be governed by the Federal Arbitration Act, 9 U.S.C. §1 et seq. Any such decision or award (i) shall be in writing, (ii) shall state the findings of fact and conclusions of law on which it is based, (iii) shall be final and binding upon the parties, and (iv) shall be the sole and exclusive remedy between the parties regarding any claims, counterclaims, issues or accounting presented to the arbitral tribunal. Judgment upon such decision or award may be entered in any court having jurisdiction. By agreeing to arbitration, the parties do not intend to deprive any party of its right to seek or any court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment, or other order in aid of arbitration proceedings and the enforcement of any award. Without prejudice to such provisional remedies as may be available under the jurisdiction of a court, the arbitral tribunal shall have full authority to grant provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award damages for the failure of any party to respect the arbitral tribunal’s orders to that effect. In addition to damages, the arbitral tribunal may award any remedy provided for under applicable law or equitable principles and the terms of this Agreement, including specific performance or other forms of injunctive relief.

[Signature page follows.]

IN WITNESS WHEREOF, Seller and Purchaser have each caused this Agreement to be executed and delivered as of the date first written above.

SELLER:

SPRINGS GLOBAL US, INC.

By: /s/ Flavio R. Barbosa
Name: Flavio R. Barbosa
Title: EVP & CFO

PURCHASER:

CROWN CRAFTS INFANT PRODUCTS, INC.

By: /s/ E. Randall Chestnut
Name: E. Randall Chestnut
Title: Vice President

(Asset Purchase Agreement)

NONCOMPETITION AND NON-DISCLOSURE AGREEMENT

THIS NONCOMPETITION AND NON-DISCLOSURE AGREEMENT (the “Agreement”) is made and entered into as of the 5th day of November, 2007, by and between **SPRINGS GLOBAL US, INC.**, a Delaware corporation (“Seller”), and **CROWN CRAFTS INFANT PRODUCTS, INC.**, a Delaware corporation (“Purchaser”).

WHEREAS, Seller is engaged in the business of designing, marketing, importing, selling and distributing various types of bedding, blanket and bath products and related accessories for the Infant and Toddler Retail Market (as defined herein) through Seller’s unincorporated baby product line (the “Business”);

WHEREAS, Seller and Purchaser have entered into that certain Asset Purchase Agreement of even date herewith, to which a form of this Agreement is attached as Exhibit D, relating to the sale to Purchaser of certain of Seller’s assets, rights and properties relating to the Business (the “Purchase Agreement”);

WHEREAS, in order to protect the goodwill of the Purchased Assets (as defined in the Purchase Agreement) and the Business and the other value to be acquired by Purchaser pursuant to the Purchase Agreement for which Purchaser is paying substantial consideration, Purchaser and Seller have agreed that Purchaser’s obligation to consummate the transactions contemplated by the Purchase Agreement is subject to the condition, among others, that Seller shall have entered into this Agreement;

WHEREAS, Purchaser has separately bargained and paid additional consideration for the covenants contained herein;

WHEREAS, Seller acknowledges that the provisions of this Agreement are reasonable and necessary to protect the legitimate interest of Purchaser and the business and goodwill acquired by it pursuant to the Purchase Agreement; and

WHEREAS, in order to induce Purchaser to consummate the transactions contemplated by the Purchase Agreement, Seller is willing to enter into this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants set forth herein, the parties agree as follows:

1. Definitions. As used in this Agreement, terms defined in the preamble and recitals of this Agreement shall have the meanings set forth therein and the following terms shall have the meanings set forth below:

(a) “Competitive Business” shall mean any Person engaged in the business of designing, marketing or importing Competitive Products for sale or distribution to the Infant and Toddler Retail Market.

(b) “Competitive Products” shall mean the type of products designed, marketed, imported, and sold or distributed by Seller to the Infant and Toddler Retail Market in connection with the operation of the Business prior to the date hereof (which shall not include

any Seller Exclusive Products (as hereinafter defined)) without regard to (i) the prices at which such products may be sold, (ii) any tradenames, trademarks, brands, labels, logos or other identifying characteristics used in selling such products, or (iii) the types of businesses within the Infant and Toddler Retail Market that may purchase such products.

(c) “Confidential Information” shall mean all customer and supplier lists, marketing arrangements, business plans, projections, financial information, training manuals, pricing manuals, product development plans, market strategies, internal performance statistics and other competitively sensitive information of Seller used solely in the Business and not generally known by the public, whether or not in written or tangible form. Notwithstanding the foregoing, the definition of Confidential Information shall not include any of the foregoing items insofar as they relate to Seller Exclusive Products.

(d) “Infant and Toddler Retail Market” shall mean those retail sales departments within retailers which sell products intended for children from ages zero to four years of age.

(e) “Permitted Activities” shall mean (i) owning not more than 5% of the outstanding shares of publicly-held corporations or other entity engaged in a Competitive Business which have shares listed on any national or regional securities exchange or registered with the Securities and Exchange Commission (or any comparable regulatory body in any foreign jurisdiction) or through the automatic quotation system of a registered securities association (any such publicly-held corporation or other entity, a “Public Company”); (ii) owning any percentage of the outstanding equity of a Person engaged in a Competitive Business where such equity was acquired by Seller after the date hereof from a Person that is not an affiliate of Seller (with “affiliate” defined as set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act of 1934, as amended) and where such Competitive Business’s annual sales of Competitive Products into the Protected Market (as hereinafter defined) constitute less than 10% of such Person’s total annual sales revenue, but in no event more than \$10,000,000.00; (iii) carrying on or transacting business with any Competitive Business if such activity does not include the sale or distribution of Competitive Products, directly or indirectly, for ultimate purchase by consumers within the Protected Market; and (iv) marketing, selling or distributing any Seller Exclusive Products.

(f) “Person” shall mean an individual, partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture or other entity or a court, administrative agency or other federal, state, local, municipal, foreign or other governmental or quasi-governmental authority or agency of any nature.

(g) “Protected Market” shall mean the United States.

(h) “Restricted Period” shall mean the period commencing on the date of this Agreement and ending on the date which is four (4) years from the date of this Agreement.

(i) “Seller Exclusive Products” means any Inventory (as defined in the Purchase Agreement) that is not included within the Eligible Inventory (as defined in the Purchase Agreement) transferred to Purchaser pursuant to the Purchase Agreement.

2. No Competing Business. Seller hereby agrees that, during the Restricted Period, except as permitted by Section 5 of this Agreement, it will not, directly or indirectly, own, manage, operate, control, invest in or acquire an interest in, or otherwise engage or participate in the establishment, management or operation of, any Competitive Business that sells or distributes Competitive Products, directly or indirectly, for ultimate purchase by consumers in the Protected Market, without regard to whether the Competitive Business has any office, manufacturing or other business facilities within the Protected Market.

3. No Interference with the Business. Seller hereby agrees that, during the Restricted Period, except as permitted by Section 5 of this Agreement, Seller will not, directly or indirectly, solicit, induce or influence any customer, supplier, lender, lessor or any other Person that has a business relationship with the Business in the Protected Market, or which had on the date of this Agreement a business relationship with the Business in the Protected Market, to discontinue or reduce the extent of such relationship with the Business in the Protected Market; it being understood that, nothing herein shall restrict Seller from carrying on or transacting business with any such Person in respect of any Seller Exclusive Products.

4. No Disclosure of Proprietary Information. Seller hereby agrees that, during the Restricted Period, it will not, directly or indirectly, disclose to anyone, or use or otherwise exploit for its own benefit or for the benefit of anyone other than Purchaser, any Confidential Information, except as permitted by Section 5 of this Agreement. Notwithstanding the foregoing, Seller may make disclosure of Confidential Information if Seller reasonably concludes that public disclosure of Confidential Information is required by applicable legal requirements and Seller (i) gives Purchaser written notice of such proposed disclosure as far in advance of such disclosure as is reasonably practicable, (ii) cooperates reasonably with Purchaser in its efforts to protect the information from disclosure, including, without limitation, assisting Purchaser in obtaining, at Purchaser’s expense, an appropriate protective order or other reliable assurance that confidential treatment will be accorded such information, and (iii) limits its disclosure to the minimum required by applicable legal requirements unless Purchaser agrees in writing to a greater level of disclosure.

5. Permitted Activities. The restrictions set forth in Sections 2, 3 and 4 of this Agreement shall not apply to Permitted Activities or to actions taken by Seller to the extent that such actions are expressly approved in writing by Purchaser.

6. Representations and Warranties. Seller represents and warrants that this Agreement is a legal, valid and binding obligation, enforceable against Seller in accordance with its terms.

7. Waivers. Neither party will be deemed as a consequence of any act, delay, failure, omission, forbearance or other indulgences granted from time to time by it, or for any other reason (a) to have waived, or to be estopped from exercising, any of its rights or remedies

under this Agreement or (b) to have modified, changed, amended, terminated, rescinded or superseded any of the terms of this Agreement.

8. Injunctive Relief. Seller acknowledges that (i) any violation of this Agreement will result in irreparable injury to Purchaser, (ii) damages at law would not be reasonable or adequate compensation to Purchaser for violation of this Agreement, and (iii) Purchaser shall be entitled to have the provisions of this Agreement specifically enforced by preliminary and permanent injunctive relief without the necessity of proving actual damages and without posting bond or other security as well as to an equitable accounting of all earnings, profits and other benefits arising out of any such violation.

9. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if (a) delivered by hand, (b) mailed by registered or certified mail (return receipt requested), (c) by deposit with a nationally recognized courier for next business day delivery, or (d) faxed and immediately confirmed both orally and in writing, to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and shall be deemed given on the date on which so hand-delivered or so telecommunicated or the next business day following deposit with such courier or on the third business day following the date on which so mailed, if deposited in a regularly-maintained receptacle for United States mail:

To Seller:

Springs Global US, Inc.
205 North White Street
Fort Mill, South Carolina 29715
Attn: Mr. Tom O'Connor
Fax: (803) 547-1688

with a copy to (which shall not constitute notice to Seller):

Springs Global US, Inc.
205 North White Street
Fort Mill, South Carolina 29715
Attn: Legal Department
Fax: (803) 547-3766

To Purchaser:

Crown Crafts Infant Products, Inc.
916 S. Burnside Avenue
Gonzales, Louisiana 70737
Attn: Mr. E. Randall Chestnut
Fax: (225) 647-9112

with a copy to (which shall not constitute notice to Purchaser):

Rogers & Hardin LLP
2700 International Tower
229 Peachtree Street, NE
Atlanta, Georgia 30303
Attn: Steven E. Fox, Esq.
Fax: (404) 525-2224

10. Successors in Interest. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their successors and assigns, and any reference to a party hereto shall also be a reference to any such successor or assign.

11. Number; Gender. Whenever the context so requires, the singular number shall include the plural and the plural shall include the singular, and the gender of any pronoun shall include the other genders.

12. Captions. The titles, captions and table of contents contained in this Agreement are inserted herein only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof. Unless otherwise specified to the contrary, all references to Sections are references to Sections of this Agreement.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws.

14. Waivers and Amendments. Any term or provision of this Agreement may be waived at any time by the party that is entitled to the benefits thereof, and any term or provision of this Agreement may be amended or supplemented at any time by the mutual consent of the parties hereto, except that any waiver of any term or condition, or any amendment or supplementation, of this Agreement must be in writing. A waiver of any breach or failure to enforce any of the terms or conditions of this Agreement shall not in any way affect, limit or waive a party's rights hereunder at any time to enforce strict compliance thereafter with every term or condition of this Agreement.

15. Entire Agreement. This Agreement constitutes the entire agreement, and supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them with respect to the subject matter hereof.

16. Severability. Any provision hereof which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by law, the parties hereto waive any provision of law which renders any such provision prohibited or unenforceable in any respect. The parties acknowledge and agree that in the event that any provision of this Agreement should ever be deemed to exceed the time, geographic, product or any other limitations permitted by applicable

law, it is their intent that any invalid, prohibited or unenforceable term or provision herein be reformable by the reviewing court to the fullest extent permitted by applicable law.

17. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement. Executed counterparts may be delivered by facsimile transmission or by other electronic communication.

18. Enforcement of Certain Rights. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any Person other than the parties hereto, and their successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, or result in such Person being deemed a third party beneficiary of this Agreement.

[Signature page follows.]

IN WITNESS WHEREOF, Seller and Purchaser have each caused this Agreement to be executed and delivered as of the date first written above.

SELLER:

SPRINGS GLOBAL US, INC.

By: /s/ Flavio R. Barbosa
Name: Flavio R. Barbosa
Title: EVP & CFO

PURCHASER:

CROWN CRAFTS INFANT PRODUCTS, INC.

By: /s/ E. Randall Chestnut
Name: E. Randall Chestnut
Title: Vice President

(Noncompetition and Non-Disclosure Agreement)

**Warehousing Agreement
Between
Springs Global US, Inc.
And
Crown Crafts Infant Products, Inc.
November 5, 2007**

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WAREHOUSING AGREEMENT

This **WAREHOUSING AGREEMENT** (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement") is made and entered into as of the 5th day of November, 2007, by and between **SPRINGS GLOBAL US, INC.**, a Delaware corporation ("Warehouseman"), and **CROWN CRAFTS INFANT PRODUCTS, INC.**, a Delaware corporation ("Crown Crafts"). Warehouseman and Crown Crafts are each referred to herein as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, the Parties have entered into an Asset Purchase Agreement dated as of the date hereof (the "Asset Purchase Agreement") pursuant to which Springs Global has agreed to sell, and Crown Crafts has agreed to buy, certain of the assets of Springs Global's baby product line; and

WHEREAS, in connection with the transactions contemplated by the Asset Purchase Agreement, Crown Crafts desires that Springs Global provide, or cause to be provided, to Crown Crafts, and Springs Global is willing to provide, or cause to be provided, to Crown Crafts, certain warehousing services in connection with its warehouse located at 1495 East Locust Street, Ontario, California 91761 (the "Warehouse");

NOW, THEREFORE, for and in consideration of the mutual agreements herein contained, it is hereby mutually agreed as follows:

ARTICLE 1

TERM OF AGREEMENT

The term of this Agreement shall commence on November 5, 2007, and continue in effect until the close of business on May 5, 2008 ("Term").

ARTICLE 2

WAREHOUSEMAN'S RESPONSIBILITIES

2.1 Services. During the Term, Warehouseman agrees to provide for Crown Crafts certain warehousing services described in Schedule A attached hereto and incorporated herein by this reference (the "Services") at the Warehouse. As part of the Services, Warehouseman shall accept and keep in a safe, neat and orderly condition such goods as from time to time may be tendered by Crown Crafts for warehousing or handling in accordance with the terms of this Agreement (the "Products"). Warehouseman further agrees to furnish and/or obtain sufficient personnel, equipment, and other accessories necessary to perform the Services in accordance with this Agreement.

2.2 Warehouse Operations. The Parties agree that, except as specifically modified herein, Warehouseman will be a warehouseman as described in Article 7 of the Uniform Commercial Code (“UCC”) as enacted in the state where the Warehouse is located and is entitled to all rights and subject to all obligations described therein. Warehouseman shall perform the Services with substantially the same degree of care, skill, diligence and compliance with applicable law and in substantially the same manner as performed immediately prior to the date hereof.

The Warehouse space will be utilized by Warehouseman as efficiently as practicable without creating inefficiencies in handling operations. All Products shall be segregated by stock keeping unit and physical location in the same manner as similar products of Warehouseman were segregated prior to the date hereof or as otherwise agreed upon by the Parties (a “stock keeping unit” being the lowest level for which inventory material handling records are maintained for purposes of this Agreement). Crown Crafts shall notify Warehouseman of stocking limitations, Products to be accounted for separately and any other Product peculiarities in writing prior to delivery of such Products to the Warehouse.

Crown Crafts may have certain employees working at the Warehouse during the Term, subject to the terms and conditions herein. Prior to any employee of Crown Crafts entering the Warehouse, Crown Crafts shall notify Warehouseman of (i) the name of such employee, (ii) the length of time such employee will be working at the Warehouse, and (iii) the duties to be performed by such employee. Warehouseman shall have the right at any time to remove any employee or other invitee of Crown Crafts from the premises if Warehouseman determines, in its reasonable discretion, that such employee or invitee presents a risk to Warehouseman, Warehouseman’s employees or assets or any other person or asset located at the Warehouse.

2.3 Transfer of Products. No Products shall be delivered or transferred except upon receipt by Warehouseman of completed shipping documents from Crown Crafts. Instructions to transfer Products on the books of Warehouseman shall not be effective until said instructions are delivered to Warehouseman. All charges relating to Warehouseman’s Services to Crown Crafts, including the receipt, storage, servicing, handling and transfer of the Products, shall be chargeable to Crown Crafts as set forth in Schedule B attached hereto and incorporated herein by this reference.

ARTICLE 3

CROWN CRAFTS’ RESPONSIBILITIES

3.1 Delivery and Shipments; Packaging. Crown Crafts will advise Warehouseman of its warehousing needs in sufficient time to allow Warehouseman to make necessary preparations for such warehousing. Crown Crafts will also provide Warehouseman with instructions for shipments from the Warehouse, which information will constitute Crown Crafts’ instructions for shipment of Products. All Products tendered for warehousing will be properly marked and packaged for handling.

3.2 Product Characteristics/Refusal to Accept Products. Crown Crafts shall promptly notify Warehouseman of the characteristics of any Products that require special

handling instructions, material, equipment or precautions. No Products shall be delivered to Warehouseman that (a) may be hazardous or dangerous to Warehouseman's employees, subcontractors or agents, whether by handling or exposure; (b) are defined as hazardous materials under any federal, state or local law or regulation governing the environment, including, but not limited, to The Resource Conservation and Recovery Act (RCRA), The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (CERCLA), or Department of Transportation Research and Special Programs Administration (RSPA including IATA, ICAO and IMDG); or (c) are or should be reasonably believed or known to be likely to cause damage to Warehouseman's premises or equipment, the Products, or other goods that may be stored by Warehouseman at the Warehouse. Warehouseman may refuse to accept any Products that are identified as coming within the immediately preceding categories or that reasonably might cause infestation, contamination or damage to other goods in its custody. Warehouseman shall promptly notify Crown Crafts of such refusal and shall have no liability for any demurrage, detention, transportation or other charges by virtue of such refusal.

3.3 Prohibition of Consignment. Crown Crafts agrees not to ship Products to Warehouseman as the named consignee. If, in violation of this Agreement, Products are to be shipped to Warehouseman as named consignee, Crown Crafts agrees to notify the applicable carrier, in writing and prior to such shipment, that Warehouseman named as consignee is a warehouseman under law and has no beneficial title or interest in such Products. Crown Crafts will also deliver a copy of such notice to Warehouseman prior to such shipment.

3.4 Warehouseman Compensation. Crown Crafts shall pay Warehouseman compensation for the Services provided by Warehouseman and the charges made by Warehouseman in accordance with Schedule B.

ARTICLE 4

TERMS OF PAYMENT

Except as may otherwise be specifically stated in any of the applicable schedules hereto, Warehouseman shall invoice Crown Crafts promptly after the end of each month for all Services performed, and costs incurred by Warehouseman, under this Agreement during the preceding month. Crown Crafts shall pay the amount invoiced within thirty (30) days from the date of such invoice. Payment shall be considered made when payments have been received by Warehouseman.

In the event Crown Crafts disputes any invoices (or any part thereof), Crown Crafts shall provide Warehouseman with written notice of such dispute within thirty (30) days of receipt of such invoice. Crown Crafts shall, however, pay that portion of the invoice not in dispute. Any such amount not in dispute and not paid within forty-five (45) days shall bear interest at a rate of 0.5% per month (the "Default Rate") from the date such amount was due. Crown Crafts further agrees that it will pay all charges which are invoiced and that are not expressly disputed without offset or counterclaim of any kind.

Additionally, if any disputed portion of such invoice is later paid by Crown Crafts, or is determined subsequently to be due and owing to Warehouseman, Crown Crafts shall also pay

Warehouseman interest on such amount from the original due date at the Default Rate. Crown Crafts agrees to pay, in the event its account becomes delinquent and is turned over to any attorney for collection, reasonable attorneys' fees, plus all consultant fees, court costs, and attendant collection costs actually incurred.

ARTICLE 5

LIABILITIES AND INDEMNIFICATION

5.1 General — Warehouse. Warehouseman shall be responsible for loss or damage to all Products under its care, custody and control in the Warehouse as provided in the UCC, subject to the provisions of this Article 5; provided that Warehouseman shall have no liability to Crown Crafts for any loss or damage to Products to the extent such loss or damage is caused by Crown Crafts or any of its employees, agents or invitees.

Warehouseman agrees to indemnify, save harmless, and defend Crown Crafts from and against any and all claims for loss, damage or injury (including court costs and reasonable attorneys' fees) and from and against any suits, actions, or legal proceedings brought against Crown Crafts for or on account of any loss or damage to the tangible property of Crown Crafts or third parties, or for or on account of any injuries received or sustained by any person, including, but not limited to, employees of Warehouseman and employees and agents of Crown Crafts, caused by, or arising out of, any intentional, reckless or grossly negligent act or omission of Warehouseman or its employees, agents or invitees in performing the Services, except to the extent such claim arises from the gross negligence, recklessness or intentional act of Crown Crafts, its employees, agents or servants.

Crown Crafts shall indemnify and hold harmless Warehouseman from (i) any and all claims for unpaid transportation charges, including undercharges, demurrage and detention, in connection with Products shipped to or from the Warehouse, except for such claims caused by Warehouseman's failure to exercise the standard of care set forth in Section 2.2 above, and (ii) any injury (including death at anytime resulting therefrom) incurred by Crown Crafts' employees, agents or invitees while such person is present at the Warehouse, other than any such injury arising from the gross negligence, recklessness or intentional act of Warehouseman, its employees, agents or servants.

In addition, Crown Crafts agrees to indemnify, save harmless, and defend Warehouseman from and against any and all claims for loss, damage or injury (including court costs and reasonable attorneys' fees) and from and against any suits, actions, or legal proceedings brought against Warehouseman for or on account of any loss or damage to the tangible property of Warehouseman or third parties, or for or on account of any injuries received or sustained by any person, including, but not limited to, employees of Crown Crafts and employees and agents of Warehouseman, caused by, or arising out of, any intentional, reckless or grossly negligent act or omission of Crown Crafts or its employees, agents or invitees, as well as from any claims, expenses or demands of any kind made by Crown Crafts' employees, agents, servants or contractors while at the Warehouse in connection with the performance of this Agreement, except to the extent such claim arises from the gross negligence, recklessness or intentional act of Warehouseman, its employees, agents or servants. Further, Crown Crafts agrees to secure a

waiver of subrogation from Crown Crafts' workers' compensation insurance carrier in support of the above.

5.2 Demurrage; Detention. Warehouseman shall not be liable for demurrage, detention or delays in obtaining and loading cars or vehicles for outbound shipments unless Warehouseman has failed to exercise the standard of care set forth in Section 2.2 above. If detention occurs for which Warehouseman is liable, payment of such detention shall be made by Warehouseman to the carrier.

5.3 Shrinkage/Damage Allowance. Crown Crafts agrees to a damage and inventory shrinkage allowance (applied over the Term) of 0.25% of the value of the Products stored, for which, in the case of loss or damage to Products for any reason or mysterious disappearance, however caused, Warehouseman shall not be liable.

5.4 Insurance. Warehouseman shall maintain at all times during the life of this Agreement a policy or policies of insurance in full force and effect with companies and in amounts identified on Schedule C attached hereto and incorporated herein by this reference, covering warehouse legal liability for loss or damage to Products due to the negligence of Warehouseman. Warehouseman does not otherwise insure the Products. Warehouseman shall not be held liable for any actions related to shipment of Products and will not carry insurance coverage related to shipping transactions to or from the Warehouse. Warehouseman agrees to furnish, at Crown Crafts' request, certificates of all policies of applicable insurance, such certificates to name Crown Crafts as certificate holder. Warehouseman shall be responsible for insuring any physical assets that it owns or leases and that are used in the Warehouse. Further, Warehouseman agrees to secure a waiver of subrogation from Warehouseman's insurance carrier in support of the above.

Crown Crafts agrees to maintain general comprehensive, unimpaired liability insurance in an amount of not less than one million dollars (\$1,000,000) per occurrence, including contractual liability endorsement specifically covering this Agreement, and statutory workers' compensation insurance. This insurance will be primary. Crown Crafts agrees to furnish, at Warehouseman's request, certificates of all policies of applicable insurance, such certificates to name Warehouseman as an additional insured. Further, Crown Crafts agrees to secure a waiver of subrogation from Crown Crafts' insurance carrier in support of the foregoing.

ARTICLE 6

PHYSICAL INVENTORIES AND ADJUSTMENTS

6.1 Physical Inventories. A physical inventory shall be performed reasonably promptly following the execution of this Agreement. Subsequently, joint Crown Crafts/Warehouseman physical inventories shall be performed upon mutual agreement by Crown Crafts and Warehouseman, but at least once at the end of the Term. All shipping, receiving and inventory transaction processing will be terminated during the period of the physical inventory to insure a simultaneous cut-off of all activity. Charges for hourly warehouse personnel will be as set forth on Schedule B.

6.2 Inventory Adjustments. If stock differences are found in any count, Warehouseman and Crown Crafts will list gains as receipts, and losses as deductions, thus reconciling the book record with the actual stock on hand. Those changes will be based upon counts agreed to and signed by Crown Crafts' representative and Warehouseman's representative.

(A) For purposes of determining the net balance of physical units on Warehouseman's account, all shortages and overages for the period, after taking account of the shrinkage allowance set forth in Section 5.3, shall be reconciled by stock keeping unit.

(B) If there is a shortage for the period covered, after netting across stock keeping units, the dollar amount (number of units of each stock keeping unit multiplied by Crown Crafts' respective standard costs, less allowances provided for in Section 5.3 above, all of which shall be subject to the provisions of subsection 6.2(D) below) shall be payable to Crown Crafts by Warehouseman. If there is an overage on the account, adjustments will be made to inventory book records and no claim will be filed by Warehouseman. The period covered by the physical inventory will be closed to future netting routines except under the following conditions:

- (i) proven miscount in physical inventory;
- (ii) proven clerical error by Crown Crafts;
- (iii) located or recovered lost shipment;
- (iv) proven packing or case marking error by Crown Crafts' supplier; or
- (v) a shortage in a subsequent inventory matches an overage in a previous inventory.

(C) If the net inventory variance calculated during the physical inventory is an overage and Warehouseman paid for a shortage in connection with the preceding physical inventory, Crown Crafts will pay a refund to Warehouseman based on the overage, but only to the extent that it does not exceed the shortage for which Warehouseman has paid.

(D) The dollar values used to determine the amounts of money owed by Warehouseman in the event a physical inventory reveals a shortage shall be Crown Crafts' standard cost of said Products.

6.3 Reconciliation of Inventory Records. If at any time discrepancies exist between Crown Crafts' records and the physical inventory, Warehouseman and Crown Crafts shall provide to each other their records of all inventory adjustments from the time of the previous reconciliation to the time of the inventory count in which the discrepancy was found.

ARTICLE 7
FORCE MAJEURE

A Party shall not be responsible for delay or non performance hereunder if performance is prevented or delayed by any cause or event beyond such Party's reasonable control. Without limiting the generality of the foregoing, such causes or events shall include, directly or indirectly, without limitation, Acts of God or elements of nature, fire, floods, other catastrophes, war, public enemies, seizure under legal process (not resulting from action or inaction of the non-performing Party), strikes, lockouts, labor disorders, riots, sabotage, explosion, acts of terrorism, civil commotions, closing of public highways, governmental interference or regulations, embargo, accident, derailment, epidemics or quarantine restrictions, the act or default of the other Party, or any other reason of a similar or dissimilar nature beyond such Party's reasonable control.

In the event there is a default or delay due to Force Majeure per the above, the non-performing Party shall be excused from further performance (other than payment of previously accrued charges) or observance of the obligation(s) so affected for as long as such circumstances prevail, provided such Party continues to use its commercially reasonable efforts to recommence its performance or observance whenever and to whatever extent possible without delay. Warehouseman shall use its commercially reasonable efforts to protect the Products that are in the Warehouse during the Force Majeure event. The Party claiming a Force Majeure event will notify the other Party as soon as practicable regarding the existence, nature and approximate duration of the Force Majeure event, and will promptly give further notice when the Force Majeure event ceases, whereupon its duty to perform shall resume.

ARTICLE 8
DEFAULT

8.1 Automatic Default. In the event bankruptcy, receivership, insolvency, reorganization, dissolution, liquidation or other similar proceeding is instituted by or against either Party under the United States Bankruptcy Code or other law of the United States or any state, then this Agreement shall be deemed to be automatically terminated by the other Party, without notice or demand, and such other Party may exercise all rights granted under applicable law and this Agreement.

8.2 General Default; Right to Cure. Except for reasons provided in Article 7 and Section 8.1 above, in the event either Party fails, in any material respect, to perform its obligations under this Agreement, then the other Party may terminate this Agreement upon sixty (60) days prior written notice to the other; provided, however, that such notice shall specify all such failures to perform and allow the Party in default no less than thirty (30) days to correct such failures. However, Warehouseman and Crown Crafts agree that breach of payment terms in Article 4 shall constitute a default, which shall give Warehouseman the right to terminate this Agreement by written notice to Crown Crafts if such default is not remedied within five (5) days of such notice.

8.3 Effect of Termination. Termination under this provision, or under any other provision of this Agreement, shall not relieve or release either Party from any liability or obligation, which accrued prior to the date of such termination.

ARTICLE 9

RECORDS

Warehouseman shall at all times keep accurate and complete books and records with regard to receipt, transfer, and other handling of Products (the “Crown Crafts Files”) and shall maintain the Crown Crafts Files for a period of two (2) years. Subject to maintaining the confidentiality of records of any customers other than Crown Crafts, Crown Crafts and its authorized representatives shall have the right, at its own cost and expense, to inspect and audit the Crown Crafts Files at any reasonable time. Crown Crafts’ right to audit the Crown Crafts Files shall survive expiration or termination of this Agreement. Crown Crafts shall have the right to enter upon the Warehouse at all reasonable times for the purpose of inspecting Products; provided that any such inspection by Crown Crafts or its agents or employees shall be conducted in such a manner so as not to interfere with the normal operations of the Warehouseman.

ARTICLE 10

INDEPENDENT CONTRACTOR

It is agreed and understood that Warehouseman is entering into this Agreement as an independent contractor, that all of Warehouseman’s personnel engaged in work under this Agreement are to be considered for all purposes as employees of Warehouseman, and that all of Crown Craft’s personnel engaged in work at the Warehouse are to be considered for all purposes as employees of Crown Crafts. Under no circumstances shall employees of Warehouseman be construed or considered to be employees of Crown Crafts or employees of Crown Crafts be construed or considered to be employees of Warehouseman. Each party hereto agrees to furnish, at the other party’s request, evidence of such party’s workers’ compensation insurance with respect to its employees as then in effect. Crown Crafts will not be responsible for acts or omissions of any of Warehouseman’s employees or agents. The relationship between the Parties will be, at all times, that of independent contractors, which status governs all relationships between Warehouseman, Crown Crafts and other third parties.

ARTICLE 11

COMPLIANCE

Warehouseman shall at all times comply, in all material respects, with all applicable federal, state and municipal laws and the regulations of the respective regulatory bodies having jurisdiction over Warehouseman. Warehouseman will procure and maintain all necessary and applicable operating authorities, permits and licenses.

ARTICLE 12
SUCCESSORSHIP

This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their successors and assigns, provided neither Party to this Agreement shall assign or sublet its interest or obligations herein without the prior written consent of the other Party. Notwithstanding the foregoing, either Party has the right to assign or subcontract part or all of the obligations hereunder without the consent of the other Party so long as the assignee or subcontractor is, and remains throughout the Term, a parent, affiliate or subsidiary of such Party.

ARTICLE 13
APPLICABLE LAW; SEVERABILITY; SAVINGS

Warehouseman and Crown Crafts understand and agree that the law of the State of Delaware, without regard to principles of conflicts of law, shall govern this Agreement. If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

ARTICLE 14
ENTIRE AGREEMENT; AMENDMENT; CAPTIONS

This Agreement, together with all schedules and attachments, constitutes the entire agreement between the Parties with respect to the subject matter hereof and may not be amended or changed except by written agreement signed by Warehouseman and Crown Crafts. To the extent that the terms of any warehouse receipts, acknowledgment forms, order forms, bills of lading, invoices, or similar documents sent and/or signed by one or both Parties conflict with or are inconsistent with the terms of this Agreement, the terms of this Agreement shall control. The captions herein are for convenience only and shall not be construed as interpretive or as a substantive part of this Agreement.

ARTICLE 15
NOTICES

Any notice or demand required or permitted hereunder shall be given in writing addressed to Crown Crafts or Warehouseman as listed below or to such other address as may be specified in writing to the other Party. All such communications shall be deemed given if (a) delivered by hand, (b) mailed by registered or certified mail (return receipt requested), (c) by deposit with a nationally recognized courier for next business day delivery, or (d) faxed and immediately confirmed both orally and in writing, to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and shall be deemed given

on the date on which so hand-delivered or so telecommunicated or the next business day following deposit with such courier or on the third business day following the date on which so mailed, if deposited in a regularly-maintained receptacle for United States mail:

For notices to Warehouseman:

Springs Global US, Inc.
205 North White Street
Fort Mill, South Carolina 29715
Attn: Mr. Tom O'Connor
Fax: (803) 547-1688

With a copy to (which shall not constitute notice to Warehouseman):

Springs Global US, Inc.
205 North White Street
Fort Mill, South Carolina 29715
Attn: Legal Department
Fax: (803) 547-3766

For notices to Crown Crafts:

Crown Crafts Infant Products, Inc.
916 S. Burnside Avenue
Gonzales, Louisiana 70737
Attn: Mr. E. Randall Chestnut
Fax: (225) 647-9112

With a copy to (which shall not constitute notice to Crown Crafts):

Rogers & Hardin LLP
2700 International Tower
229 Peachtree Street, NE
Atlanta, Georgia 30303
Attn: Steven E. Fox, Esq.
Fax: (404) 525-2224

ARTICLE 16

WAIVER

Compliance with the provisions of this Agreement may be waived only by a written document signed by the Party granting the waiver. The failure of either Party at any time to require performance by the other Party of any provision hereof shall in no way affect the full right to require such performance at any time thereafter. Neither shall the waiver by any Party of a breach of any provision hereof be taken or held to be a waiver of any succeeding breach of such provision or as a waiver of the provision itself.

ARTICLE 17

EXECUTION IN COUNTERPARTS; FACSIMILE SIGNATURES

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become a binding agreement when one or more counterparts have been signed by each party and delivered to the other parties. A signature to this Agreement delivered by telecopy or other electronic communication shall be deemed an original signature for all purposes hereunder.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives as of the date first set forth above.

SPRINGS GLOBAL US, INC.

By: /s/ Flavio R. Barbosa
Name: Flavio R. Barbosa
Title: EVP & CFO
Date: 11/5/07

CROWN CRAFTS INFANT PRODUCTS, INC.

By: /s/ E. Randall Chestnut
Name: E. Randall Chestnut
Title: Vice President
Date: 11/5/07

[Signature page for Warehousing Agreement—SGUS/Crown Crafts]

SCHEDULE A

Description of Services

- (1) Location(s): 1495 East Locust Street, Ontario, California 91761
 - (2) Warehouse Services to Include: (All Services will be in accordance with Warehouseman standard warehouse operating procedures and standards unless specifically modified in this Agreement or any Schedule):
 - A. Warehouse Services to include:
 - (1) receipt of Product into Warehouseman warehouse inventory system,
 - (2) forward receipt information to Crown Crafts for entry into Crown Crafts inventory system
 - (3) devanning containers,
 - (4) unloading,
 - (5) sorting,
 - (6) storing,
 - (7) pick orders according to Crown Crafts pick ticket instructions,
 - (8) pick and pack according to Crown Crafts pick ticket instructions,
 - (9) palletizing,
 - (10) inspecting in a manner consistent with Warehouseman's existing quality control process that existed prior to the Closing Date (as defined in the Asset Purchase Agreement),
 - (11) labeling according to Crown Crafts instructions,
 - (12) handling,
 - (13) repacking,
 - (14) rehandling inventory according to Crown Crafts instructions
 - (15) consolidating,
 - (16) routing,
 - (17) staging,
 - (18) loading on outbound trailer
 - (19) adjusting inventory out of Warehouseman warehouse inventory system
 - (20) provide Crown Crafts with completed pick tickets for entry into Crown Crafts inventory system
 - (21) set up new SKU's in Warehouseman warehouse inventory system
 - (22) provide daily or, if agreed by the Parties, less frequent reporting of ending inventory and periodic activity by transaction code to Crown Crafts for reconciliation with Crown Crafts' inventory system, and
 - (23) cycle counting according to Crown Crafts instructions
 - (3) Normal Workday Operating Hours: 5:00 AM PST to 1:30 PM PST
-

Normal Workday Operating Hours to exclude the following holidays: New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving, Christmas Eve, Christmas Day.

SCHEDULE B

Rate Schedule

(1) Rates for Warehouse Services:

	Regular	Overtime	Holidays
Hourly:			
Quality Reinspectors, Order Fillers & Lift Truck Operators	\$11.00 per hour	1.5 times the Regular Rate	Approx 2.0 times the Regular Rate
A-3 Inventory Clerk	\$11.83 per hour	1.5 times the Regular Rate	Approx 2.0 times the Regular Rate
A-5 Inventory Clerk	\$14.14 per hour	1.5 times the Regular Rate	Approx 2.0 times the Regular Rate

Salary:

Baby Supervisor \$4,693 per 4 week
month, \$5,866 per 5
week month

Allocated DC Manager,
Industrial Engineer and
Second Shift Supervisor \$7,676 per 4 week
month, \$9,595 per 5
week month

Hourly rates are exclusive of Warehouseman fringe benefits. Fringe benefits will be charged to Crown Crafts at a fixed rate of 40% of the Regular Hourly charges incurred each month. Temporary labor, if necessary, will be billed to Crown Crafts at the actual cost billed to Warehouseman. Crown Crafts will only be responsible for Hourly and Salary charges to the extent Warehouse Services are provided to Crown Crafts during any month in the Term.

(2) Rates for Distribution Materials, Office Supplies or Special Supplies used for Crown Crafts:

Actual cost.

(3) Utilities, Taxes, Maintenance and Insurance:

Any charges for Utilities, Taxes, Maintenance and Insurance shall be passed through to Crown Crafts on a prorated basis each month throughout the Term. Such additional charges may include, but are not limited to Warehouseman's actual costs for gas, oil, propane, diesel fuel, electricity, water, sewer, telephone, security, property taxes, property insurance, business insurance and building maintenance. Crown Crafts' prorated share of such total expense shall be commensurate with Crown Crafts' portion of the square footage for the entire Warehouse.

(4) Lease Costs:

Warehouseman's actual warehouse lease costs (currently \$58,041 per month) will be passed through to Crown Crafts on a prorated basis each month throughout the Term. Crown Crafts prorated share of such total expenses will be based on the percentage calculated by dividing the square footage of the Warehouse that was allocated to Warehouseman's baby products line prior to the date hereof into the total square footage of the Warehouse.

Warehouseman's actual costs throughout the Term for leased equipment including lift trucks, handling equipment, copiers, faxes and other office equipment dedicated to Warehouseman's baby products line prior to the date hereof (currently \$2,852 per month) will be passed through to Crown Crafts.

SCHEDULE C

Insurance Schedule

A Certificate of Insurance naming Crown Crafts as Certificate Holder is attached hereto as Attachment C-1.

A Certificate of Insurance naming Warehouseman as Certificate Holder is attached hereto as Attachment C-2.

TRANSITION SERVICES AGREEMENT

between

Springs Global US, Inc.

and

Crown Crafts Infant Products, Inc.

Dated as of November 5, 2007

This Transition Services Agreement (this "Agreement") is made and entered into as of November 5, 2007 (the "Effective Time"), by and between Springs Global US, Inc., a Delaware corporation ("Springs Global"), and Crown Crafts Infant Products, Inc., a Delaware corporation ("Crown Crafts").

WITNESSETH:

WHEREAS, Springs Global and Crown Crafts have entered into an Asset Purchase Agreement dated as of the date hereof (the "Asset Purchase Agreement") pursuant to which Springs Global has agreed to sell, and Crown Crafts has agreed to buy, certain of the assets of Springs Global's baby product line;

WHEREAS, in connection with the transactions contemplated by the Asset Purchase Agreement, Crown Crafts desires that Springs Global provide, or cause to be provided, to Crown Crafts, and Springs Global is willing to provide, or cause to be provided, to Crown Crafts, certain transition services as set forth herein during the periods set forth herein; and

WHEREAS, capitalized terms used and not defined in this Agreement shall have the meanings ascribed to them in the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

TERMS AND CONDITIONS

1. Agreement to Provide Services.

1.1 Agreement. Upon the terms and subject to the conditions contained herein and in the Schedules attached hereto, (a) Springs Global hereby agrees to provide, or cause to be provided, to Crown Crafts the Transition Services (as defined herein), and (b) Crown Crafts agrees to pay Springs Global the Service Costs (as defined herein) for such Transition Services.

1.2 Transition Services. In this Agreement, the term "Transition Services" shall mean and refer to the services relating to the operation of Crown Crafts' business set forth on Schedule A; each particular such service shall be referred to herein as a "Transition Service."

1.3 Transition Period. Springs Global shall provide the Transition Services to Crown Crafts during the periods (each, a "Transition Period") that shall commence at the Effective Time and shall, with respect to each Transition Service, continue for the period ending on the date that is six (6) months after the Effective Time or such shorter period, if any, set forth on Schedule A, unless earlier terminated in accordance with Section 1.4.

1.4 Phase Out or Termination of Transition Services. Crown Crafts shall have the unconditional right, in its sole and absolute discretion, to direct that any or all of the Transition Services provided to it be terminated effective on a date established by Crown Crafts ("Early Termination") that is prior to the applicable termination date for such Transition Service. Such Early Termination will be effective no earlier than fifteen (15) days after written notice of the Early Termination is received by Springs Global, unless Springs Global consents in writing to a shorter period. Any such Early Termination shall be final, and the amounts payable by Crown Crafts hereunder shall not be changed in any respect by any such Early Termination. Crown Crafts may at any time request that the level of any specific item of the Transition Services be reduced or phased out, subject to mutual written agreement of the parties at any time. If Crown Crafts fails to pay any Service Costs or Reimbursable Expenses (as defined herein) as and when due hereunder (subject to the provisions of Sections 2.2 and 2.3 hereof) or breaches any other material provision of this Agreement, then Springs Global may terminate this Agreement by giving written notice of termination to Crown Crafts; provided, that Springs Global will not terminate this Agreement without first giving Crown Crafts ten (10) business days following such notice to cure such failure or breach.

2. Payment for Transition Services.

2.1 Service Costs and Reimbursable Expenses. In consideration for Springs Global's provision of the Transition Services, (i) Crown Crafts will reimburse Springs Global (a) for Springs Global's service costs determined in accordance with Schedule A (the "Service Costs") and (b) for Springs Global's actual documented out-of-pocket expenses not otherwise set forth on Schedule A but nevertheless actually and reasonably incurred by Springs Global in connection with providing, or in order to provide or cause to be provided, the Transition Services (the "Reimbursable Expenses"); provided that no Reimbursable Expenses exceeding \$5,000 in the aggregate shall be incurred without the prior written consent of Crown Crafts.

2.2 Reimbursement of Service Costs and Expenses. Springs Global shall invoice Crown Crafts for Service Costs and Reimbursable Expenses promptly after the end of each fiscal month during each Transition Period. Such invoices shall set forth in reasonable detail the Transition Services provided during such month and the Service Costs and Reimbursable Expenses payable by Crown Crafts therefor. Subject to Section 2.3, each invoice shall be paid by wire transfer not later than thirty (30) calendar days following receipt by Crown Crafts thereof in accordance with the written instructions provided by Springs Global to Crown Crafts; provided, that no such payment by Crown Crafts shall be deemed to be a waiver of its rights under Section 2.3. This Section 2.2 and Section 2.3 below shall survive any termination of this Agreement with respect to Transition Services performed pursuant to this Agreement for which Springs Global has not yet been paid by Crown Crafts.

2.3 Audits; Objections. Crown Crafts (and its accountants) shall have the right, upon reasonable written notice and at its expense, to review the applicable books and records of Springs Global with respect to Springs Global's obligations under this Agreement and to confer with employees of Springs Global to review the accuracy of any of the invoices provided to Crown Crafts (in each case during business hours and without unreasonably disrupting Springs Global's normal operations). In the event that Crown Crafts disputes any such invoice or the amount of any such remittances, Crown Crafts shall pay all undisputed

charges on such invoice and shall notify Springs Global in writing of its objections. Crown Crafts and Springs Global shall negotiate in good faith to attempt to resolve such dispute. In the event the parties are unable to resolve such dispute, the parties will seek to resolve such dispute in accordance with Section 7.11 of this Agreement.

3. Service Standards. Springs Global shall perform or cause to be performed the Transition Services with the same degree of care, skill, diligence and compliance with applicable law and in substantially the same manner as performed immediately prior to the Effective Time.

4. Force Majeure. No party shall be liable for any failure of performance attributable to acts, events or causes (including, but not limited to, war, riot, rebellion, civil disturbances, power failures, failure of telephone lines and equipment, flood, storm, fire and earthquake or other acts of God or conditions or events of nature, or any law, order, proclamation, regulation, ordinance, demand or requirement of any governmental authority) beyond its control that prevent in whole or in part performance by such party hereunder. In the event of any such force majeure event, Springs Global will take commercially reasonable steps to mitigate the adverse effect of such force majeure event. Subject to the foregoing, the affected provisions and/or other requirements of this Agreement shall be suspended during the period of such disability and Springs Global shall have no liability to Crown Crafts or any other party in connection therewith other than by reason of breach or nonfulfillment of its covenants in this Section 4. To the extent Springs Global is unable to provide services during any period of force majeure, Crown Crafts shall not be liable for any Service Costs or Reimbursable Expenses during such period of force majeure. Springs Global shall use commercially reasonable efforts to remove such disability as soon as and to the extent reasonably possible and to assist Crown Crafts in finding third parties to provide affected Transition Services at rates no less favorable to Crown Crafts than those applicable hereunder during the period of such disability. Unless otherwise agreed in writing by Crown Crafts, the Transition Period relating to each Transition Service affected by such disability, other than Transition Services related to information technology, shall be deemed to be extended by a period of time equal to the period of such disability.

5. Access to Employees.

(a) At Crown Crafts' request, Springs Global shall use reasonable efforts to provide Crown Crafts with reasonable access to the employees providing the applicable Transition Services hereunder.

(b) Crown Crafts agrees that during the term of this Agreement and for a period of twelve (12) months following the termination of this Agreement Crown Crafts shall, and shall cause its subsidiaries and Affiliates (as defined herein) to, not employ, solicit, tamper with, or divert (or attempt to employ, solicit, tamper with, or divert) away from Springs Global or its Affiliates any of Springs Global's or its Affiliates' employees (other than employees solely associated with the baby product line) for the purpose of engaging or employing them.

6. Indemnification.

(a) Springs Global shall indemnify, defend, save and hold harmless Crown Crafts, its Affiliates, their officers, directors, employees, agents and representatives from and against any and all losses, liabilities, claims, damages, actions, fines, penalties, expenses or costs (including court costs and reasonable attorneys' fees) ("Losses") suffered or incurred by any such Person arising from or in connection with Springs Global's nonfulfillment of or failure to comply with any covenant, agreement or obligation of Springs Global hereunder, except to the extent resulting from Crown Crafts' or any of its Affiliates' acts or omissions.

(b) Crown Crafts shall indemnify, defend and hold harmless Springs Global, its Affiliates, their officers, directors, employees, agents and representatives from and against any and all Losses suffered or incurred by any such Person arising from or in connection with Crown Crafts' nonfulfillment of or failure to comply with any covenant, agreement or obligation of Crown Crafts hereunder, except to the extent resulting from Springs Global's or any of its Affiliates' acts or omissions.

(c) Notwithstanding any other provision of this Agreement, no party shall be liable for lost profit, lost revenue or any other form of indirect, incidental, special, consequential or punitive damages, even if that party has been informed of the possibility of such damages.

7. General Provisions.

7.1 Definitions. For the purposes of this Agreement and the Schedules and Exhibits hereto:

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person. Control of any Person shall consist of the power to direct the management and policies of such Person (whether through the ownership of voting securities, by contract, as trustee or executor or otherwise) and shall be deemed to exist upon the ownership of securities entitling the holder thereof to exercise more than fifty percent (50%) of the voting power in the election of directors of such Person (or other Persons or body performing similar functions).

7.2 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if (a) delivered by hand, (b) mailed by registered or certified mail (return receipt requested), (c) by deposit with a nationally recognized courier for next business day delivery, or (d) faxed and immediately confirmed both orally and in writing, to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and shall be deemed given on the date on which so hand-delivered or so telecommunicated or the next business day following deposit with such courier or on the third business day following the date on which so mailed, if deposited in a regularly-maintained receptacle for United States mail:

If to Springs Global:

Springs Global US, Inc.
205 North White Street
Fort Mill, South Carolina 29715
Attn: General Counsel

Fax: (803) 547-3766

If to Crown Crafts:

Crown Crafts Infant Products, Inc.
916 S. Burnside Avenue
Gonzales, Louisiana 70737
Attn: Mr. E. Randall Chestnut
Fax: (225) 647-9112

With a copy to (which shall not constitute notice to Crown Crafts):

Rogers & Hardin LLP
2700 International Tower
229 Peachtree Street, NE
Atlanta, Georgia 30303
Attn: Steven E. Fox, Esq.
Fax: (404) 525-2224

7.3 Assignment; Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party hereto may assign either this Agreement or any of its rights or interests hereunder, or delegate any of its duties or obligations hereunder, without the prior written approval of the other party.

7.4 No Third-Party Beneficiaries. Except as set forth in Section 6, nothing in this Agreement shall be construed as giving any person, other than the parties hereto and their heirs, successors, legal representatives and permitted assigns, any right, remedy or claim under or in respect of this Agreement or any provision hereof.

7.5 Remedies. Except as otherwise expressly provided herein, none of the remedies set forth in this Agreement is intended to be exclusive, and each party shall have all other remedies now or hereafter existing at law or in equity or by statute or otherwise, and the election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies. Nothing contained herein shall be deemed to be a limitation on any remedies that otherwise may exist or be available to any party under the Asset Purchase Agreement.

7.6 Interpretation; Definitions. The headings contained in this Agreement or in any Schedule hereto are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted. When a reference is made in this Agreement to Sections or Schedules, such reference shall be to a Section of or Schedule to this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The phrases "the date of this Agreement," "the date hereof" and terms of

similar import, unless the context otherwise requires, shall be deemed to refer to the date set forth in the first paragraph of this Agreement. The words “hereof,” “hereby,” “herein,” “hereunder” and similar terms in this Agreement shall refer to this Agreement as a whole (including the Schedules) and not to any particular Section in which such words appear. All references herein to dollar amounts shall be deemed to be references to U.S. Dollars.

7.7 Amendment; Waiver. Neither this Agreement nor any term hereof may be amended or otherwise modified other than by an instrument in writing signed by the parties. No provision of this Agreement may be waived, discharged or terminated other than by an instrument in writing signed by the party against whom the enforcement of such waiver, discharge or termination is sought.

7.8 Counterparts. This Agreement and any amendments hereto may be executed by facsimile and in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other party.

7.9 Severability. If any provision of this Agreement or the application of any such provision to any Person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

7.10 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts entered into and to be performed entirely within such State.

7.11 Dispute Resolution. Any dispute under this Agreement shall be resolved using the arbitration provisions set forth in Section 6.12 of the Asset Purchase Agreement

7.12 Confidentiality. Each party shall keep confidential and cause its Affiliates and their respective officers, directors, employees and representatives to keep confidential the Schedules to this Agreement and all information received from the other party regarding the Transition Services or the business and affairs of the other party in connection with performance of the Transition Services and to use such information only for the purposes set forth in this Agreement, unless otherwise agreed to in writing by the party from which such information was received. In the event a party is required by any court or legislative or administrative body (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigation demand or similar process) to disclose any confidential information provided pursuant to this Agreement, the party shall provide the other party with prompt notice of such requirement in order to afford the other party an opportunity to seek an appropriate protective order or other remedy. However, if the other party is unable to obtain or does not seek such protective order and the party required to disclose the confidential information is, in the opinion of its counsel, legally compelled to disclose such confidential information, disclosure of such information may be made without liability under this Agreement.

7.13 Authority. Neither of the parties hereto shall act or represent or hold itself out as having authority to act as an agent or partner of the other party, or in any way bind or

commit the other party to any obligations. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture, agency, trust or other association of any kind, each party being individually responsible only for its obligations as set forth in this Agreement.

7.14 Term of Agreement. This Agreement will terminate and be of no further force or effect immediately as of the time and date that the last remaining Transition Period (as such Transition Period may have been extended pursuant hereto) shall have either expired or been terminated; provided, that upon termination or expiration of this Agreement, (i) no party hereto shall be relieved of any liability for any breach or nonfulfillment of any provision of this Agreement and (ii) Sections 6 and 7 will survive any termination or expiration of this Agreement. The amounts that Crown Crafts is obligated to pay on a monthly basis pursuant to Section 2.1 will be prorated on a daily basis for any partial month of the term of this Agreement.

7.15. Schedules. All Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein.

7.16 Entire Agreement. This Agreement (including the Schedules hereto) contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether written or oral, relating to such subject matter.

7.17 Taxes. Solely to the extent included in the pricing set forth on the applicable Schedule, Service Costs payable by Crown Crafts to Springs Global shall be inclusive of any applicable sales, use, excise or other similar taxes (each, a "Tax") applicable to the sale of Transition Services. In the event that any Tax is properly chargeable on the provision of a Transition Service as indicated on the applicable Schedule, Crown Crafts shall be responsible for and shall pay the amount of any such Tax in addition to and at the same time as the Service Costs. All Service Costs will be paid free and clear of and without withholding or deduction for or on account of any Tax, except as may be required by applicable law.

7.18 Employees. All persons engaged in providing any Transition Service shall be the sole and exclusive employees of Springs Global or, as applicable, an Affiliate of Springs Global, with Springs Global or such Affiliate, as the case may be, solely responsible for all employment decisions regarding such employees and all costs and obligations associated with such employees, including wages, benefits and Taxes, and for complying with all employment and Tax laws related to such employment.

[Remainder of Page Intentionally Left Blank. Signature Page Follows.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

SPRINGS GLOBAL US, INC.

By: /s/ Flavio R. Barbosa

Name: Flavio R. Barbosa

Title: EVP & CFO

CROWN CRAFTS INFANT PRODUCTS, INC.

By: /s/ E. Randall Chestnut

Name: E. Randall Chestnut

Title: Vice President

[Signature page for Transition Services Agreement –SGUS/Crown Crafts]

SCHEDULE A

TRANSITION SERVICES

CROWN CRAFT INFANT PRODUCTS, INC. TRANSITION SERVICES

I. Information Technology

- Transition Support Services
 - Transition Support Services will be provided, as needed and requested, to assist Crown Crafts in conversion to its EDI, ERP, Distribution and Financial systems and to its own Network facilities during the Transition Period. This support will be coordinated by the Springs Global designated Project Manager who will serve as the primary point of contact between Springs Global and Crown Crafts with respect to any Transition Support Services.
 - Transition Support Services provided will be delivered in accordance with Springs Global's customary work methods and processes and will not include modification of any current Springs Global systems or infrastructure to meet Crown Crafts' transition requirements with the exception of isolating PkMS for stand-alone operations related to the baby products section of the Ontario Warehouse during the Transition Period.
 - Any Transition Support Services continuing after the period ended five business days following the Effective Time will be provided at the time and materials rates established in the Fees & Adjustments section below (to clarify, Transition Support Services are not included in the monthly Service Fee described below).
- Services during the Transition Period
 - Infrastructure Services: Infrastructure support will be limited to phone, fax and photocopier services provided by Springs Global. Crown Crafts will be responsible for establishing and maintaining all hardware, software, data communication and infrastructure related to the operations of Crown Crafts' systems in the Ontario, California warehouse. Crown Crafts agrees to provide, within two weeks prior to implementation, documents which describe in detail any changes proposed in the network infrastructure of the Ontario Warehouse after the date of this Agreement. Springs Global will review the documents within 5 working days and approve the changes or recommend alternatives. Implementation will not commence without approval, via written notice or email, by Springs Global. Network infrastructure includes: cabling, network switches or routers, wireless communications, or the addition of new devices such as PC's, terminals, printers or radio frequency equipment.
 - Application Services: PkMS and EDI application support and forwarding or re-transmitting EDI transactions to Crown Crafts.
- Network

- Crown Crafts and Springs Global shall ensure that their respective networks remain separate.
- Service Level Agreement Parameters
 - Springs Global will provide operational services in a manner consistent with its normal practices and delivery methods, and will provide:
 - ♦ 7 day, 24 hour operation with up to two Sundays per month scheduled downtime from 12:00 a.m. to 7:00 a.m. Eastern Time and other Sundays from 12:00 a.m. to 4:00 a.m. Additional extended downtime for planned, major upgrades will be required by Springs Global. Crown Crafts will be notified via email about any additional extended downtime
 - ♦ Processor uptime measurement of 98% excluding planned downtime;
 - ♦ Completion of nightly batch processing cycles by 8:00 a.m. Eastern Time
 - ♦ Response to service requests and security changes in a manner consistent with Springs Global's normal processes.

Compliance with License Terms

Crown Crafts agrees that it shall not knowingly cause any breach of any licenses for software used to provide the Transition Services. Springs Global agrees that it will pay the PkMS license fee required with respect to Crown Crafts' use of PkMS during the Transition Period.

Fees and Adjustments

- The monthly Service Fee for services provided by Springs Global to Crown Crafts, as described, is \$4,000 for Application Services. Infrastructure Services will be addressed in the separate Warehousing Agreement between Crown Crafts and Springs Global.
- In addition, Springs Global will provide programming/engineering personnel (subject to the availability of qualified information technology personnel) for Transition Support Services continuing after the period ended five business days following the Effective Time (described above in this Section I of Schedule A) and other service not included herein, billable at: \$100/hour.
 - ♦ The monthly Service Fee shall include:
 - a. Provision of systems support in a manner consistent with that provided by Springs Global during the three-month period prior to the Effective Time.
 - b. Normal troubleshooting of device, application, and network issues reported by Crown Crafts or Springs Global using customary trouble reporting processes.
 - ♦ The monthly Service Fee shall not include:
 - a. Any necessary software licenses and associated fees for information processing systems (other than PkMS) Crown Crafts requires to be used at the Ontario Warehouse and that were not used by Springs Global as of the Effective Time. Crown Crafts hereby agrees to pay directly for all such software licensing and assignment fees of any description charged by third

party software manufacturers, hardware, or telecom providers in connection with the performance of the Services hereunder.

- b. Any labor costs incurred by Springs Global personnel relating to provision of any services not provided prior to the Effective Time, such as the addition of new customers that submit purchase orders or other transaction requests in EDI format, installation of equipment, cost of any equipment or software licensing, conversion of data after the period ended five business days following the Effective Time, or any other costs unique to or attributable to Crown Crafts.
- c. The cost of any goods or third party services purchased by Springs Global in connection with the provision of the Services as well as Springs Global's out-of-pocket expenses in connection with any such purchases shall be paid by Crown Crafts. Out-of-pocket expenses include, without limitation, all additional electronic mailbox and transaction fees and other value added network ("VAN") charges relating to the establishment and maintenance by Springs Global of additional mailboxes to support the processing of EDI Purchase Orders or other EDI requested transmissions from Crown Crafts customers, hardware maintenance for devices based at Crown Crafts, software licensing, or acquisition of software or hardware to establish service for Crown Crafts, and telecommunications expenses for provision of service to Crown Crafts facilities or operations.

II. Finance

- Accounts Payable
 - Identification and reconciliation of Assumed Liabilities between Springs Global and Crown Crafts.
- International Accounts Payable
 - LC and DA processing on inventory purchased by Crown Crafts where Springs Global is still the Importer of Record.
 - Transition of credit support documents; e.g., letter of credit.
- Accounts Receivable/Claims
 - Identification of cash receipts and claims received by Springs Global that belong to Crown Crafts.
 - Reconciliation of cash receipts and claims received by Crown Crafts that belong to Springs.
- Treasury Services
 - Periodic wire transfer of net cash receipts received by Springs Global that belong to Crown Crafts.
- Internal and External Financial Reporting
 - Assistance in preparation of 2006 and 2007 interim and annual financial statements.
- Audit Support related to SEC Reporting
 - Assistance provided to Crown Crafts external auditors in preparation of abbreviated financial statements.

Service Provider

- Springs Global's finance department

Fees

- Transition Services will be provided during the Transition Period without charge

III. Springs Asia

Transition Services

- Springs Asia provided product development, design, quality assurance, vendor relations, purchasing and import/export services to Springs Global prior to the Effective Time. For a period of one month following the Effective Time, Springs Asia will assist in the transition of such services for existing products of Springs Global's infant and toddler product line to Crown Crafts without charge.

Service Provider

- Services provided by Springs Asia employees and/or Springs Asia corporate management.

IV. Customer Service

Customer Orders and Routing

- o EDI orders for customers with trading partner numbers specific to infant and toddler products will be redirected to Crown Crafts and will not require any Springs Global Customer Service action.
- o EDI orders for customers with trading partner numbers that are not specific to infant and toddler products will be reviewed on a daily basis and re-transmitted to Crown Crafts Customer Service.
- o Manual orders received by Springs Global Customer Service will be forwarded to Crown Crafts Customer Service
- o Customers with web-based routing or that have special set-up requirements for routing that are not in place at Crown Craft will require Springs Global Customer Service assistance. Crown Crafts will provide customer purchase orders specifics to Springs Global Customer Service for routing with customers.

Service Provider

- Springs Global's Customer Service Department

Fees

- The monthly Service Fee for services relate to Customer Orders and Routing will be \$1,500 per month.

**FIRST AMENDMENT TO
FINANCING AGREEMENT**

THIS FIRST AMENDMENT TO FINANCING AGREEMENT (the "Amendment"), dated as of this 5th day of November, 2007, is made by and among

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

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

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

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

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

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

RECITALS

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

B. The Companies have requested that CIT (i) consent to CCIP purchasing certain assets and assuming certain liabilities of the Baby Division of Springs Global US, Inc., a Delaware corporation ("Springs"), and (ii) increase the amount of the Revolving Line of Credit and make a term loan to the Companies to facilitate such transactions.

C. CIT has agreed to such requests, and to accomplish the foregoing CIT and the Companies have agreed to amend the Financing Agreement and the other Loan Documents as set forth in this Amendment.

STATEMENT OF AGREEMENT

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

ARTICLE I

CONSENT

Subject to the terms and conditions of the Financing Agreement and the other terms and conditions contained in this Amendment, CIT consents to CCIP purchasing certain assets and assuming certain liabilities of the Baby Division of Springs, pursuant to the terms and conditions of that certain Asset Purchase Agreement, dated on or about the date hereof, between CCIP and Springs.

ARTICLE II

AMENDMENTS TO FINANCING AGREEMENT

The Financing Agreement is hereby amended as follows:

2.1 Section 1.1 of the Financing Agreement is amended as follows:

(a) The following new defined terms are added in their proper alphabetical sequence:

First Amendment Effective Date shall mean the date on which the First Amendment to this Financing Agreement is executed and delivered by the Companies and the conditions precedent to the effectiveness of such amendment are satisfied or waived by CIT.

Prepayment Premium shall mean an amount equal to the product obtained by multiplying the principal amount of the Term Loan prepaid by one percent (1%).

Springs shall mean Springs Global US, Inc., a Delaware corporation.

Springs Acquisition shall mean the purchase by CCIP of certain of the assets of the Baby Division of Springs, and the assumption by CCIP of certain of the liabilities of the Baby Division of Springs, all as more fully described in the Springs Purchase Agreement.

Springs Purchase Agreement shall mean the Asset Purchase Agreement, dated November 5, 2007, between CCIP, as purchaser, and Springs, as seller, pursuant to which CCIP has consummated the Springs Acquisition.

Term Loan shall mean the term loan in the principal amount of \$5,000,000 made by CIT to the Companies on or about the First Amendment Effective Date on the terms and conditions set forth in Section 4.2 of this Financing Agreement.

Promissory Note shall mean the note in the form of Exhibit A attached hereto delivered by the Companies to CIT to evidence the Term Loan.

(b) The definition of “Borrowing Base” is amended by deleting the figure “\$3,000,000” from the second clause (a) therein and by substituting in lieu thereof the figure “\$5,800,000.”

(c) The definition of “Obligations” is amended by deleting the parenthetical phrase at the end of clause (a) therein and by substituting in lieu thereof the following new parenthetical phrase: “(including, without limitation, all Revolving Loans, the Term Loan and all obligations of CIT under Letter of Credit Guaranties).”

(d) The definition of “Revolving Line of Credit” is amended by deleting therefrom the figure “\$22,000,000” and by substituting in lieu thereof the figure “\$26,000,000.”

(e) The definition of “Termination Date” is amended by deleting the word and figure “three (3)” and by substituting in lieu thereof the word and figure “four (4).”

2.2 Section 3.5(a) of the Financing Agreement is amended in its entirety to read as follows:

“(a) **Generally.** Unless this Financing Agreement expressly provides otherwise, so long as no Event of Default shall have occurred and remain outstanding, CIT agrees to apply (i) all Proceeds of Trade Accounts Receivable, Wal-Mart Letters of Credit, Inventory and the Factoring Credit Balances to the Revolving Loan Account, (ii) all Proceeds of all other Collateral, to the last maturing installments of principal of the Term Loan until fully repaid, and (iii) any other payment received by CIT with respect to the Obligations, in such order and manner as CIT shall elect in the exercise of its reasonable business judgment.”

2.3 Section 4 of the Financing Agreement is amended in its entirety to read as follows:

“**SECTION 4. Term Loan**

4.1 Promissory Note Evidencing Term Loan. The Companies agree to execute and deliver to CIT the Promissory Note to evidence the Term Loan to be extended to the Companies by CIT.

4.2 Term Loan.

(a) **Funding of Term Loan.** Upon CIT’s receipt of the Promissory Note evidencing the Term Loan and the satisfaction of the other conditions set forth in Section 4.2(a) of the First Amendment to this Financing Agreement, CIT agrees to make the Term Loan to the Companies.

(b) **Repayment of Term Loan.** The principal amount of the Term Loan shall be due and payable in twenty-four (24) consecutive monthly principal installments of \$208,333.33 each commencing on December 1, 2007 and continuing on the first day of each month thereafter through November 1, 2009.

4.3 Provisions Regarding all Term Loans.

(a) **Repayment Upon Termination.** In the event this Financing Agreement or the Revolving Line of Credit is terminated by either CIT or the Companies for any reason whatsoever, the Term Loan, together with all accrued interest thereon and the applicable Prepayment Premium, shall be due and payable in full on the effective date of such termination, notwithstanding any other provision of this Financing Agreement or the Promissory Note to the contrary.

(b) **Optional Prepayments.** The Companies, at their option, may prepay the Term Loan at any time, in whole or in part, provided that on the date of such prepayment, there shall be due and payable (i) accrued interest on the principal so prepaid to the date of such prepayment and (ii) the Prepayment Premium due with respect to such prepayment.

(c) **Application of Prepayments.** Except as CIT and the Companies shall otherwise agree in a separate writing, each prepayment of the Term Loan (whether voluntary or mandatory) shall be applied to the last maturing installments of principal of the Term Loan until fully repaid.

(d) **No Reborrowing.** To the extent repaid, the principal amount of the Term Loan may not be reborrowed under this Section 4.

(e) **Authority to Charge Revolving Loan Account.** The Companies hereby authorize CIT, without notice to the Companies, to charge the Revolving Loan Account with all payments due under this Section 4 as such amounts become due. Any amount charged to the Revolving Loan Account shall be deemed a Chase Bank Rate Loan hereunder and shall bear interest at the rate provided in Section 8.1 (or Section 8.2, if applicable) of this Financing Agreement. The Companies confirm that any charges which CIT may make to the Revolving Loan Account as provided herein will be made as an accommodation to the Companies and solely at CIT's discretion."

2.4 Section 7.2(c)(iii)(x) is amended in its entirety to read as follows:

"(x) In the event of any loss or damage to any Inventory by condemnation, fire or other casualty, CIT agrees to apply the Casualty Proceeds to repay the outstanding Revolving Loans, and then to repay the Term Loans in the manner set forth in Section 4.3(c)."

2.5 A new Section 7.2(m) is added as follows:

“(m) **Springs Acquisition.** The Springs Purchase Agreement is in full force and effect as of the First Amendment Effective Date and has not been amended or waived by any party thereto in any material respect. All representations and warranties of the parties to the Springs Purchase Agreement are, to the best of CCIP’s knowledge, true and correct in all material respects as of the First Amendment Effective Date with the same effect as though made on such date. All requisite approvals by governmental authorities and regulatory bodies having jurisdiction over CCIP in connection with the Springs Acquisition contemplated by the Springs Purchase Agreement have been duly obtained and no such approvals impose any conditions to the consummation of the transactions contemplated by the Springs Purchase Agreement or to the conduct of the business of CCIP in the same manner as heretofore conducted. CCIP has not been notified that legal proceedings adverse to the transaction contemplated by the Springs Purchase Agreement are contemplated by any person, including any governmental body or agency.”

2.6 A new Section 8.1.1 is added between Sections 8.1 and 8.2 as follows:

“**8.1.1 Interest on Term Loans.** Interest on the Term Loan shall be payable monthly on the first day of each month and shall accrue at a rate per annum equal to one half percent (0.5%) plus the Chase Bank Rate. In the event of any change in said Chase Bank Rate, the rate set forth in the first sentence of this Section 8.1.1 shall change, effective as of the date of such change, so as to remain equal to one half percent (0.5%) plus the new Chase Bank Rate. All interest rates shall be calculated based on a 360-day year and actual days elapsed.”

2.7 Section 8.11 is amended in its entirety to read as follows:

“**8.11 Early Termination Fee; Prepayment Premium.** In the event the Companies terminate the Revolving Line of Credit or this Financing Agreement on an Early Termination Date, the Early Termination Fee, if any, shall be due and payable in full on the date of termination. In the event the Companies voluntarily prepay the Term Loan, in whole or in part, the Prepayment Premium applicable thereto shall be due and payable in full on the date of such prepayment.”

2.8 Section 11 is amended by deleting the proviso at the end of the third sentence beginning with the word “provided” and by substituting in lieu thereof the following new proviso: “provided that the Companies pay to CIT any Early Termination Fee and Prepayment Premium due and payable hereunder on the date of termination.”

2.9 Exhibit A attached to this Amendment is made Exhibit A to the Agreement.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

The Companies hereby represent and warrant to CIT that:

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

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

3.3 No Event of Default. No Default or Event of Default exists.

ARTICLE IV
MODIFICATION OF LOAN DOCUMENTS; CONDITIONS PRECEDENT

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

4.2 Conditions Precedent. This Amendment shall become effective and be deemed effective as of the date hereof upon the satisfaction or waiver by CIT of the following conditions precedent:

(a) Receipt by CIT of the following documents, each to be in form and content satisfactory to CIT and its counsel:

(i) this Amendment, duly executed by the Companies;

(ii) the Promissory Note, duly executed by the Companies;

(iii) amendments to the CCIP Factoring Agreement and the Hamco Factoring Agreement, duly executed by CCIP and Hamco, pursuant to which (i) CIT will agree to refund the unpaid Minimum Factoring Fees (as defined in the CCIP Factoring Agreement and the Hamco Factoring Agreement) charged to CCIP and Hamco by CIT for the Contract Year (as defined in the CCIP Factoring Agreement and the Hamco Factoring Agreement) ending July 11, 2007 and (b) the Minimum Factoring Fees owing

by CCIP and Hamco in the Contract Year ending July 11, 2008 will be increased to \$240,000 and adjusted back to \$225,000 for each Contract Year thereafter;

(iv) tax lien, judgment lien and UCC searches on Springs from all jurisdictions reasonably required by CIT, such searches to verify that CIT will have a first priority security interest in the Collateral to be purchased from Springs, subject only to Permitted Encumbrances;

(v) resolutions of the Board of Directors of each Company authorizing the execution, delivery and performance of this Amendment and the other Loan Documents to be executed by each Company in connection with the transactions contemplated by this letter, certified by the Secretary or Assistant Secretary of each Company as of the date thereof, together with a certificate of such Secretary or Assistant Secretary as to the incumbency and signature of the officer(s) executing this Amendment and such other Loan Documents on behalf of each Company;

(vi) an executed Officer's Certificate of each Company, satisfactory in form and substance to CIT, certifying that as of the date thereof (x) the representations and warranties contained herein are true and correct in all material respects, (y) each Company is in compliance with all of the terms and provisions set forth herein and (z) no Default or Event of Default has occurred;

(vii) all information necessary for CIT to issue wire transfer instructions on behalf of the Companies for the loans to be made under the Agreement to finance a portion of the cash purchase price payable to Springs in connection with the Springs Acquisition;

(viii) the favorable, written opinion of counsel to the Companies as to the transactions contemplated by this letter;

(ix) landlord or warehouseman agreements with respect to all leased premises where the Collateral purchased from Springs will be located and for which the Companies have not already provided such an agreement to CIT;

(x) copies of the Springs Purchase Agreement and the other purchase documents related thereto, accompanied by the certificate of the president of the Companies as to certain representations and warranties contained therein and the consummation of the Springs Acquisition;

(xi) a collateral assignment of CCIP's rights and remedies under the Springs Purchase Agreement, duly executed by CCIP and acknowledged and agreed to by Springs and any escrow agent under the Springs Purchase Agreement; and

(xii) such other documents, instruments and agreements as CIT shall reasonably request in connection with the foregoing matters.

(b) All approvals, licenses, consents and filings necessary to permit the Springs Acquisition and the other transactions contemplated by this Amendment shall have been obtained and made;

(c) There shall not have occurred any event, condition or state of facts which would reasonably be expected to have a Material Adverse Effect, as reasonably determined by CIT;

(d) No Default or Event of Default shall have occurred and be continuing; and

(e) Simultaneously with the execution of the Amendment and the other Loan Documents contemplated by the Amendment, the Springs Acquisition shall be consummated in accordance with the terms of the Springs Purchase Agreement and other purchase documents that will be satisfactory to CIT and its counsel; and

(f) CIT shall have satisfactorily completed its due diligence on the Springs Acquisition and the Collateral to be purchased in connection therewith.

ARTICLE V

GENERAL

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

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

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

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

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

5.6 Expenses. The Companies shall reimburse CIT for CIT’s legal fees and expenses incurred in connection with the preparation, negotiation, execution and delivery of this Amendment and all other agreements and documents contemplated hereby.

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

[signatures continued on next page]

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

CCI:

CROWN CRAFTS, INC.

By: /s/ Amy Vidrine Samson
Amy Vidrine Samson
Vice President and CFO

WEAVERS:

CHURCHILL WEAVERS, INC.

By: /s/ Amy Vidrine Samson
Amy Vidrine Samson
Vice President and CFO

HAMCO:

HAMCO, INC.

By: /s/ Amy Vidrine Samson
Amy Vidrine Samson
Vice President and CFO

CCIP:

CROWN CRAFTS INFANT PRODUCTS, INC.

By: /s/ Amy Vidrine Samson
Amy Vidrine Samson
Vice President and CFO

CIT:

THE CIT GROUP/COMMERCIAL SERVICES, INC.

By: /s/ V. R. Wells

Title: AVP

First Amendment to Crown Crafts Financing Agreement

EXHIBIT A
PROMISSORY NOTE

\$5,000,000

November 5, 2007

FOR VALUE RECEIVED, the undersigned, CROWN CRAFTS, INC., a Delaware corporation ("CCI"), CHURCHILL WEAVERS, INC., a Kentucky corporation ("Weavers"), HAMCO, INC., a Louisiana corporation ("Hamco"), and CROWN CRAFTS INFANT PRODUCTS, INC., a Delaware corporation ("CCIP"); together with CCI, Weavers and Hamco, the "Companies" and each a "Company", promises to pay to the order of THE CIT GROUP/COMMERCIAL SERVICES, INC., a New York corporation ("CIT"), at its office located at 301 South Tryon Street, Charlotte, North Carolina 28282, in lawful money of the United States of America and in immediately available funds, the principal amount of Five Million and No/100 Dollars (\$5,000,000), in twenty-four (24) equal principal installments of \$208,333.33. The first such installment shall be due and payable on December 1, 2007 and subsequent installments (including the final installment) shall be due and payable on the first day of each month thereafter until this Note is paid in full.

The Companies further agree to pay interest at said office, in like money, on the unpaid principal amount owing hereunder from time to time from the date hereof on the dates and at the rates specified in Section 8 of the Financing Agreement, dated as of July 11, 2006, among the Companies and CIT (the "Financing Agreement"). Capitalized terms used in this Note and defined in the Financing Agreement shall have the meanings given to such terms in the Financing Agreement unless otherwise specifically defined herein.

This Note is the Promissory Note referred to in the Financing Agreement, evidences the Term Loan made to the Companies thereunder, and is subject to, and entitled to, all provisions and benefits thereof, including optional and mandatory prepayment, in whole or in part, as provided therein.

Notwithstanding any other provision of this Note to the contrary, upon the occurrence of any Event of Default specified in the Financing Agreement, or upon termination of the Financing Agreement for any reason, all amounts then remaining unpaid on this Note may become, or be declared to be, at the sole election of CIT, immediately due and payable as provided in the Financing Agreement.

[signatures appear on next page]

CCI:

CROWN CRAFTS, INC.

By: /s/ Amy Vidrine Samson

Amy Vidrine Samson
Vice President and CFO

WEAVERS:

CHURCHILL WEAVERS, INC.

By: /s/ Amy Vidrine Samson

Amy Vidrine Samson
Vice President and CFO

HAMCO:

HAMCO, INC.

By: /s/ Amy Vidrine Samson

Amy Vidrine Samson
Vice President and CFO

CCIP:

CROWN CRAFTS INFANT PRODUCTS, INC.

By: /s/ Amy Vidrine Samson

Amy Vidrine Samson
Vice President and CFO

COMMONWEALTH OF KENTUCKY
COUNTY OF MADISON

FIRST AMENDMENT TO MORTGAGE,
ASSIGNMENT OF LEASES AND RENTS
AND SECURITY AGREEMENT

(Cross-reference to Mortgage, Assignment of Leases and Rents
and Security Agreement recorded in Book M1118, Page 58)

THIS FIRST AMENDMENT TO MORTGAGE, ASSIGNMENT OF LEASES AND RENTS AND SECURITY AGREEMENT ("Amendment"), executed as of the 5th day of November, 2007, by and between CHURCHILL WEAVERS, INC. ("Mortgagor"), a Kentucky corporation, with an office located at 916 South Burnside Avenue, Gonzales, Louisiana 70737; and THE CIT GROUP/COMMERCIAL SERVICES, INC. ("Lender"), a New York corporation, with an office located at Two Wachovia Center, Suite 2500, 301 South Tryon Street, Charlotte, Mecklenburg County, North Carolina 28282;

WITNESSETH:

WHEREAS, the Mortgagor executed and delivered to the Lender a certain Mortgage, Assignment of Leases and Rents and Security Agreement, dated July 11, 2006, which was recorded July 12, 2006, in Book M1118, Page 58, County Clerk of Madison County, Kentucky (such Mortgage, Assignment of Leases and Rents and Security Agreement, as amended, modified, restated or supplemented from time to time, being hereinafter called the "Mortgage"), encumbering certain real property owned by the Mortgagor and located in Madison County, Kentucky, as more particularly described in Exhibit A attached hereto and incorporated herein by reference;

WHEREAS, the Mortgage secures all of the loans, advances, indebtedness, obligations and liabilities now or hereafter owing by the Mortgagor, Crown Crafts, Inc., a Delaware corporation ("CCI"), Crown Crafts Infant Products, Inc., a Delaware corporation ("CCIP"), and Hamco, Inc., a Louisiana corporation ("Hamco"; together with Mortgagor, CCI and CCIP, the "Borrowers" and each a "Borrower"), to the Lender under that certain Financing Agreement, dated July 11, 2006 (such Financing Agreement, as it may hereafter be amended from time to time, being hereinafter called the "Financing Agreement");

WHEREAS, the Borrowers and the Lender have entered into a certain First Amendment to the Financing Agreement, dated on or about the date hereof, pursuant to which, among other things, the Lender has agreed to rely upon Section 1.15 of the Mortgage relating to future advances to Borrowers to make a new term loan to the Borrowers in the amount of \$5,000,000 and increase the maximum amount of revolving loans that can be outstanding at any one time

under the Financing Agreement from \$22,000,000 to \$26,000,000 and extend the maturity date of the revolving loans; and

WHEREAS, the parties hereto desire to enter into this Amendment in order to make conforming amendments to the Mortgage as herein set forth;

NOW THEREFORE, for and in consideration of the premises, the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, the parties hereto do hereby agree as follows:

1. Definitions. Unless otherwise defined in this Amendment, all terms defined in the Mortgage shall have the same meanings herein.

2. Amendments to Mortgage. The parties intend for the additional indebtedness extended by the Lender to the Borrowers and described in Section 2.1 below to be covered by Section 1.15 of the Mortgage relating to future advances. The Mortgage is hereby amended as follows:

2.1 Paragraph (a) on page 3 of the Mortgage is amended in its entirety to read as follows:

“(a) All loans, advances, indebtedness, obligations and liabilities now or from time to time hereafter owing by Mortgagor, Crown Crafts, Inc., a Delaware corporation (“CCI”), Crown Crafts Infant Products, Inc., a Delaware corporation (“CCIP”) and Hamco, Inc., a Louisiana corporation (“Hamco”; together with Mortgagor, CCI and CCIP, the “Borrowers” and each a “Borrower”), to Lender under that certain Financing Agreement, dated of even date herewith (such Financing Agreement and the First Amendment thereto dated November 5, 2007, as it may hereafter be amended from time to time, being hereinafter called the “Financing Agreement,” capitalized terms used but not otherwise defined herein having the same meaning given therein), or under any agreement, instrument or document executed or delivered to Lender in respect of the Financing Agreement or the transactions contemplated thereby, pursuant to which Lender has agreed to make a total credit facility of \$31,000,000 available to the Borrowers, including, without limitation:

(i) A term loan to the Borrowers in the principal amount of \$5,000,000 evidenced by the Borrowers’ \$5,000,000 Promissory Note (the “Note”), dated of even date with the First Amendment to the Financing Agreement and which Note by this reference is incorporated herein and made a part hereof, which Note has a maturity date of November 1, 2009; and

(ii) A \$26,000,000 revolving line of credit pursuant to which revolving loans may be made, repaid and readvanced in accordance with and evidenced by the Financing Agreement up to an aggregate principal amount of such revolving loans outstanding at any one time in the sum of

\$26,000,000, which revolving loans have a maturity date of July 11, 2010.”

2.2 The first full paragraph on page 4 of the Mortgage beginning with the words “The Financing Agreement” is amended in its entirety to read as follows:

“The Financing Agreement, this Mortgage, the Note and all other instruments, agreements, documents and guaranty agreements executed in connection with the Financing Agreement or the transactions contemplated thereby are hereinafter collectively called the “Loan Documents”.”

2.3 Section 1.15 of the Mortgage is amended by deleting therefrom the words and figure “Twenty-Two Million Dollars (\$22,000,000)” and by substituting in lieu thereof the words and figure “Thirty-One Million Dollars (\$31,000,000).”

2.4 A new Section 1.16 is added to the Mortgage which shall read as follows:

“1.16 Line of Credit Portion. The Obligations secured hereby are, in part, a line of credit (as described in KRS Section 382.385) and the total amount secured hereby may decrease or increase from time to time, but the maximum principal amount of credit which may be extended under the line of credit portion of the Obligations and which may be outstanding at any time or times under the line of credit portion of the Obligations is Twenty-Six Million Dollars (\$26,000,000.00).”

3. References to Financing Agreement. All references in the Mortgage to the “Financing Agreement” shall hereafter mean and refer to the Financing Agreement as modified by the First Amendment thereto.

4. References to Mortgage. All references in the Mortgage to the “Mortgage” shall hereafter mean and refer to the Mortgage as modified by this Amendment.

5. Effect of Amendment. Except as expressly herein amended, the Mortgage, and each and every term and provision thereof, shall remain in full force and effect, enforceable in accordance with its terms.

6. Controlling Law; Parties. Nothing contained herein shall in any way constitute a novation of the Obligations of the Mortgage, or impair any of the rights, powers or remedies of Lender in respect of the Obligations or under the Mortgage. This Amendment shall be construed, interpreted, enforced and governed by and in accordance with the laws of the State of Kentucky.

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

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be duly executed by duly authorized corporate officers on the day and year first above written.

MORTGAGOR:

CHURCHILL WEAVERS, INC.

By: /s/ E. Randall Chestnut
Title: President & CEO

LENDER:

THE CIT GROUP/COMMERCIAL SERVICES, INC.

By: /s/ V. R. Wells
Title: AVP

ACKNOWLEDGMENTS

STATE OF _____

COUNTY OF _____

I, the undersigned authority, a Notary Public in and for said County, in said state, hereby certify that _____, the _____ of Churchill Weavers, Inc., who is personally known to me to be the same person whose name is signed to the foregoing instrument, acknowledged before me on this day that, being informed of the contents of the instrument, he, in his capacity as such _____ and with full authority, executed the same voluntarily for and as the act of said corporation on the day the same bears date.

Given under my hand this the ____ day of November, 2007.

Notary Public
My Commission Expires:
Resident of _____ County

STATE OF _____

COUNTY OF _____

I, the undersigned authority, a Notary Public in and for said County, in said state, hereby certify that _____, the _____ of The CIT Group/Commercial Services, Inc., who is personally known to me to be the same person whose name is signed to the foregoing instrument, acknowledged before me on this day that, being informed of the contents of the instrument, he, in his capacity as such _____ and with full authority, executed the same voluntarily for and as the act of said corporation on the day the same bears date.

Given under my hand this the ____ day of November, 2007.

Notary Public
My Commission Expires:
Resident of _____ County

PREPARED BY AND WHEN RECORDED RETURN TO:

HUNTON & WILLIAMS LLP

BY: _____
JEREMY M. DEESE, ESQ.

Bank of America Plaza, Suite 3500
101 South Tryon Street
Charlotte, North Carolina 28280
Telephone: (704) 378-4700

EXHIBIT A

Churchill Weavers, 100 Churchill Drive, Berea, Madison County, Kentucky 40403

A certain tract of land located on the south side of Lorraine Court, approximately 420 feet east of Estill Street in Berea, Madison Co., Kentucky, and being bound by survey (job no. 5592) made November 22, 1995, by Charles E. Black, a Licensed Land Surveyor (L.S. 670), and shown as Tract 4A on a certain plat which is recorded in Plat Book 13, page 65, in the office of the Madison County Clerk, Richmond, Kentucky, to which reference is made for a more complete description, and said property being more particularly described as follows:

TRACT 4A:

Beginning at an existing pipe in the south right of way line of Lorraine Court and west corner to lot 9 of Lorraine Court Subdivision; thence leaving said right of way line with the line of lot 9 S41° 19' 32"E 151.82 feet to an existing bolt in a 1/2" pipe; thence continuing with lot 9 for a portion of and lot 11 for the remainder of N53° 32' 00" E 100.01 feet to a steel pin at the common corner of lots 11 and 13; thence leaving the line of lot 11 on a new line dividing the lands of Tract 4 S51° 02' 37" E 266.00 feet to an existing steel pin & cap in the line of the Berea Country Club; thence continuing with the lines of the Berea Country Club two (2) calls: S39° 12' 22" E 325.21 feet to an existing steel pin; thence, S45° 55' 37" W 157.78 feet to an existing 3/4" pipe & cap in the line of lot 8 of Churchill Acres Subdivision (Robert Nunnery); thence leaving the lines of the Berea Country Club with the line of lot 8 for a portion of, lot 7 (John S. Cooke) for a portion of, lot 6 (J. Randolph Osborne) for a portion of and lot 5 (London Peoples) for the remainder of four (4) calls: N44° 17' 09" W 142.99 feet to an existing 3/4" pipe; thence, S45° 20' 15" W 123.61 feet to an existing steel pin & cap; thence, N49° 16' 36" W 238.40 feet to an existing 1 1/2" pipe; thence, N49° 16' 36" W 227.37 feet to an existing 1 1/2" pipe and common corner to Tract 5; thence continuing with the line of Tract 5 N24° 09' 10" W 25.39 feet to an existing steel pin & cap and corner to Lot 1 of Lorraine Court Subdivision; thence continuing with lot 1 N54° 06' 54" E 63.00 feet to an existing 6" bolt and common corner to lot 1 & 3; thence continuing with lot 1 N41° 22' 15" W 140.30 feet to an existing steel pin & cap in the south right of way line of Lorraine Court; thence continuing with said right of way line N48° 51' 06" E 150.21 feet to an existing pipe and point of beginning and containing 4.44 acres.

Being a portion of the property conveyed to Churchill Weavers, Inc. by David C. Churchill and Eleanor F. Churchill, husband and wife, pursuant to that certain Deed dated June 12, 1952, recorded in Deed Book 152, Page 335, of the real estate records of Madison County Clerk's office.

THERE IS EXCEPTED AND EXCLUDED from the above-described property, the following conveyance from Churchill Weavers, Inc., a Kentucky corporation, to Richard Bellando and Lila Bellando, by deed dated March 26, 2007, of record in Deed Book 619, Page 431, in the Madison County Clerk's Office, said exclusion being more particularly described as follows, to wit:

A certain tract of land located on the south side of Lorraine Court approximately 420.00' from the intersection of Lorraine Court and Forest Street and being bound by a Class A Survey

prepared by Central Kentucky Land Surveying, Inc., Jay Webb, LS 3505, and further described as follows:

Beginning at a set steel pin (1/2" rebar, 18" long with yellow plastic cap stamped CKLS WEBB LS 3505) in the south right of way line of Lorraine Court (20.00' from existing centerline) and in the line of Lot 3, Lorraine Court Subdivision, Plat Book 1, Page 18, said pin being located, N 48° 04' 12" E 30.00' from a found steel pin with no cap corner to Lot 3, Lorraine Court Subdivision, Plat Book 1, Page 18, and Deborah R. Whatley, Deed Book 442, Page 63, Lot 1, Lorraine Court Subdivision, Plat Book 1, Page 18; thence continuing with the right of way line of Lorraine Court, N 48° 04' 12" E 80.00' to a set steel pin (1/2" rebar, 18" long with yellow plastic cap stamped CKLS WEBB LS 3505) in the south right of way line of Lorraine Court and in the line of Lot 7, Lorraine Court Subdivision, Plat Book 1, Page 18; thence leaving the south right of line of Lorraine Court on new lines dividing the lands of Churchill Weavers, Deed Book 152, Page 335, Lot 3, 5 & 7, Plat Book 1, Page 18, S 42° 11' 39" E 66.01' to a set steel pin (1/2" rebar, 18" long with yellow plastic cap stamped CKLS WEBB LS 3505); thence S 04° 47' 32" E 42.52' to a set steel pin (1/2" rebar, 18" long with yellow plastic cap stamped CKLS WEBB LS 3505); thence S 47° 58' 23" W 54.47' to a set steel pin (1/2" rebar, 18" long with yellow plastic cap stamped CKLS WEBB LS 3505); thence N 42° 01' 37" W 100.00' to the point of beginning, hereby designated as Lot 1, 0.017 Acres (7572 Sq. Ft.); and

For further detail see plat prepared by Central Kentucky Land Surveying, Inc., dated 3/14/07, of record in Plat Cabinet 24, Slide 106, in the Madison County Clerk's Office.



For Immediate Release

November 5, 2007

Crown Crafts Acquires Infant and Toddler Product Line from Springs Global; Announces Preliminary Results for Second Quarter; Provides Revenue Guidance for Third Quarter

Gonzales, Louisiana — Crown Crafts, Inc. (“Crown Crafts” or the “Company”) (NASDAQ-CM: CRWS) today announced the acquisition through its wholly-owned subsidiary, Crown Crafts Infant Products, Inc., of the infant and toddler product line of Springs Global US, Inc. (“Springs”). The Company also announced preliminary results for the fiscal year 2008 second quarter and provided revenue guidance with respect to the fiscal year 2008 third quarter.

Springs Acquisition. At closing, the Company paid approximately \$12.4 million for the inventory, intellectual property and certain other assets associated with the Springs infant and toddler product line and assumed certain liabilities. (The final purchase price is subject to adjustment pending the completion of the final inventory valuation, as a result of which the Company expects the final purchase price to be reduced.) In conjunction with the acquisition, the Company amended its credit facility to increase the maximum principal amount of its revolving line of credit from \$22 million to \$26 million, to extend the term of the revolving line of credit one year to July 11, 2010 and to provide for a \$5 million term loan due November 1, 2009. The Company also entered into warehousing and shared services agreements with Springs under which Springs will warehouse and distribute purchased products for six months.

Excluding the effects of the shared services agreement and amortization expense related to intangibles, the Company anticipates an annual increase in sales, pre-tax net income, earnings before interest, taxes, depreciation and amortization (EBITDA) and earnings per share as follows:

	Annual Impact	
Net sales	\$ 25.0	million
Pre-tax net income	\$ 3.5	million
EBITDA	\$ 4.4	million (1)
Basic earnings per share	\$ 0.20	
Diluted earnings per share	\$ 0.19	

(1) See Non-GAAP Reconciliation — EBITDA

Net income, EBITDA, and earnings per share for the first six months after the acquisition will be negatively impacted by approximately \$550,000 due to additional costs related to the warehousing and shared services agreements. After that time, the Company will fully absorb the operations into Crown Crafts Infant Products. The transition is expected to be seamless as operations will be merged into existing operations at Crown Crafts Infant Products with only minimal additional overhead.

“The addition of Springs’ infant and toddler product line is expected to expand the Company’s toddler business from \$1.3 million to \$17.5 million,” said E. Randall Chestnut, Chairman, President and Chief Executive Officer of the Company. “In addition, we anticipate that the transaction will be highly accretive and that diluted earnings per share will increase by \$0.19 after the first six months when the warehousing and shared services arrangements with Springs are terminated.”

Springs entered the infant products market in 1995 with the purchase of Dundee Mills, a pioneer in the infant products market. Dundee Mills, founded in 1888 primarily as a towel producer, acquired the Baby Products division of Johnson & Johnson in 1972. Dundee Mills and Springs became well-known brands in the infant products market with innovative licensed and branded products.

“The addition of an established growing portfolio of toddler bedding solidifies the Company’s leadership position in this category,” commented Nanci Freeman, President and Chief Executive Officer of Crown Crafts Infant Products, Inc. “With the convertible crib becoming the crib of choice for new parents, the Toddler Bedding category continues to grow. As the crib converts to a toddler bed, the parents are very willing to invest in toddler bedding. In addition to the toddler program, we will also be in a position to strengthen our business in the infant nursery décor category.”

“The baby business has been and remains a good business. Our decision to make this agreement with Crown Crafts simply reflects our continued focus on our three core businesses: Bed, Bath and Basic Bedding,” stated Thomas O’Connor, Executive Vice President of Springs.

The Company will host a teleconference on Tuesday, November 6, 2007 at 10:00 a.m. Central Standard Time to discuss the acquisition and answer appropriate questions from stockholders. Interested investors may join the teleconference by dialing (877) 260-8899. Please refer to confirmation number 892634. The teleconference can also be accessed in listen-only mode by visiting the Company’s website at www.crowncrafts.com. The financial information to be discussed during the teleconference may be found prior to the call on the investor relations portion of the Company’s website.

A telephone replay of the teleconference will be available from 11:45 a.m. Central Standard Time on November 6, 2007 through 11:59 p.m. Central Standard Time on November 13, 2007. To access the replay, dial (800) 475-6701 in the United States or (320) 365-3844 from international locations. The access code for the replay is 892634.

Preliminary Second Quarter Results and Financial Guidance. The Company also announced that, subject to finalizing second quarter results, it estimates that it will report a decline in sales of \$3.8 million, or 18%, from \$20.9 million to \$17.1 million and a decline in net income of \$1.1 million, excluding the gain on refinancing in fiscal year 2007, from \$1.6 million to \$0.5 million for the 2008 second quarter as compared to the 2007 second quarter. The primary reasons for the sales decline are a net \$2.1 million decrease in programs discontinued subsequent to the fiscal year 2007 second quarter and a decrease in shipments of replenishment orders, offset by shipments of new designs; a decrease of \$0.9 million due to promotions in the prior year not repeated in the current year; a decrease of \$0.4 million due to a shift from the second quarter to the third quarter; and a \$0.4 million decrease due to shipments of replenishment orders of vinyl bibs related to the temporary discontinuance of sales of vinyl bibs by Babies R Us. The decline in net income is a direct result of the decrease in sales, along with increased costs of \$463,000 associated with the Company’s proxy contest, increased stock compensation costs of \$105,000 and a charge of \$215,000 related to vinyl bibs. The Company also indicated that, without giving any effect to the Springs acquisition, it anticipates that third quarter 2008 sales will be approximately 4% to 6% higher than the prior-year quarter sales of \$15.4 million.

The Company intends to release the full results of its operations for the second quarter of fiscal year 2008 before the market opens on Wednesday, November 14, 2007. E. Randall Chestnut, Chairman, President and Chief Executive Officer, and Amy Vidrine Samson, Chief Financial Officer, will host a teleconference at 1:00 p.m. Central Standard Time on that same day to discuss the Company’s results and answer appropriate questions from stockholders.

Interested investors may join the teleconference by dialing (800) 230-1092. Please refer to confirmation number 890903. The teleconference can also be accessed in listen-only mode by visiting the Company's website at www.crowncrafts.com. The financial information to be discussed during the teleconference may be found on the investor relations portion of the Company's website after earnings are released.

A telephone replay of the teleconference will be available from 4:30 p.m. Central Standard Time on November 14, 2007 through 11:59 p.m. Central Standard Time on November 21, 2007. To access the replay, dial (800) 475-6701 in the United States or (320) 365-3844 from international locations. The access code for the replay is 890903.

The Company is providing this preliminary information about its second quarter results prior to its scheduled earnings announcement date because of the timing of the Springs acquisition. Investors should not expect the Company to provide information about the results of future quarters in advance of scheduled quarterly earnings announcement dates. In addition, investors should not expect the Company to update the information in this release in advance of the scheduled announcement date for its second quarter 2008 earnings.

About Crown Crafts

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

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

Contact: Olivia Elliott, Secretary — Treasurer
(225) 647-9124
or
Halliburton Investor Relations
(972) 458-8000

Crown Crafts, Inc.
Non-GAAP Reconciliation — EBITDA
(In thousands)
(Unaudited)

Pre-tax net income	\$ 3,500
Interest expense	900
Depreciation	—
Amortization	—
EBITDA	<u>\$ 4,400</u>

Earnings before interest, income taxes, depreciation and amortization (EBITDA) is a measure that management uses to monitor our operating and cash flow performance. In calculating EBITDA, the Company excludes interest, taxes, depreciation and amortization. This non-GAAP measure is provided as supplemental information and should not be considered as a substitute for net income, as an indicator of the Company's operating performance, or for cash flow, as a measure of the Company's liquidity.