
**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 7, 2008 (November 6, 2008)**

Crown Crafts, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other
Jurisdiction of
Incorporation)

1-7604

(Commission File Number)

58-0678148

(IRS Employer
Identification
No.)

916 South Burnside Avenue, Gonzales, LA

(Address of Principal Executive Offices)

70737

(Zip Code)

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

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

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

The information set forth in Item 5.02 is incorporated herein by this reference.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangement of Certain Officers.

On November 6, 2008, Crown Crafts, Inc. (the “Company”) entered into amendments to the employment agreements with each of E. Randall Chestnut, President and Chief Executive Officer of the Company, Amy Vidrine Samson, Vice President and Chief Accounting Officer of the Company, and Nanci Freeman, President and Chief Executive Officer of Crown Crafts Infant Products, Inc., a wholly-owned subsidiary of the Company, as well an amendment to the severance protection agreement between the Company and Mr. Chestnut. The purpose of such amendments was to bring the agreements into compliance with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury regulations and Internal Revenue Service guidance thereunder. The amendments generally affect the timing, but not the amount, of compensation and other benefits that may be received by the executive officers thereunder and implement related technical changes. In addition, the employment agreement amendments also revise the description of the Company’s business for purposes of the agreements’ noncompetition provisions to reflect the Company’s current operations with respect to infant and toddler products.

The foregoing amendments are filed as exhibits hereto, and the description contained herein of such amendments is qualified in its entirety by reference to the terms of such documents.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

- | | |
|------|--|
| 10.1 | First Amendment to Employment Agreement dated November 6, 2008 by and between the Company and E. Randall Chestnut |
| 10.2 | First Amendment to Amended and Restated Severance Protection Agreement dated November 6, 2008 by and between the Company and E. Randall Chestnut |
| 10.3 | First Amendment to Amended and Restated Employment Agreement dated November 6, 2008 by and between the Company and Amy Vidrine Samson |
| 10.4 | First Amendment to Amended and Restated Employment Agreement dated November 6, 2008 by and between the Company and Nanci Freeman |
-

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/ E. Randall Chestnut

E. Randall Chestnut,
President and Chief Executive Officer

Dated: November 7, 2008

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit</u>
10.1	First Amendment to Employment Agreement dated November 6, 2008 by and between the Company and E. Randall Chestnut
10.2	First Amendment to Amended and Restated Severance Protection Agreement dated November 6, 2008 by and between the Company and E. Randall Chestnut
10.3	First Amendment to Amended and Restated Employment Agreement dated November 6, 2008 by and between the Company and Amy Vidrine Samson
10.4	First Amendment to Amended and Restated Employment Agreement dated November 6, 2008 by and between the Company and Nanci Freeman

FIRST AMENDMENT
TO
EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO EMPLOYMENT AGREEMENT (the “Amendment”) is made and entered into as of the 6th day of November, 2008, by and between **CROWN CRAFTS, INC.**, a Delaware corporation (“Employer”), and **E. RANDALL CHESTNUT**, an individual resident of the State of Louisiana (“Employee”).

W I T N E S S E T H:

WHEREAS, Employer and Employee have entered into that certain Employment Agreement dated as of July 23, 2001 (the “Agreement”);

WHEREAS, Employer and Employee wish to amend the Agreement as provided herein to comply with Section 409A of the Internal Revenue Code of 1986, as amended; and

WHEREAS, capitalized terms used but not otherwise defined herein shall have the same meanings given to such terms in the Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein, the parties hereto do hereby agree as follows:

1. Amendments to Agreement. The Agreement is hereby amended as follows:

(a) The second sentence of Section 7.2.3 of the Agreement is amended and restated in its entirety as follows:

“For purpose of reference, such activities currently include the business of manufacturing, marketing and distribution of infant and toddler bedding, blankets and accessories and infant bibs, bath items and gift sets and the Employer’s operations and activities related thereto.”

(b) Section 10.5 of the Agreement is amended and restated in its entirety as follows:

“10.5 If this Agreement is terminated (i) at Employer’s election without Cause or (ii) at the election of Employee for Good Reason within sixty (60) days after the occurrence of the event that constitutes Good Reason, then, in each such case, Employee shall be entitled to those benefits to which Employee would be entitled if a Change in Control would have occurred as set forth in Section 13 hereof, payable as provided therein.”

(c) The definition of “Competing Business” in Section 12.1 of the Agreement is amended and restated in its entirety as follows:

““Competing Business” means a business that, wholly or partly, directly or indirectly, engages in manufacturing, marketing or distribution of infant or toddler bedding, blankets or accessories or infant bibs, bath items or gift sets.”

(d) Section 13.1 of the Agreement is amended and restated in its entirety as follows:

“13.1 “*Change in Control*” shall have the same meaning as set forth in Section 2.5 of that certain Amended and Restated Severance Protection Agreement dated April 20, 2004 between Employer and Employee (as the same may be amended from time to time, the “Severance Protection Agreement”).”

(e) Section 13.2 of the Agreement is amended and restated in its entirety as follows:

“13.2 If there occurs a Change in Control of Employer, Employee shall be entitled to the compensation and benefits set forth in Section 3 of the Severance Protection Agreement, payable as provided therein.”

(f) Section 14.2 of the Agreement is amended and restated in its entirety as follows:

“14.2 This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without giving effect to the conflict of laws principles thereof.”

(g) The Agreement is amended by deleting Section 14.7 thereof in its entirety.

(h) The Agreement is amended by adding the following as new Section 15 thereof:

“15. *Compliance with Section 409A.*

15.1 This Agreement shall be interpreted to avoid any penalty sanctions under Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”). If any payment or benefit cannot be provided or made at the time specified herein without incurring sanctions under Section 409A, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed. For purposes of Section 409A, (i) all payments to be made upon a termination of employment under this Agreement may only be made upon a “separation from service” within the meaning of such term under Section 409A, (ii) each payment made under this Agreement shall be treated as a separate payment and (iii) the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. In no event shall Employee, directly or indirectly, designate the calendar year of payment.

15.2 All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirements that (i) any reimbursement is for expenses incurred during Employee's lifetime (or during a shorter period of time specified in this Agreement), (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

15.3 Notwithstanding any provision in this Agreement to the contrary, if, at the time of Employee's separation from service with Employer, Employer has securities which are publicly traded on an established securities market, Employee is a "specified employee" (as defined in Section 409A) and it is necessary to postpone the commencement of any severance payments otherwise payable pursuant to this Agreement as a result of such separation from service to prevent any accelerated or additional tax under Section 409A, then Employer will postpone the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Employee) that are not otherwise exempt from Section 409A until the first payroll date that occurs after the date that is six (6) months following Employee's separation from service with Employer (as determined under Section 409A). If any payments are postponed pursuant to this Section 15.3, then such postponed amounts will be paid in a lump sum to Employee on the first payroll date that occurs after the date that is six (6) months following Employee's separation from service with Employer. If Employee dies during the postponement period prior to the payment of any postponed amount, such amount shall be paid to the personal representative of Employee's estate within sixty (60) days after the date of Employee's death."

(i) Schedule 12 to the Agreement is amended by (i) replacing "Paramus, New Jersey" as referenced therein with "Wayne, New Jersey" and (ii) deleting "Troy, Michigan".

2. Miscellaneous.

(a) Choice of Law. This Amendment shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without giving effect to the conflict of laws principles thereof.

(b) Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(c) Severability. If any term or provision of this Amendment is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the

remainder of the terms and provisions of this Amendment shall in no way be affected, impaired or invalidated.

(d) Existing Terms. The existing terms and conditions of the Agreement shall remain in full force and effect except as such terms and conditions are specifically amended by, or conflict with, the terms of this Amendment.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment, or caused this Amendment to be executed by the undersigned thereunto duly authorized, as of the date first written above.

CROWN CRAFTS, INC.

By: /s/ Olivia Elliott

Name: Olivia Elliott

Title: VP & CFO

/s/ E. Randall Chestnut

E. RANDALL CHESTNUT

FIRST AMENDMENT
TO
AMENDED AND RESTATED SEVERANCE PROTECTION AGREEMENT

THIS FIRST AMENDMENT TO AMENDED AND RESTATED SEVERANCE PROTECTION AGREEMENT (the “Amendment”) is made and entered into as of the 6th day of November, 2008, by and between **CROWN CRAFTS, INC.**, a Delaware corporation (the “Company”), and **E. RANDALL CHESTNUT**, an individual resident of the State of Louisiana (the “Executive”).

W I T N E S S E T H:

WHEREAS, the Company and the Executive have entered into that certain Amended and Restated Severance Protection Agreement dated as of April 20, 2004 (the “Agreement”);

WHEREAS, Company and Executive wish to amend the Agreement as provided herein to comply with Section 409A of the Internal Revenue Code of 1986, as amended; and

WHEREAS, capitalized terms used but not otherwise defined herein shall have the same meanings given to such terms in the Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein, the parties hereto do hereby agree as follows:

1. **Amendments to Agreement**. The Agreement is hereby amended as follows:

(a) Subsection 3.1.1 of the Agreement is amended by replacing “90-day period” as referenced therein with “60-day period”.

(b) Subsection 3.1.2 is amended and restated in its entirety as follows:

“3.1.2 If the Executive’s employment with the Company shall be terminated (i) by the Company other than for Cause or Disability, (ii) by the Executive for Good Reason within sixty (60) days after the occurrence of the event that constitutes Good Reason or (iii) by the Executive for any reason during the Window Period, the Executive shall be entitled to the following:”

(c) Subsection 3.1.2(vi) is amended by adding the following immediately before the semicolon at the end thereof:

“and **provided further** that such expenses must be incurred by the Executive no later than the end of the second calendar year following the calendar year in which his termination of employment occurs”

(d) Subsection 3.1.2(vii) is amended by adding the following immediately before the period at the end thereof:

“, provided that such expenses must be incurred by the Executive no later than the end of the second calendar year following the calendar year in which his termination of employment occurs”

(e) Subsection 3.1.3 is amended and restated in its entirety as follows:

“3.1.3. The amounts provided for in subsections 3.1.1 and 3.1.2(i), (ii) and (iv) shall be paid in a lump sum in cash within five (5) days of the Executive’s Termination Date.”

(f) The Agreement is amended by adding the following as new Section 16 thereof:

“16. Compliance with Section 409A.

16.1 This Agreement shall be interpreted to avoid any penalty sanctions under Section 409A of the Code (“Section 409A”). If any payment or benefit cannot be provided or made at the time specified herein without incurring sanctions under Section 409A, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed. For purposes of Section 409A, (i) all payments to be made upon a termination of employment under this Agreement may only be made upon a “separation from service” within the meaning of such term under Section 409A, (ii) each payment made under this Agreement shall be treated as a separate payment and (iii) the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. In no event shall the Executive, directly or indirectly, designate the calendar year of payment.

16.2 All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirements that (i) any reimbursement is for expenses incurred during the Executive’s lifetime (or during a shorter period of time specified in this Agreement), (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

16.3 Notwithstanding any provision in this Agreement to the contrary, if, at the time of the Executive’s separation from service with the Company, the Company has securities which are publicly traded on an established securities market, the Executive is a “specified employee” (as defined in Section 409A) and it is necessary to postpone the commencement of any severance payments otherwise payable pursuant to this Agreement as a result of such separation from service to prevent any accelerated or additional tax under Section 409A, then the

Company will postpone the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Executive) that are not otherwise exempt from Section 409A until the first payroll date that occurs after the date that is six (6) months following the Executive's separation from service with the Company (as determined under Section 409A). If any payments are postponed pursuant to this Section 16.3, then such postponed amounts will be paid in a lump sum to the Executive on the first payroll date that occurs after the date that is six (6) months following the Executive's separation from service with the Company. If the Executive dies during the postponement period prior to the payment of any postponed amount, such amount shall be paid to the personal representative of the Executive's estate within sixty (60) days after the date of the Executive's death."

2. Miscellaneous.

(a) Choice of Law. This Amendment shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without giving effect to the conflict of laws principles thereof.

(b) Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(c) Severability. If any term or provision of this Amendment is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms and provisions of this Amendment shall in no way be affected, impaired or invalidated.

(d) Existing Terms. The existing terms and conditions of the Agreement shall remain in full force and effect except as such terms and conditions are specifically amended by, or conflict with, the terms of this Amendment.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment, or caused this Amendment to be executed by the undersigned thereunto duly authorized, as of the date first written above.

CROWN CRAFTS, INC.

By: /s/ Olivia Elliott

Name: Olivia Elliott

Title: Vice President & Chief Financial Officer

/s/ E. Randall Chestnut

E. RANDALL CHESTNUT

FIRST AMENDMENT
TO
AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the “Amendment”) is made and entered into as of the 6th day of November, 2008, by and between **CROWN CRAFTS, INC.**, a Delaware corporation (“Employer”), and **AMY VIDRINE SAMSON**, an individual resident of the State of Louisiana (“Employee”).

W I T N E S S E T H:

WHEREAS, Employer and Employee have entered into that certain Amended and Restated Employment Agreement dated as of April 20, 2004 (the “Agreement”);

WHEREAS, Employer and Employee wish to amend the Agreement as provided herein to comply with Section 409A of the Internal Revenue Code of 1986, as amended; and

WHEREAS, capitalized terms used but not otherwise defined herein shall have the same meanings given to such terms in the Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein, the parties hereto do hereby agree as follows:

1. Amendments to Agreement. The Agreement is hereby amended as follows:

(a) Section 1 of the Agreement is amended by replacing “Chief Financial Officer” with “Vice President and Chief Accounting Officer”.

(b) The second sentence of Section 7.2.3 of the Agreement is amended and restated in its entirety as follows:

“For purpose of reference, such activities currently include the business of manufacturing, marketing and distribution of infant and toddler bedding, blankets and accessories and infant bibs, bath items and gift sets and the Employer’s operations and activities related thereto.”

(c) Section 10.5 of the Agreement is amended and restated in its entirety as follows:

“10.5 If this Agreement is terminated (i) at Employer’s election without Cause, (ii) at the election of Employee for Good Reason within sixty (60) days after the occurrence of the event that constitutes Good Reason or (iii) at the election of Employee within sixty (60) days after the acquisition of the Company by purchase, merger, consolidation or otherwise where this Agreement is not expressly assumed by the acquirer of the Company pursuant to such transaction, then, in each such case, Employee shall receive what she would have received under Section 13.2 hereof following a Change in Control, payable as provided therein.”

(d) The definition of “Competing Business” in Section 12.1 of the Agreement is amended and restated in its entirety as follows:

““Competing Business” means a business that, wholly or partly, directly or indirectly, engages in manufacturing, marketing or distribution of infant or toddler bedding, blankets or accessories or infant bibs, bath items or gift sets.”

(e) The first sentence of Section 13.2 of the Agreement is amended by (i) replacing “180-day period” as referenced therein with “150-day period” and (ii) replacing “ninety (90) days” each time it is referenced therein with “sixty (60) days”.

(f) The last sentence of Section 13.2 of the Agreement is amended by replacing “thirty (30) days” as referenced therein with “ten (10) days”.

(g) The Agreement is amended by adding the following as new Section 15 thereof:

“15. Compliance with Section 409A.

15.1 This Agreement shall be interpreted to avoid any penalty sanctions under Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”). If any payment or benefit cannot be provided or made at the time specified herein without incurring sanctions under Section 409A, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed. For purposes of Section 409A, (i) all payments to be made upon a termination of employment under this Agreement may only be made upon a “separation from service” within the meaning of such term under Section 409A, (ii) each payment made under this Agreement shall be treated as a separate payment and (iii) the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. In no event shall Employee, directly or indirectly, designate the calendar year of payment.

15.2 All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirements that (i) any reimbursement is for expenses incurred during Employee’s lifetime (or during a shorter period of time specified in this Agreement), (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

15.3 Notwithstanding any provision in this Agreement to the contrary, if, at the time of Employee’s separation from service with Employer, Employer has securities which are publicly traded on an established securities market,

Employee is a “specified employee” (as defined in Section 409A) and it is necessary to postpone the commencement of any severance payments otherwise payable pursuant to this Agreement as a result of such separation from service to prevent any accelerated or additional tax under Section 409A, then Employer will postpone the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Employee) that are not otherwise exempt from Section 409A until the first payroll date that occurs after the date that is six (6) months following Employee’s separation from service with Employer (as determined under Section 409A). If any payments are postponed pursuant to this Section 15.3, then such postponed amounts will be paid in a lump sum to Employee on the first payroll date that occurs after the date that is six (6) months following Employee’s separation from service with Employer. If Employee dies during the postponement period prior to the payment of any postponed amount, such amount shall be paid to the personal representative of Employee’s estate within sixty (60) days after the date of Employee’s death.”

(h) Exhibit A to the Agreement is amended by (i) replacing “\$176,400.12” with “\$174,000” and (ii) deleting the provision therein captioned “Auto allowance”.

(i) Schedule 12 to the Agreement is amended by (i) replacing “Paramus, New Jersey” as referenced therein with “Wayne, New Jersey” and (ii) deleting “Troy, Michigan”.

2. Miscellaneous.

(a) Choice of Law. This Amendment shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without giving effect to the conflict of laws principles thereof.

(b) Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(c) Severability. If any term or provision of this Amendment is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms and provisions of this Amendment shall in no way be affected, impaired or invalidated.

(d) Existing Terms. The existing terms and conditions of the Agreement shall remain in full force and effect except as such terms and conditions are specifically amended by, or conflict with, the terms of this Amendment.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment, or caused this Amendment to be executed by the undersigned thereunto duly authorized, as of the date first written above.

CROWN CRAFTS, INC.

By: /s/ E. Randall Chestnut

Name: E. Randall Chestnut

Title: President & Chief Executive Officer

/s/ Amy Vidrine Samson

AMY VIDRINE SAMSON

FIRST AMENDMENT
TO
AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the “Amendment”) is made and entered into as of the 6th day of November, 2008, by and between **CROWN CRAFTS, INC.**, a Delaware corporation (“Employer”), and **NANCI FREEMAN**, an individual resident of the State of California (“Employee”).

W I T N E S S E T H:

WHEREAS, Employer and Employee have entered into that certain Amended and Restated Employment Agreement dated as of April 20, 2004 (the “Agreement”);

WHEREAS, Employer and Employee wish to amend the Agreement as provided herein to comply with Section 409A of the Internal Revenue Code of 1986, as amended; and

WHEREAS, capitalized terms used but not otherwise defined herein shall have the same meanings given to such terms in the Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein, the parties hereto do hereby agree as follows:

1. Amendments to Agreement. The Agreement is hereby amended as follows:

(a) The second sentence of Section 7.2.3 of the Agreement is amended and restated in its entirety as follows:

“For purpose of reference, such activities currently include the business of manufacturing, marketing and distribution of infant and toddler bedding, blankets and accessories and infant bibs, bath items and gift sets and the Employer’s operations and activities related thereto.”

(b) Section 10.5 of the Agreement is amended and restated in its entirety as follows:

“10.5 If this Agreement is terminated (i) at Employer’s election without Cause, (ii) at the election of Employee for Good Reason within sixty (60) days after the occurrence of the event that constitutes Good Reason or (iii) at the election of Employee within sixty (60) days after the acquisition of the Company by purchase, merger, consolidation or otherwise where this Agreement is not expressly assumed by the acquirer of the Company pursuant to such transaction, then, in each such case, Employee shall receive what she would have received under Section 13.2 hereof following a Change in Control, payable as provided therein.”

(c) The definition of “Competing Business” in Section 12.1 of the Agreement is amended and restated in its entirety as follows:

““Competing Business” means a business that, wholly or partly, directly or indirectly, engages in manufacturing, marketing or distribution of infant or toddler bedding, blankets or accessories or infant bibs, bath items or gift sets.”

(d) The first sentence of Section 13.2 of the Agreement is amended by (i) replacing “180-day period” as referenced therein with “150-day period” and (ii) replacing “ninety (90) days” each time it is referenced therein with “sixty (60) days”.

(e) The last sentence of Section 13.2 of the Agreement is amended by replacing “thirty (30) days” as referenced therein with “ten (10) days”.

(f) The Agreement is amended by adding the following as new Section 15 thereof:

“15. *Compliance with Section 409A.*

15.1 This Agreement shall be interpreted to avoid any penalty sanctions under Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”). If any payment or benefit cannot be provided or made at the time specified herein without incurring sanctions under Section 409A, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed. For purposes of Section 409A, (i) all payments to be made upon a termination of employment under this Agreement may only be made upon a “separation from service” within the meaning of such term under Section 409A, (ii) each payment made under this Agreement shall be treated as a separate payment and (iii) the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. In no event shall Employee, directly or indirectly, designate the calendar year of payment.

15.2 All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirements that (i) any reimbursement is for expenses incurred during Employee’s lifetime (or during a shorter period of time specified in this Agreement), (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

15.3 Notwithstanding any provision in this Agreement to the contrary, if, at the time of Employee’s separation from service with Employer, Employer has securities which are publicly traded on an established securities market, Employee is a “specified employee” (as defined in Section 409A) and it is necessary to postpone the commencement of any severance payments otherwise

payable pursuant to this Agreement as a result of such separation from service to prevent any accelerated or additional tax under Section 409A, then Employer will postpone the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to Employee) that are not otherwise exempt from Section 409A until the first payroll date that occurs after the date that is six (6) months following Employee's separation from service with Employer (as determined under Section 409A). If any payments are postponed pursuant to this Section 15.3, then such postponed amounts will be paid in a lump sum to Employee on the first payroll date that occurs after the date that is six (6) months following Employee's separation from service with Employer. If Employee dies during the postponement period prior to the payment of any postponed amount, such amount shall be paid to the personal representative of Employee's estate within sixty (60) days after the date of Employee's death."

(g) Schedule 12 to the Agreement is amended by (i) replacing "Paramus, New Jersey" as referenced therein with "Wayne, New Jersey" and (ii) deleting "Troy, Michigan".

2. Miscellaneous.

(a) Choice of Law. This Amendment shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without giving effect to the conflict of laws principles thereof.

(b) Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(c) Severability. If any term or provision of this Amendment is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms and provisions of this Amendment shall in no way be affected, impaired or invalidated.

(d) Existing Terms. The existing terms and conditions of the Agreement shall remain in full force and effect except as such terms and conditions are specifically amended by, or conflict with, the terms of this Amendment.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment, or caused this Amendment to be executed by the undersigned thereunto duly authorized, as of the date first written above.

CROWN CRAFTS, INC.

By: /s/ E. Randall Chestnut

Name: E. Randall Chestnut

Title: President & Chief Executive Officer

/s/ Nanci Freeman

NANCI FREEMAN