FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

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

For the quarterly period ended September 30, 2001

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

For the transition period from _____ to _____

Commission File No. 1-7604

CROWN CRAFTS, INC

(Exact name of registrant as specified in its charter)

Georgia	58-0678148
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1600 RiverEdge Parkway, Suite 200, Atlanta, Georgia 30328

(Address of principal executive offices)

(770) 644-6400

(Registrant's telephone number, including area code)

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

Yes [X] No [ ]

The number of shares of common stock, $1.00 par value, of the Registrant outstanding as of October 31, 2001 was 9,421,437.

FORM 10-Q

CROWN CRAFTS, INC. AND SUBSIDIARIES

PART 1 - FINANCIAL INFORMATION
ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
September 30, 2001 (UNAUDITED) and April 1, 2001

<TABLE>
<CAPTION>

dollar amounts in thousands, except share and per share amounts	September 30, 2001	April 1, 2001
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 528	$ 588
Restricted cash	--	508
Accounts receivable (net of allowances of $4,036 at September 30 and $1,937 at April 1):		
Due from factor	15,808	15,588
Other	1,975	2,213
Inventories, net	16,646	19,564
Other current assets	1,827	2,233
Assets held for sale	--	21,661
Total current assets	36,784	62,355
PROPERTY, PLANT AND EQUIPMENT - AT COST:		
Land, buildings and improvements	2,845	2,736
Machinery and equipment	3,988	3,873
Furniture and fixtures	646	489
	7,479	7,098
Less accumulated depreciation	3,801	3,184
Property, plant and equipment - net	3,678	3,914
OTHER ASSETS:		
Goodwill (net of amortization of $5,734 at September 30 and $5,207 at April 1)	23,561	24,088

Other	11	321
Total other assets	23,572	24,409
TOTAL ASSETS	$64,034	$90,678

</TABLE>

See notes to interim consolidated financial statements.

Crown Crafts, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
September 30, 2001 (UNAUDITED) and April 1, 2001

<TABLE>
<CAPTION>

dollar amounts in thousands, except share and per share amounts	September 30, 2001	April 1, 2001
LIABILITIES AND SHAREHOLDERS' EQUITY		
<S>	<C>	<C>
CURRENT LIABILITIES:		
Accounts payable	$ 4,295	$ 8,470
Accrued wages and benefits	1,866	2,144
Accrued royalties	1,376	1,086
Other accrued liabilities	1,606	3,316
Current maturities of long-term debt	1,250	44,016
Total current liabilities	10,393	59,032
NON-CURRENT LIABILITIES:		
Long-term debt	43,540	47,650
Deferred income taxes	24	24
Other	--	745
Total non-current liabilities	43,564	48,419
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY (DEFICIT):		
Common stock - par value $1.00 per share, 50,000,000 shares authorized		
Outstanding: 9,421,437 at September 30 and 8,608,843 at April 1	9,421	8,609
Additional paid-in capital	28,857	27,161
Accumulated deficit	(28,217)	(52,477)
Cumulative currency translation adjustment	16	(66)
Total shareholders' equity (deficit)	10,077	(16,773)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	$ 64,034	$ 90,678

</TABLE>

See notes to interim consolidated financial statements.

Crown Crafts, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
SEPTEMBER 30, 2001 AND OCTOBER 1, 2000

<TABLE>
<CAPTION>

	THREE MONTHS ENDED		SIX MONTHS ENDED	
dollar amounts in thousands, except share and per share amounts	September 30, 2001	October 1, 2000	September 30, 2001	October 1, 2000
<S>	<C>	<C>	<C>	<C>
Net sales	$ 31,338	$ 82,175	$ 70,037	$ 140,369
Cost of products sold	23,604	71,995	54,779	125,742
Gross profit	7,734	10,180	15,258	14,627
Marketing and administrative expenses	4,759	10,681	12,727	22,657
Income (loss) from operations	2,975	(501)	2,531	(8,030)
Other income (expense):				
Interest expense	(1,080)	(4,012)	(4,380)	(7,946)
Other - net	212	(6,757)	1,139	(6,180)
Income (loss) before income taxes	2,107	(11,270)	(710)	(22,156)
Income tax (benefit) expense	(4)	138	38	138
Net income (loss) before extraordinary gain	2,111	(11,408)	(748)	(22,294)
Extraordinary gain, net of tax	(25,008)	--	(25,008)	--
Net income (loss)	27,119	(11,408)	24,260	(22,294)

Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	(54)	(5)	82	26
Comprehensive income (loss)	$ 27,065	$(11,413)	$ 24,342	$ (22,268)
Basic income (loss) per share before extraordinary item	$ 0.23	$ (1.33)	$ (0.08)	$ (2.59)
Basic income (loss) per share	2.94	(1.33)	2.72	(2.59)
Diluted income (loss) per share before extraordinary item	$ 0.09	$ (1.33)	$ (0.08)	$ (2.59)
Diluted income (loss) per share	1.21	(1.33)	2.72	(2.59)
Weighted average shares outstanding - basic	9,222	8,609	8,913	8,609
Weighted average shares outstanding - diluted	22,437	8,609	8,913	8,609

</TABLE>

See notes to interim consolidated financial statements.

Crown Crafts, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
Six months ended September 30, 2001 and October 1, 2000
(UNAUDITED)

<TABLE>
<CAPTION>

in thousands	September 30, 2001	October 1, 2000
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net income (loss)	$ 24,260	$(22,294)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Extraordinary gain on debt refinancing	(25,008)	--
Depreciation of property, plant and equipment	410	6,086
Amortization of goodwill	527	529
(Gain) loss on sale of property, plant, and equipment	(4)	2,551
Changes in assets and liabilities		
Accounts receivable	(281)	1,494
Inventories, net	2,918	32,409
Other current assets	406	155
Inventories transferred to assets held for sale	--	(18,303)
Other assets	310	115
Accounts payable	(4,175)	(7,922)
Accrued liabilities	(1,698)	3,358
Other long term liabilities	(745)	--
Liabilities assumed by purchaser of adult bedding	3,372	--
Assets held for sale	73	--
Net cash provided by (used for) operating activities	365	(1,822)
INVESTING ACTIVITIES:		
Capital expenditures	(163)	(1,232)
Proceeds from disposition of assets	18,216	1,062
Other	75	26
Net cash provided by (used for) investing activities	18,128	(144)
FINANCING ACTIVITIES:		
Payment of long-term debt	(63,769)	(874)
Long term borrowing	44,790	--
Increase in advances from factor	299	3,359
Issuance of common stock	127	--
Net cash (used for) provided by financing activities	(18,553)	2,485
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(60)	519
Cash and cash equivalents at beginning of year	588	1,453
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 528	$ 1,972
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income taxes paid	$ 89	$ 268
Interest paid	4,759	8,586
SUPPLEMENTAL DISCLOSURE OF NON CASH INVESTING AND FINANCING ACTIVITIES		
Disposition escrow account	--	500
Property, plant and equipment held for sale	--	23,383
Forgiveness of indebtedness	25,008	--
Issuance of warrants	2,381	--

</TABLE>

See notes to interim consolidated financial statements.

CROWN CRAFTS, INC. AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation: The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to interim financial information and the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, such interim consolidated financial statements contain all adjustments necessary to present fairly the Company's financial position as of September 30, 2001 and the results of its operations and its cash flows for the three and six-month periods ended September 30, 2001 and October 1, 2000. Such adjustments include normal recurring accruals and a pro rata portion of certain estimated annual expenses. Operating results for the six-month period ended September 30, 2001 are not necessarily indicative of the results that may be expected for the year ending March 31, 2002. For further information, refer to the consolidated financial statements and footnotes thereto included in the annual report on Form 10-K for the year ended April 1, 2001 of Crown Crafts, Inc. (the "Company").

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

   Recently Issued Accounting Standards: In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 133, Accounting for Derivative Financial Instruments and Hedging Activities. SFAS 133, effective for the Company on April 2, 2001, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. The Company has no contracts or other instruments to which SFAS 133 is applicable and the adoption of this standard, as amended, did not have a material impact on the Company's results of operations, financial position or cash flow.

   In June 2001 the FASB approved SFAS 142, Goodwill and Other Intangible Assets. This statement prescribes that goodwill should no longer be amortized upon adoption of the standard. Instead, goodwill will be tested annually for impairment, and on an interim basis if certain impairment indicators are present. Additionally, intangible assets with an indefinite useful life may not be amortized. The Company will adopt SFAS 142 on April 1, 2002.

   In October 2001 the FASB issued SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets, that replaces FASB 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. The statement develops one accounting model, based on the framework established in Statement 121, for long-lived assets to be disposed of by sale and to address significant implementation issues. The Company will adopt SFAS 144 on April 1, 2002.

   Reclassifications: Certain prior period financial statement balances have been reclassified to conform to the current period's presentation.

2. In 1999, the Company adopted SFAS 131, Disclosures about Segments of an Enterprise and Related Information. At the date of adoption, the Company's principal segments included adult home furnishing and juvenile products, consisting of bedroom and bath products (adult comforters, sheets and towels), throws and juvenile products (primarily Pillow Buddies(R)). An additional segment was infant products, consisting of infant bedding, bibs, and infant soft goods. Following the sale of the Adult Bedding and Bath business as of July 23, 2001 as described in Note 5 below, the Company is primarily in the infant and juvenile products business.

   Financial information attributable to the Company's business segments for the quarters ended and six months ended September 30, 2001 and October 1, 2000, was as follows (in thousands):

<TABLE>
<CAPTION>

Net sales:	THREE MONTHS ENDED September 30, 2001	THREE MONTHS ENDED October 1, 2000	SIX MONTHS ENDED September 30, 2001	SIX MONTHS ENDED October 1, 2000
<S>	<C>	<C>	<C>	<C>
Adult home furnishing and juvenile products	$ 3,340	$54,114	$22,628	$ 92,067
Infant products	27,998	28,061	47,409	48,302
Total	$31,338	$82,175	$70,037	$140,369

</TABLE>

<TABLE>
<CAPTION>

Income (loss) from operations	THREE MONTHS ENDED September 30, 2001	THREE MONTHS ENDED October 1, 2000	SIX MONTHS ENDED September 30, 2001	SIX MONTHS ENDED October 1, 2000
<S>	<C>	<C>	<C>	<C>
Adult home furnishing and juvenile products	$ 693	$(3,325)	$(1,421)	$(12,908)
Infant products	2,282	2,824	3,952	4,878
Total	$2,975	$ (501)	$ 2,531	$ (8,030)

</TABLE>

Net sales by individual product groups within these business segments were as follows (in thousands):

<TABLE>
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	THREE MONTHS ENDED September 30, 2001	THREE MONTHS ENDED October 1, 2000	SIX MONTHS ENDED September 30, 2001	SIX MONTHS ENDED October 1, 2000
<S>	<C>	<C>	<C>	<C>
Bedroom products	1,826	28,446	19,937	55,131
Throws and decorative home accessories	$ 1,110	$24,174	$ 1,650	$ 34,537
Infant and juvenile products	28,402	29,521	48,450	50,637
Other	0	34	0	64
Total	$31,338	$82,175	$70,037	$140,369

</TABLE>

3. No interest costs were capitalized during the six months periods ended September 30, 2001, and October 1, 2000.

4. Major classes of inventory were as follows (in thousands):

<TABLE>
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	September 30, 2001	April 1, 2001
<S>	<C>	<C>
Raw materials	$ 3,290	$ 3,501
Work in process	1,241	1,545
Finished goods	12,115	14,518
	$16,646	$19,564

</TABLE>

Inventory is net of reserves for inventories classified as irregular or discontinued of $2.1 million and $2.2 million at September 30, 2001 and April 1, 2001, respectively.

5. During the quarter ended July 1, 2001, the Company sold property, plant and equipment (primarily at Timberlake, North Carolina) with net proceeds of $9.2 million and a gain on sale of $802,000. The net proceeds were used to reduce debt.

As part of the plan to reduce debt and restore profitability, the Company made a decision to exit the Adult Bedding and Bath Business, and its net assets related to that business of $12.4 million were sold effective July 23, 2001. Proceeds of the sale were $9.0 million cash plus assumption of liabilities of $3.4 million as well as assumption of certain contingent liabilities. Cash from the sale was used to reduce debt. The sale included inventory, buildings, machinery and equipment located at Roxboro, North Carolina as well as various sales offices. The Adult Bedding and Bath Business had annual sales of approximately $76.5 million in fiscal 2001 and was included in the adult home furnishing and juvenile products segment. The Adult Bedding and Bath Business includes the remainder of the bedroom products group following the sale of the Wovens division.

6. At September 30, 2001 and April 1, 2001, long term debt consisted of:

<TABLE>
<CAPTION>

(in thousands)	Sept 30	April 1
<S>	<C>	<C>
Bank credit lines	$ --	$30,249
Revolving credit facilities	10,804	30,000
Senior notes	14,000	31,417
Senior subordinated notes	16,000	--
Non-interest bearing notes	8,000	--
Original issue discount	(4,014)	--
	44,790	91,666
Less current maturities	1,250	44,016
	$ 43,540	$47,650

</TABLE>

On July 23, 2001 the Company completed a refinancing of its debt. The new credit facilities include the following:

A Revolving Credit Facility of up to $19 million including a $3 million sub-limit for letters of credit, with $14.0 million drawn at closing. The interest rate is equal to LIBOR plus 2.75% with a maturity date of June 30, 2004. The facility is secured by a first lien on all assets.

Senior Notes of $14 million with an interest rate of 10% plus additional interest contingent upon cash flow availability of 3%. The maturity date is June 30, 2006 and the notes are secured by a first lien on all assets. Minimum principal payments of $250,000 due March 31, 2002 and $500,000 at the end of each calendar quarter thereafter.

Senior Subordinated Notes of $16 million with an interest rate of 10% plus an additional 1.65% payable by delivery of a promissory note due July 23, 2007. Maturity July 23, 2007, secured by a second lien on all assets.

In addition to principal and interest, a payment of $8 million is due on the earliest of (i) maturity of the Senior Subordinated Notes, (ii) prepayment of the Senior Subordinated Notes, or (iii) sale of the Company. The original issue discount of $4.1 million on this non-interest bearing note at a market interest rate of 12% will be amortized over the life of the Senior Subordinated Notes.

The new credit facilities contain covenants regarding minimum levels of Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), maximum total debt to EBITDA, maximum senior debt to EBITDA, minimum EBITDA to cash interest, and minimum shareholders' equity. The covenants also include restrictions on capital expenditures, dividends, and stock repurchases.

Minimum annual maturities adjusted to reflect the July 23, 2001 refinancing are as follows: (in thousands)

<TABLE>
<CAPTION>

FISCAL	REVOLVER	SENIOR NOTES	SUB NOTES	TOTAL
<s>	<C>	<C>	<C>	<C>
2002	--	$ 250	--	$ 250
2003	--	2,000	--	2,000
2004	--	2,000	--	2,000
2005	$10,804	2,000	--	12,804
2006	--	2,000	--	2,000
2007	--	5,750	--	5,750
2008	--	--	$24,000*	24,000
Total	$10,804	$14,000	$24,000	$48,804

</TABLE>

*includes $8.0 million non-interest bearing note with unamortized original issue discount of $4.1 million.

In the event that required debt service exceeds 70% of free cash flow (EBITDA less capital expenditures and cash taxes paid), the excess of contingent interest and principal amortization over 70% will be deferred until maturity of the Senior Notes in June 2006. Contingent interest plus additional principal payments will be due annually up to 70% of free cash flow.

As part of the refinancing, the Company issued to the Lenders warrants for non-voting common stock that are convertible into common stock equivalent to 65% of the shares of the Company on a fully diluted basis at a price of 11.3 cents per share. The warrants are non-callable and expire in six years. The value of the warrants of $2.4 million using the Black-Scholes option pricing model was credited to additional paid in capital in the second quarter of fiscal 2002. Also in the second quarter of fiscal 2002, the Company recognized an extraordinary gain of $25.0 million representing forgiveness of indebtedness income (net of $2.9 million of expenses incurred) in connection with the refinancing.

The Company's notes and the credit facilities contain similar restrictive covenants requiring the Company to maintain certain ratios of earnings to fixed charges and of total debt to total capitalization. In addition, the bank revolving credit facilities contain certain covenants requiring the Company to maintain minimum levels of shareholders' equity and certain ratios of total debt to cash flow. The bank facilities also place restrictions on the amounts the Company may expend on acquisitions and purchases of treasury stock and currently prohibit the payment of dividends. Other covenants of these revolving credit facilities require the Company to maintain certain financial ratios and place restrictions on the amounts the Company may expend on acquisitions.

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

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2001 COMPARED TO THE THREE MONTHS ENDED OCTOBER 1, 2000

Net sales decreased $50.8 million or 61.9% to $31.3 million in the current year quarter compared to $82.2 million in the prior year quarter. This was attributable to a decrease of $26.6 million, or 93.6%, in bedroom products, a $23.1 million, or 95.4% decrease in throws and a decrease of $1.1 million, or 3.8%, in sales of infant and juvenile products. The decrease in bedroom products resulted from the sale of the adult bedding and bath business effective July 23, 2001, the phase out of the Studio bedding line during fiscal 2001 and the sale of the Wovens division on November 14, 2000. The disposition of the Wovens division resulted in lower sales of throws. Lower sales of infant and juvenile products were due to changes in buying patterns by major retailers.

For the quarter ended September 30, 2001, gross profit as a percentage of net sales increased to 24.7% from 12.4% for the quarter ended October 1, 2000. The increased margin relates primarily to changes in product mix as a result of the divestments mentioned above. In addition, the Company incurred lower manufacturing costs as a result of outsourcing.

Marketing and administrative expenses decreased by $5.9 million or 55.4% in the current year quarter compared to the same quarter in the prior fiscal year and were 15.2% of net sales for the current quarter compared to 13.0% in the corresponding quarter of the prior year. The decrease is a result of the divestments mentioned above as well as the Company's cost reduction initiatives and restructuring.

Interest expense for the quarter decreased by $2.9 million because of lower debt and reduced interest rates.

Due to the accumulated losses, no federal income tax provision has been included for the quarter ended September 30, 2001 or the prior year quarter. A benefit for estimated state and local taxes of $4,000 was included for the quarter ended September 30, 2001 compared to a provision of $138,000 in the quarter ended October 1, 2000.

In the second quarter of fiscal 2002, the Company recognized an extraordinary gain of $25.0 million representing forgiveness of indebtedness income (net of $2.9 million of expenses incurred) in connection with the refinancing.

SIX MONTHS ENDED SEPTEMBER 30, 2001 COMPARED TO THE SIX MONTHS ENDED OCTOBER 1, 2000

For the six months ended September 30, 2001, net sales decreased $70.3 million, or 50.1%, to $70.0 million compared to $140.4 million in the prior year period. This was attributable to a decrease of $35.2 million, or 63.8%, in bedroom products, a $32.9 million decrease, or 95.2%, in throws and a decrease of $2.2 million, or 4.3%, in sales of infant and juvenile products. The decrease in bedroom products resulted from the sale of the adult bedding and bath business effective July 23, 2001, the phase out of the Studio bedding line during fiscal 2001 and the sale of the Wovens division on November 14, 2000. The disposition of the Wovens division resulted in lower sales of throws. Lower sales of infant and juvenile products were due to changes in buying patterns by major retailers.

For the six months ended September 30, 2001, gross profit as a percentage of net sales increased to 21.8% from 10.4% for the corresponding period ended October 1, 2000. The increased margin relates primarily to changes in product mix as a result of the divestments mentioned above. In addition, the Company incurred lower manufacturing costs as a result of outsourcing.

Marketing and administrative expenses decreased by $9.9 million, or 43.8%, in the six months ended September 30, 2001 compared to the same period in the prior fiscal year and were 18.2% of net sales for the six months compared to 16.1% in the corresponding period of the prior year. The decrease is a result of the divestments mentioned above as well as the Company's cost reduction and restructuring.

Interest expense for the six months ended September 30, 2001 decreased by $3.6 million because of lower debt and reduced interest rates.

Due to the accumulated losses, no federal income tax provision has been included for the six months ended September 30, 2001 and the prior year period. A provision for estimated state and local taxes of $38,000 was included for the six months ended September 30, 2001 compared to a provision of $138,000 in the six months ended October 1, 2000.

In the six months ended September 30, 2001, the Company recognized an extraordinary gain of $25.0 million representing forgiveness of indebtedness income (net of $2.9 million of expenses incurred) in connection with the refinancing.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $365,000 for the six months ended September 30, 2001 compared to cash used for operating activities of $1.8 million for the six months ended October 1, 2000. Net cash provided by investing activities was $18.1 million compared to net cash used for investing activities of $144,000 in the prior year period. Net cash used for financing activities was $19.1 million compared to net cash provided by financing activities of $2.5 million in the prior year period. Total debt outstanding decreased to $44.8 million at September 30, 2001 from $91.7 million at April 1, 2001. This decrease resulted from the repayment of debt from the sale of fixed assets as well as the forgiveness of indebtedness. As of September 30, 2001, a $1.7 million letter of credit for minimum royalties is secured by accounts receivable due from factor. As of October 26, 2001, the Company had revolving credit availability of $8.2 million.

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

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

FORWARD-LOOKING INFORMATION

This Form 10-Q contains forward-looking statements within the meaning of the federal securities law. 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 are intended to 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 anticipated. These risks include, among others, general economic conditions, changing competition, the level and pricing of future orders from the Company's customers, the Company's dependence upon third-party suppliers, including some located in foreign countries with unstable political situations, the Company's ability to successfully implement new information technologies, the Company's ability to integrate its acquisitions and new licenses, and the Company's ability to implement improvements in its acquired businesses.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk from changes in interest rates on debt, commodity prices and foreign exchange rates.

The Company's earnings and cash flow exposure to interest rate risk relates to its floating rate debt, $10.8 million of which was outstanding at September 30, 2001. Each 1.0 percentage point increase in interest rates would impact pretax earnings by $0.1 million at the debt level of September 30, 2001.

The Company's exposure to changes in the fair value of its debt relates to its fixed rate debt, $34.0 million of which was outstanding at September 30, 2001.

The Company's exposure to commodity price risk primarily relates to changes in the price of cotton, which is a principal raw material in a substantial number of the Company's products.

The Company's exposure to foreign exchange rates relates to its Mexican manufacturing subsidiary. During the fiscal year ended April 1, 2001, this subsidiary manufactured products for the Company with a value of approximately $4.4 million. The Company's investment in the subsidiary was approximately $3.2 million at September 30, 2001.

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

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

Item 2 - Changes in Securities

None

Item 3 - Defaults Upon Senior Securities

None

Item 4 - Submission of Matters to Vote of Security Holders

None

Item 5 - Other Information

None

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits

10.1 Crown Crafts, Inc. Key Employee Retention Payment Trust Agreement dated as of November 14, 2000 between the Company and Branch Banking & Trust Co.

(b) Reports on Form 8-K

The Company filed the following Current Report on Form 8-K during the quarter ended September 30, 2001:

The Company's Current Report on Form 8-K filed with the SEC on August 7, 2001, setting forth (i) under Item 2 of such report (A) the Company's disposition of its adult bedding business, (B) the employment agreements of the Company with E. Randall Chestnut and Amy Vidrine Samson, (C) restricted stock agreements between the Company and various senior managers of the Company, and (D) the resignation of Michael H. Bernstein as President, Chief Executive Officer and a director of the Company, and (ii) under Item 5 of such report the restructuring of the Company's financing.

SEPTEMBER 30, 2001

SIGNATURES

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

CROWN CRAFTS, INC.

Date: November 13, 2001 /s/ Carl A. Texter

CARL A. TEXTER
(Chief Accounting Officer)

EXHIBIT INDEX

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Exhibit No.	Exhibit Description	Sequential Page No.
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10.1	Crown Crafts, Inc. Key Employee Retention Payment Trust Agreement dated as of November 14, 2000 between the Company and Branch Banking & Trust Co.	16

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Exhibit 10.1

CROWN CRAFTS, INC.
KEY EMPLOYEE RETENTION PAYMENT
TRUST AGREEMENT

This Trust Agreement (hereinafter this "Agreement") is entered as of this 14th day of November, 2000 by and between Crown Crafts, Inc., a Georgia corporation (hereinafter the "Grantor"), and Branch Banking & Trust Co. (hereinafter the "Trustee").

WHEREAS the Grantor has experienced significant operating losses, reduced liquidity, and a steep decline in the value of its equity securities;

WHEREAS, the Grantor has embarked upon a recovery plan to reduce debt and restore the Grantor to profitability;

WHEREAS, in connection with its recovery plan the Grantor has entered into an agreement to sell certain of its businesses and assets to Aladdin Manufacturing Corporation (hereinafter "Aladdin") and in connection therewith has agreed to render to Aladdin certain services during a transition period after the sale (the "Aladdin Transaction");

WHEREAS these events are likely to cause increased levels of work and responsibility for employees of the Grantor while simultaneously reducing their long-term employment security, professional and financial growth opportunities, general morale;

WHEREAS, the Grantor is aware that its employees have other employment opportunities and, due to the foregoing circumstances, may resign their employment, thereby undermining the Grantor's ability to perform its obligations, execute its recovery plan, and reorganize its business operations (the "Reorganization Plan");

WHEREAS, the Grantor has identified certain key employees of the Grantor and its wholly-owned subsidiaries whose continued employment and effective performance is especially critical to the performance of the Reorganization Plan (hereinafter "Key Employees"); and

WHEREAS, the Grantor has determined that it is necessary and in the best interests of the Grantor to agree to pay certain bonus compensation to the Key Employees in order to induce them to continue in their employment and to assist the Grantor in carrying out the Reorganization Plan, subject to and conditioned upon the continued service of the Key Employees and the Grantor's performance of certain goals that comprise the Reorganization Plan;

NOW, THEREFORE, the parties hereto do hereby establish the Trust and agree that the Trust shall be comprised, held, administered, and distributed as follows:

SECTION 1
ESTABLISHMENT OF TRUST

(a) INITIAL DEPOSIT. The Grantor hereby delivers and conveys to the Trustee an initial deposit of $100 (hereinafter the "Initial Deposit"), which shall become the principal of the Trust to be held in trust, administered, and distributed by the Trustee as provided in this Agreement.

(b) IRREVOCABILITY. The Trust hereby established shall be irrevocable. All contributions to the Trust by the Grantor shall be irrevocable, and the Grantor retains no reversionary, beneficial, legal, equitable, or other interest in the property of the Trust.

(c) TRUST ASSETS. The principal of the Trust and any earnings thereon shall be held separate and apart from other funds of the Grantor and shall be used exclusively for the benefit of the Key Employees as Beneficiaries of this Trust, in accordance with and subject to the terms of this Trust.

SECTION 2
ADDITIONAL CONTRIBUTIONS

The Grantor shall make the following additional contributions of cash to the Trust (hereinafter "Additional Contributions"), which the Trustee shall hold in trust, administer, and distribute as provided in this Agreement:

(a) ALADDIN CLOSING. At or in connection with the closing of the Aladdin Transaction, the Grantor shall contribute to the Trust all of the sums listed on Schedule 1 hereto.

(b) DISCRETIONARY. The Grantor may, in its discretion, from time to time make other Additional Contributions to the Trust for the benefit of some or all of the same Key Employees or additional Key Employees (each, a "Beneficiary" and collectively, the "Beneficiaries"), payments to whom may be subject to the same, additional, or different conditions.

SECTION 3
SEPARATE ACCOUNTS FOR EACH BENEFICIARY

The Trustee shall establish and maintain a separate account (hereinafter "Account") for each Beneficiary listed in Schedule 1 and for any additional Beneficiaries of any other Additional Contributions. Each Additional Contribution shall be applied to the separate Accounts of such Beneficiaries in the amounts specified in Schedule 1 and in instructions accompanying any other Additional Contributions.

SECTION 4
APPLICATION OF INCOME AND FORFEITURES

(a) INCOME. Interest, dividends, and other income shall be allocated to the Accounts of each Beneficiary in proportion to the respective values thereof.

(b) FORFEITURES. In the event that any Beneficiary becomes ineligible, as determined by the Trustee in accordance with Section 8 hereof, to receive any payments from the Trust, such Accounts shall be forfeited and allocated among remaining Accounts as follows:

(i) If a forfeited Account is that of Michael H. Bernstein, E. Randall Chestnut, Rudolph J. Schmatz, or Carl A. Texter (hereinafter the "Senior Executive Beneficiaries"), it shall be allocated among the other Senior Executive Beneficiaries' Accounts in proportion to the relative values of their respective Accounts. If there are no other Senior Executive Beneficiaries having Account balances, then any forfeited Accounts shall be allocated among the Accounts of all other Beneficiaries in proportion to the relative values of their respective Accounts.

(ii) If a forfeited Account is that of a Beneficiary other than a Senior Executive Beneficiary, it shall be allocated among the Accounts of all other Beneficiaries who are not Senior Executive Beneficiaries in proportion to relative values of their respective Accounts. If there are no other Beneficiaries having Account balances who are not Senior Executive Beneficiaries, then any forfeited Accounts shall be allocated among the Accounts of all Senior Executive Beneficiaries in proportion to the relative values of their respective Accounts.

(iii) If all remaining Accounts have been forfeited, they shall be allocated among and distributed to Beneficiaries who have already received payments in proportion to such payments.

(c) RECONCILIATION OF ACCOUNTS. Periodically, but not less often than quarterly, the Trustee shall apply all income and expenses currently to all Accounts and render an accounting to the Grantor. As of the date of any required payment to any Beneficiary, the Trustee shall determine whether any Accounts have been forfeited, shall reallocate the balances of forfeited Accounts, and shall otherwise bring all Accounts current.

(d) ACCRUALS AND CHARGES AFTER PAYMENT DUE DATE. No income or forfeiture allocation shall accrue and no expenses shall be charged to a payment between a payment due date and the period, not to exceed two weeks, necessary to calculate withholdings and issue checks. However, in the event payments are delayed for other reasons, such as a need to resolve a dispute about a Beneficiary's entitlement to a payment, allocations shall continue.

SECTION 5
PAYMENT AND ALLOCATION OF FEES AND EXPENSES

(a) TRUSTEE'S FEES. The Trustee shall be entitled to an annual fee of 100 basis points for the first $2,000,000 of funds in the Trust and 40 basis points for all additional funds in the Trust. The Trustee shall be entitled to charge to the Trust as an additional fee $20 for each check issued to a Beneficiary. Such fees shall be charged to the Trust quarterly in arrears and shall compensate the Trustee for all services and expenses necessary to perform its duties hereunder accept as set forth in Paragraph 5(b) below.

(b) EXTRAORDINARY EXPENSES. In the event, that the Trustee determines that there are substantial questions about its duties as Trustee and/or the entitlement of a Beneficiary or any other person to property of the Trust and the Grantor has not at its own expense made available to the Trustee legal counsel reasonably satisfactory to the Trustee, then the Trustee may engage outside legal counsel to advise and represent it and the fees and expenses of such counsel shall be additional expenses of administration that may be charged to the Trust.

(c) PRIORITY OF CHARGES. All fees and expenses and expenses authorized by this Section 5 shall be allocated among and charged pro rata to the various Accounts as follows:

(i) First, to the Initial Deposit made pursuant to Section 1(a) hereof;

(ii) Second, to all forfeited Accounts not previously reallocated to other Accounts;

(iii) Third, to all Accounts to the extent of additions thereto from previous allocations of forfeited Accounts;

(iv) Fourth, to interest, dividend and other income to be applied, or previously applied, to the Accounts of Beneficiaries who are not Senior Executive Beneficiaries;

(v) Fifth, to interest, dividend and other income available to be applied, or previously applied, to the Accounts of Senior Executive Beneficiaries;

(vi) Sixth, to principal in the Accounts of Senior Executive Beneficiaries; and

(vii) Seventh, to principal of all other Accounts.

SECTION 6
PAYMENTS TO BENEFICIARIES

The Trustee shall promptly pay each Beneficiary as the dates and/or other events specified for payment in Schedule 1, provided the Beneficiary has met all conditions precedent to eligibility as specified in Schedule 1 and determined in accordance with Section 8.

SECTION 7
TAXES AND TAX FILINGS

(a) WITHHOLDING TAXES. The Grantor represents that all payments to Beneficiaries of this Trust are to be treated as bonuses payable to employees and as such are subject to various federal, state, and local withholding taxes. Calculation, deduction, payment of such taxes and filing of returns and reports with respect thereto shall be as follows.

(i) As soon as the Trustee can determine the amount of gross payment to be made to a Beneficiary on or as of any date, it shall send a report thereof to the Grantor's payroll service provider, currently ADP, or another payroll service provider selected by the Trustee (the "Payroll Service Provider");

(ii) The Trustee shall direct the Payroll Service Provider to compute for each such payment the amounts of all required deductions and withholdings and to report the amounts thereof to the Trustee and to the Grantor;

(iii) Based on the report of the Payroll Service Provider, the Trustee shall distribute the net payments to the Beneficiaries and shall transfer to the Payroll Service Provider all withheld taxes and other funds with instructions for the Payroll Service Provider to pay over such funds to the tax authorities or other persons entitled thereto along with all required returns and reports;

(iv) The Trustee shall simultaneously provide a report of such transactions to the Grantor so that it may timely pay and report on the employer's shares of all such payments; and

(v) The Trustee shall request that the Payroll Service Provider provide to the Trustee and the Grantor confirmation that it has properly deposited all such funds and filed all such reports and returns.

(b) ALTERNATE PROCEDURE. In the event the Trustee determines there is a substantial risk that the Payroll Service Provider will not timely and accurately performed its duties under Paragraph 7(a), the Trustee shall promptly implement alternative procedures to achieve the legally proper results.

(c) OTHER TAXES. The Trustee shall prepare and file all income, property and other tax returns for the Trust and shall pay over to the tax collection authorities all taxes imposed on the Trust. Such payments are expenses of the Trust to be allocated among Accounts as provided in this Agreement.

SECTION 8
DETERMINING BENEFICIARIES' ELIGIBILITY TO RECEIVE PAYMENTS

(a) PROOF OF ELIGIBILITY. On or before each due date for a payment to a Beneficiary, the Trustee shall ascertain, from information provided by the Grantor or other sources deemed reliable by the Trustee, the names of each Beneficiary and the original principal amounts due each Beneficiary ("Payment Information"). Adjustments for allocation of income, expenses of administration, and forfeited Accounts shall be made by the Trustee. In the event that the Trustee is not able to obtain the required Payment Information from the Grantor, the Trustee shall send a notice to each Beneficiary who may be entitled to a payment, inviting such Beneficiary to submit evidence (such as a paycheck stub showing that he/she is still employed by the Grantor or Aladdin or an affiliate of either, as the case may be) and a statement signed by such Beneficiary under penalty of perjury that all facts represented by him/her are true and that he/she is entitled to a payment at that time.

(b) PROOF OF INELIGIBILITY. In the event that a Beneficiary's right to receive payments has terminated, the Trustee shall obtain evidence thereof from the Grantor or other sources deemed reliable by the Trustee, identifying any such Beneficiary whose rights have terminated, the facts causing such termination, and the last known addresses and telephone numbers of such Beneficiary. The Trustee shall forward to the Beneficiary the Grantor's certificate or relevant portion thereof by certified mail return receipt requested or by a courier that provides a proof of delivery and shall advise the Beneficiary that the Trustee will accept the certificate as true and act accordingly unless the Beneficiary communicates his/her disagreement in writing and submits contrary evidence under penalty of perjury.

(c) GRANTOR'S CERTIFICATES. Any certificate by the Grantor pursuant to this Section 8 shall be executed under penalty of perjury by any two individuals shown by a certificate of incumbency executed by the Secretary or an Assistant Secretary of the Grantor to be Chairman of the Board, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, or a Vice President of the Grantor.

SECTION 9
INVESTMENTS

The Grantor hereby directs the Trustee to hold all assets of the Trust, and any earnings thereon, in a stable value fund of the Trustee's choosing, to minimize any fluctuation in principal value of the Trust's assets. The assets of the Trust shall be invested as a single pooled investment fund, with the separate Accounts for each

Beneficiary being commingled for investment purposes. The Trustee is specifically authorized to utilize its own proprietary mutual funds to invest the Trust's assets.

SECTION 10
RESPONSIBILITY OF THE TRUSTEE

(a) STANDARD OF CARE. The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; provided, however, that the Trustee shall incur no liability to any person for any action taken in reliance upon sworn statements by the Grantor or Beneficiaries as provided in this Agreement unless such sworn statements are clearly contradictory, and provided, further, that the Trustee shall not be liable to any person for any acts or omissions of itself or any of its agents except acts or omissions that constitute gross negligence, willful misconduct or bad faith.

(b) INDEMNIFICATION. The Grantor hereby agrees to indemnify the Trustee against, and hold the Trustee harmless from, any and all loss, damage, penalty, liability, cost, and expense, including without limitation, reasonable attorneys' fees and disbursements, that may be incurred by, imposed upon, or asserted against the Trustee by reason of any claim, regulatory proceeding, or litigation arising from any act done or omitted to be done by any individual or person with respect to the Trust; provided, however, that the Grantor shall not be liable for any fees or expenses of attorneys or other professionals incurred in investigating or defending any such claim unless prior to incurring such costs the Trustee shall have given the Grantor written notice of the pendency of such claim.

(c) COUNSEL. The Trustee may consult with legal counsel (who may also be counsel for the Grantor) with respect to any of its duties or obligations hereunder and may charge the costs thereof to the Trust to the extent provided in Paragraph 5(b) above.

(c) AGENTS. The Trustee may, at its own expense, hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder.

(d) TRUSTEE POWERS. The Trustee shall have, without exclusion, all powers conferred on the Trustee by applicable law, unless expressly provided otherwise herein.

(e) INTERPLEADER. The Trustee shall have the right to institute an interpleader action for any payments to Beneficiaries or other disbursements regarding which, in the Trustee's sole discretion, there are conflicting claims.

SECTION 11
RESIGNATION AND REPLACEMENT OF THE TRUSTEE

(a) RESIGNATION. The Trustee may resign at any time by written notice to the Grantor and Beneficiaries, which notice shall provide that it will be effective on a certain date, which shall be not less than 60 days nor more than 90 days after the date of the notice.

(b) APPOINTMENT OF SUCCESSOR. If the Trustee resigns, a successor Trustee may be appointed in writing by Beneficiaries representing more than one-half of the aggregate Account values on the date the successor is appointed.

The appointment shall be effective when accepted in writing by the successor Trustee. If no successor Trustee has been appointed by the end of the notice period specified in the Trustee's notice of resignation, the Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

(c) TRANSFER OF ASSETS. Upon resignation of the Trustee and appointment of a successor Trustee, all assets, books, and records shall be transferred to the successor Trustee. A successor Trustee shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by the successor Trustee to evidence the transfer.

(d) SUCCESSOR'S LIMITED LIABILITY. The successor Trustee need not examine the records and acts of any prior Trustee and may retain or dispose of existing Trust assets in accordance with this Agreement. The successor Trustee shall not be responsible for, and the Grantor shall indemnify and defend the successor Trustee from, any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes successor Trustee.

SECTION 12
AMENDMENT OR TERMINATION

(a) AMENDMENT. This Agreement may be amended by a written instrument executed by the Trustee and the Grantor to facilitate the administration, but no such amendment may (i) make the Trust revocable, (ii) confer on the Grantor any right under any circumstances to receive or direct distribution of any part of the Trust property, or (iii) increase or decrease the amount of any payment to any Beneficiary or to change any condition precedent to, or timing of, any such payment.

(b) NO TERMINATION. The Trust shall not terminate until all of its property has been properly distributed in accordance with the terms of this Agreement except that it may be terminated by the unanimous written consent of (i) all Beneficiaries whose accounts have not been forfeited, (ii) the Grantor, and (iii) all of the Grantor's creditors that have perfected security interests in any of the Grantor's assets.

SECTION 13
MISCELLANEOUS

(a) SURVIVAL. Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

(b) NO ASSIGNMENT. Payments due to Beneficiaries under this Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

(c) APPLICABLE LAW. This Trust Agreement shall be governed by and construed in accordance with the laws of the State of Georgia.

(d) HEADINGS. The headings are solely for convenience and shall not be relied upon in construing any provisions hereof.

(e) COUNTERPARTS AND FACSIMILE SIGNATURES. This Agreement may be executed in counterparts any one of which shall be adequate to prove the Agreement. Neither this Agreement nor any document transmitted in the course of administration of this Trust shall be deemed invalid or insufficient because an executed document or signature page was delivered by facsimile.

(f) NOTICES AND REPORTS. Any notice or report required or permitted by this Agreement shall be deemed given when it has been sent properly addressed as provided below by any means that provides a confirmation of delivery and the date thereof and receipt has been documented in the regular manner of the delivery means used. Such authorized means include, if they meet the criteria in the preceding sentence, U.S. Postal Service certified mail with return receipt, facsimile, courier, and email. Notices shall be addressed as follows:

If to the Grantor:

Crown Crafts, Inc.
1600 RiverEdge Parkway, Suite 200
Atlanta, GA 30328
Attn: Chief Financial Officer
Facsimile: 770-644-6233

If to the Trustee:

Geoff Gilley
Vice President, Trust
Branch Banking & Trust Co.

301 College Street, 2nd Floor
Greenville, SC 29601
Facsimile: 864-242-9507

If to a Beneficiary:

The last known home address of the Beneficiary, with a copy to his/her last known business address.

The Grantor shall give notice to the Trustee of any changes in the addresses or other contact information for Beneficiaries.

Any of the above persons may change the address to which notices shall be directed to it/him/her by giving all other such persons notice of such change in accordance with this Paragraph 13(f).

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have caused this Agreement to be executed by their respective duly authorized agents as of the day and year first written above.

GRANTOR:	TRUSTEE:
CROWN CRAFTS, INC.	BRANCH BANKING & TRUST CO.
By ----------------------------------	By -------------------------------
Carl A. Texter, Vice President and Chief Financial Officer	-------------------------------
	Its -------------------------

<TABLE>
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SCHEDULE 1 BENEFICIARY NAME	INITIAL CONTRIBUTION	FRACTION OF BENEFICIARY'S ACCOUNT TO BE PAID ON PAYMENT DATE (1) (2) 1/1/2001	3/31/2001	7/1/2001	10/1/2001	CONDITIONS PRECEDENT TO ENTITLEMENT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Appleyard, Peter J	$90,000	none	none	67%	100%	3
Backstrom, Mark Scott	$8,025	none	none	50%	100%	3
Bajc, Stephen	$33,341	none	none	50%	100%	3
Bamrick, Richard J	$5,678	none	none	50%	100%	3
Beducian, John S	$18,664	none	none	50%	100%	3
Bell, Teri Y	$32,445	none	none	50%	100%	3

Benefiel, Marlee McBride	$18,500	none	none	50%	100%	3
Bernstein, Michael H	$240,000	none	none	50%	100%	3
Blair, Jeffrey Alan	$127,500	none	100%	none	none	4
Brandwein, Marcia	$23,395	none	none	50%	100%	3
Bruno, Joseph W	$17,344	none	none	67%	100%	3
Card, Mark Lynell	$6,075	none	none	67%	100%	3
Chestnut, E. Randall	$225,000	none	none	50%	100%	3
Cochran, Dennis G	$84,375	none	none	67%	100%	3
Coleman, Elmo C	$8,438	none	none	67%	100%	3
DeBari, Thomas J	$27,316	none	none	50%	100%	3
Dunne, Debra L	$8,250	none	none	50%	100%	3
Dusel, Henry F	$54,375	none	100%	none	none	4
Dye, Charles E	$25,594	none	none	67%	100%	3
Enholm, Robert A	$27,797	none	none	50%	100%	3
Evans, William Lewis	$22,500	none	100%	none	none	4
Faucher, Lisa	$7,088	none	100%	none	none	4
Freeman, Gary L	$5,110	none	none	50%	100%	3
Freeman, Nanci	$31,980	none	none	50%	100%	3
Galloway, Sally J	$14,063	none	100%	none	none	4
Gillenwaters, Sylvia L	$15,005	none	100%	none	none	4
Giordano, Glen	$22,688	none	none	67%	100%	3
Goldberg, Leslie Joan	$18,000	none	none	50%	100%	3
Greenwood, Russell L	$12,797	none	none	none	100%	3
Groce, Jerry W	$30,000	none	none	none	100%	3
Guyer, Stephen	$6,427	none	none	50%	100%	3
Haggerty, Gerald E	$25,000	none	none	50%	100%	3
Hamilton, Robert	$13,892	none	none	50%	100%	3
Harman, David H	$82,500	none	100%	none	none	4
Henry, Walter L	$7,425	none	100%	none	none	4
Jackson, Bobby Dennis	$54,075	none	none	none	100%	3
Jacobs, Jeffrey	$56,250	none	100%	none	none	4
Jacques, Julie	$15,000	none	none	50%	100%	3
Jennings, Andre R	$34,024	none	100%	none	none	4
Kolavennu, Saikiran	$7,594	none	none	67%	100%	3
Krum, Paul C	$49,200	none	100%	none	none	3
Lagasse, Jeffrey L	$7,324	none	none	67%	100%	3
Ledbetter, Johnny R	$17,325	none	none	67%	100%	3

Lee, Alice Lin	$19,000	none	none	50%	100%	3
Long, Donnie R	$12,188	none	none	none	100%	3
Lusk, Teena S	$13,519	none	100%	none	none	4

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<S> <C> <C> <C> <C> <C> <C>

Marchese, Jacqueline	$17,200	none	none	50%	100%	3
Mattiford, Richard	$8,909	none	none	67%	100%	3
McEntyre, Leisa J	$13,125	none	none	67%	100%	3
Mcinnis, Louisa L	$12,500	none	none	50%	100%	3
Miller, D Rex	$21,656	none	100%	none	none	4
Miller, Geoffrey Lee	$5,882	none	none	67%	100%	3
Miller, Stuart M	$17,438	none	100%	none	none	4
Mote, Gary Don	$32,445	none	100%	none	none	4
Mumpower, William A	$15,034	none	100%	none	none	4
Murphy, Valerie Yvette	$13,125	none	none	67%	100%	3
Nelson, Cynthia D	$21,000	none	100%	none	none	4
Newcombe, Pamela Alison	$25,000	none	none	50%	100%	3
Robboy, Robin M	$26,250	none	none	50%	100%	3
Rodriguez, Salvador	$17,000	none	none	50%	100%	3
Samson, Amy Vidrine	$10,000	none	none	50%	100%	3
Sanchez, Alfred E	$16,941	none	none	67%	100%	3
Sanford, Angela S	$21,000	none	100%	none	none	3
Schmatz, Rudolph J	$157,500	none	none	50%	100%	3
Schmitt, Paul E	$35,438	none	none	67%	100%	3
Smith, Kistin Rowe	$21,563	none	none	67%	100%	3
Smith, William R	$20,000	none	100%	none	none	4
Stanley, Patrick Lee	$33,750	none	none	none	100%	3
Stavros, Diana L	$18,750	none	100%	none	none	4
Talbot, Janet	$10,000	none	none	50%	100%	3
Tenezaph, Jack	$23,000	none	none	50%	100%	3
Texter, Carl A	$150,000	none	none	50%	100%	3
Thomas, Martha Jane	$11,250	none	100%	none	none	4
Turner, J Terry	$40,556	none	100%	none	none	4
Undercoffer, Gregory	$35,175	none	none	67%	100%	3
Waddell, Roger D	$5,265	none	100%	none	none	4

Wade, Sidney William	$9,360	none	100%	none	none	4
Walton, Darlene K	$9,000	33%	50%	100%	none	3
Wasdin, Bonnie B	$21,340	none	100%	none	none	3
Welch, Harriott H	$33,250	none	none	50%	100%	3
Zaffos, Steven J	$30,000	none	none	50%	100%	3
total	$2,641,782					

</TABLE>

NOTES TO SCHEDULE 1

1 If a Beneficiary employed by Crown Crafts, Inc., Mohawk Industries, Aladdin Manufacturing Corporation or one of their respective affiliated companies has his/her employment involuntarily terminated by such company, all Payment Dates for such Beneficiary are accelerated to the date of employment termination.

2 With respect only to Michael H. Bernstein, E. Randall Chestnut, Rudolph J. Schmatz, and Carl A. Texter (hereinafter the "Senior Executives"), all Payment Dates for a Beneficiary who has died or become permanently disabled are accelerated to the date of such death or disability. In the event that the maturity of any debt of the Grantor to The Prudential Insurance Company of America, Bank of America, N.A., or Wachovia Bank, N.A. pursuant to secured loan documentation in effect on November 14, 2000 is accelerated, all Payment Dates for Senior Executives are accelerated to the earlier of the notice of acceleration or the accelerated maturity date.

3 The Beneficiary shall not have voluntarily terminated his/her employment by Crown Crafts, Inc. or one of its affiliated companies prior to the payment due date.

4 The Beneficiary shall not have voluntarily terminated his/her employment by Mohawk Industries, Aladdin Manufacturing Corporation or one of their respective affiliated companies prior to the payment due date.