

CROWN CRAFTS INC
Form DEF 14A
June 27, 2005

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SCHEDULE 14A

(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

Confidential for Use of Commission Only
(as permitted by Rule 14a-6(e)(2))

Crown Crafts, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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June 27, 2005

Dear Stockholder:

Please join us for the 2005 Annual Meeting of Stockholders of Crown Crafts, Inc. (the Company). The meeting will be held on August 9, 2005, at 10:00 a.m., central daylight time, at our headquarters, located at 916 South Burnside Avenue, Gonzales, Louisiana 70737.

At this year's meeting, we will ask our stockholders to elect three Class III directors and to transact any other business that may properly come before the meeting. If you owned shares of the Company's Series A Common Stock at the close of business on June 10, 2005, you are entitled to notice of, and to vote at, the meeting.

Additional information about the items of business to be discussed at our meeting is given in the attached Notice of Annual Meeting of Stockholders and Proxy Statement. We also include in this package the Company's Annual Report on Form 10-K for the year ended April 3, 2005, as filed with the Securities and Exchange Commission (exclusive of documents incorporated by reference).

I urge you to carefully review the proxy materials and to vote **FOR** the director nominees.

We hope to see you at the 2005 Annual Meeting of Stockholders on August 9, 2005.

Sincerely,

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

YOUR VOTE IS IMPORTANT. PLEASE FILL IN, DATE, SIGN AND PROMPTLY MAIL THE ENCLOSED PROXY CARD IN THE ACCOMPANYING POST-PAID ENVELOPE TO ASSURE THAT YOUR SHARES ARE REPRESENTED AT THE MEETING. IF YOU ATTEND THE MEETING, YOU MAY CHOOSE TO VOTE IN PERSON EVEN IF YOU HAVE PREVIOUSLY SENT IN YOUR PROXY CARD.

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**CROWN CRAFTS, INC.
916 South Burnside Avenue
Gonzales, Louisiana 70737
(225) 647-9100**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To BE HELD ON AUGUST 9, 2005**

To the Stockholders of Crown Crafts, Inc.:

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders (the Annual Meeting) of Crown Crafts, Inc. (Crown Crafts or the Company) will be held at the Company s executive offices, located at 916 South Burnside Avenue, Third Floor, Gonzales, Louisiana, on August 9, 2005, at 10:00 a.m., central daylight time, for the following purposes:

1. to elect two members to the board of directors to hold office for a three-year term; and
2. to transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

These items of business are described in the attached proxy statement. The board of directors has fixed June 10, 2005 as the record date to determine the stockholders entitled to notice of and to vote at the Annual Meeting. Only those stockholders of record of Crown Crafts Series A common stock as of the close of business on that date will be entitled to vote at the Annual Meeting or at any adjournment or postponement thereof.

The board of directors recommends that you vote **FOR** the election of the nominee directors.

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AND VOTED WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON. PLEASE COMPLETE, DATE, SIGN AND MAIL THE ENCLOSED PROXY CARD IN THE ACCOMPANYING RETURN ADDRESSED ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. IF YOU LATER DESIRE TO REVOKE OR CHANGE YOUR PROXY FOR ANY REASON, YOU MAY DO SO AT ANY TIME BEFORE THE VOTING BY DELIVERING TO CROWN CRAFTS A WRITTEN NOTICE OF REVOCATION OR A DULY EXECUTED PROXY BEARING A LATER DATE OR BY ATTENDING THE ANNUAL MEETING AND VOTING IN PERSON.

By Order of the Board of Directors,

Olivia Elliott
Secretary/ Treasurer

Gonzales, Louisiana
June 27, 2005

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**CROWN CRAFTS, INC.
916 South Burnside Avenue
Gonzales, Louisiana 70737**

PROXY STATEMENT

GENERAL INFORMATION

Solicitation of Proxies

This proxy statement and the accompanying form of proxy (which were first sent or given to stockholders on or about July 8, 2005) are furnished to stockholders of Crown Crafts, Inc. ("Crown Crafts" or the "Company") in connection with the solicitation by and on behalf of the board of directors of the Company of proxies for use at the annual meeting of the Company's stockholders to be held at the Company's executive offices, located at 916 South Burnside Avenue, Third Floor, Gonzales, Louisiana, on August 9, 2005, at 10:00 a.m., central daylight time, and any adjournment or postponement thereof (the "Annual Meeting").

The Annual Meeting is being held for the following purposes:

(i) to elect two members to the board of directors to hold office for a three-year term; and

(ii) to transact any other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Record Date; Outstanding Shares; Shares Entitled to Vote

Only holders of record of Crown Crafts Series A common stock at the close of business on the record date, June 10, 2005 (the "Record Date"), are entitled to notice of and to vote at the Annual Meeting. As of the Record Date, there were 9,505,937 shares of Crown Crafts Series A common stock outstanding and entitled to vote at the Annual Meeting, held by approximately 706 holders of record. A list of the Company's stockholders will be available for review at the Company's executive offices during regular business hours for a period of ten days before the Annual Meeting. Each holder of Crown Crafts Series A common stock is entitled to one vote for each share of Crown Crafts Series A common stock he or she owned as of the Record Date.

Quorum and Vote Required

A quorum of stockholders is necessary to transact business at the Annual Meeting. The presence, in person or by proxy, of shares of Crown Crafts Series A common stock representing a majority of shares of Crown Crafts Series A common stock outstanding and entitled to vote on the Record Date is necessary to constitute a quorum at the Annual Meeting. Abstentions and broker non-votes, discussed below, count as present for establishing a quorum.

Directors are elected by a plurality of the votes cast, which means the two nominees who receive the largest number of properly cast votes will be elected as directors of Crown Crafts. Cumulative voting is not permitted.

As of the Record Date, the Company's directors and executive officers as a group beneficially owned and were entitled to vote approximately 792,215 shares of the Company's Series A common stock, or approximately 8.3% of the outstanding shares of the Company's Series A common stock on that date. This amount excludes approximately 10,310 shares of the Company's Series A common stock held by members of the immediate families of certain officers and directors of Crown Crafts with respect to which such officers and directors disclaim beneficial ownership.

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Voting; Proxies; Revocation

You may vote by proxy or in person at the Annual Meeting.

Voting in Person. If you plan to attend the Annual Meeting and wish to vote in person, you will be given a ballot at the Annual Meeting. Please note, however, that if your shares are held in street name, which means your shares are held of record by a broker, bank or other nominee, and you wish to vote at the Annual Meeting, you must bring to the Annual Meeting a proxy from the record holder of the shares authorizing you to vote at the Annual Meeting.

Voting by Proxy. You should vote your proxy even if you plan to attend the Annual Meeting. You can always change your vote at the Annual Meeting. Your latest dated vote before the Annual Meeting will be the vote counted. Voting instructions are included on your proxy card. If you properly grant your proxy and submit it to the Company in time to vote, one of the individuals named as your proxy will vote your shares as you have directed. If no instructions are indicated on a properly executed proxy card or voting instruction, the shares will be voted for the election of all of the director nominees and ratification of the independent auditors.

If other matters properly come before the Annual Meeting, the shares represented by proxies will be voted, or not voted, by the individuals named in the proxies in their discretion.

You may submit your proxy through the mail by completing your proxy card, and signing, dating and returning it in the enclosed, pre-addressed, postage-paid envelope. To be valid, a returned proxy card must be signed and dated.

If you are not the record holder of your shares, you must provide the record holder of your shares with instructions on how to vote your shares. If your shares are held by a bank, broker or other nominee, that bank, broker or nominee may allow you to deliver your voting instructions by telephone. If your shares are held by a broker, you may also be allowed to deliver your voting instructions over the Internet. Stockholders whose shares are held by a bank, broker or other nominee should refer to the voting instruction card forwarded to them by that bank, broker or other nominee holding their shares.

Revocation of Proxy. You may revoke your proxy at any time before it is voted at the Annual Meeting by:

delivering to the Secretary of Crown Crafts a signed notice of revocation, bearing a date later than the date of the proxy, stating that the proxy is revoked;

granting a new proxy, relating to the same shares and bearing a later date; or

attending the Annual Meeting and voting in person.

If your shares are held in the name of a broker, bank or other nominee, you may change your vote by submitting new voting instructions to your broker, bank or other nominee. You must contact your broker, bank or other nominee to find out how to do so.

Written notices of revocation and other communications with respect to the revocation of proxies should be addressed to: Crown Crafts, Inc., P.O. Box 1028, Gonzales, Louisiana 70707.

Abstentions and Broker Non-Votes. Shares of Crown Crafts Series A common stock held by persons attending the Annual Meeting but not voting, and shares of Crown Crafts Series A common stock for which the Company has received proxies but with respect to which holders of those shares have abstained from voting, will be counted as present at the Annual Meeting for purposes of determining the presence or absence of a quorum for the transaction of business at the Annual Meeting. Because directors are elected by a plurality of votes cast, abstentions will not be counted in determining which nominees received the largest number of votes cast.

Under certain circumstances, brokers are prohibited from exercising discretionary authority for beneficial owners who have not returned proxies to the brokers (so-called broker non-votes). In these cases, and in cases where the stockholder abstains from voting on a matter, those shares will be counted for the purpose of determining if a quorum is present, but will not be included in the vote totals with respect to those matters

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and, therefore, will have no effect on the vote. In addition, if a broker indicates on the proxy card that it does not have discretionary authority on other matters considered at the Annual Meeting, those shares will not be counted in determining the number of votes cast with respect to those matters.

Proxy Solicitation. Crown Crafts will bear the costs of printing and mailing this proxy statement, as well as all other costs incurred on behalf of the Company's board of directors in connection with its solicitation of proxies from the holders of Crown Crafts Series A common stock. In addition, directors, officers and employees of Crown Crafts and its subsidiaries may solicit proxies by mail, personal interview, telephone or telegraph without additional compensation therefor. Arrangements also will be made with brokerage houses, voting trustees, banks, associations and other custodians, nominees and fiduciaries, who are record holders of the Company's Series A common stock not beneficially owned by them, for forwarding these proxy materials to, and obtaining proxies from, the beneficial owners of such stock entitled to vote at the Annual Meeting. Crown Crafts will reimburse these persons for their reasonable expenses incurred in doing so.

Other Business; Adjournments. The Company does not expect that any matter other than the proposals presented in this proxy statement will be brought before the Annual Meeting. However, if other matters are properly presented at the Annual Meeting or any adjournment or postponement of the Annual Meeting, the persons named as proxies will vote in accordance with their best judgment with respect to those matters.

Assistance

If you need assistance in completing your proxy card or have questions regarding the Annual Meeting, please contact Olivia Elliott at (225) 647-9124 or write to Ms. Elliott at the following address: P.O. Box 1028, Gonzales, Louisiana 70707.

Table of Contents**SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS**

The following table sets forth certain information, based upon publicly-filed documents, regarding the number and percentage of shares of Series A common stock that are deemed to be beneficially owned under the rules of the Securities and Exchange Commission (the SEC) as of the Record Date, by (i) each director of the Company, (ii) the current executive officers of the Company named in the Summary Compensation Table included elsewhere herein, (iii) all officers and directors as a group, and (iv) all persons known to the Company who may be deemed beneficial owners of more than 5% of the outstanding shares of the Company's Series A common stock. An asterisk indicates beneficial ownership of less than one percent. Unless otherwise specified in the footnotes, the stockholder has sole voting and dispositive power over the shares of Series A common stock beneficially held.

Name	Number of Shares Beneficially Owned(1)	Percentage of Outstanding Shares
Michael H. Bernstein(2) c/o Jerry Sims, Esq. Sims Moss Kline & Davis LLP Three Ravinia Drive, Suite 1700 Atlanta, Georgia 30346	1,194,251	12.6%
Wynnefield Capital, Inc. 450 Seventh Avenue, Suite 509 New York, New York 10123	1,428,835	15.0%
Elizabeth Fishman(3) c/o Jerry Sims, Esq. Sims Moss Kline & Davis LLP Three Ravinia Drive, Suite 1700 Atlanta, Georgia 30346	526,085	5.5%
E. Randall Chestnut(4)	461,103	4.8%
Amy Vidrine Samson(5)	148,112	1.6%
Nanci Freeman(6)	246,310	2.6%
William T. Deyo, Jr.(7)	9,001	*
Steven E. Fox(7)	9,001	*
Sidney Kirschner(7)	9,001	*
Zenon S. Nie(7)	9,001	*
William P. Payne(7)	9,001	*
Dr. Donald Ratajczak(7)	9,001	*
Dr. James A. Verbrugge(7)	9,001	*
All officers and directors as a group (10 persons)	918,532	9.5%

(1) The number of shares beneficially owned and the percentage of ownership includes all options to acquire shares of Series A common stock that may be exercised within 60 days of June 10, 2005.

(2) Includes 949,103 shares of Series A common stock owned individually by Mr. Bernstein, 97,912 shares held by Mr. Bernstein as custodian or trustee for his minor children as to which he disclaims beneficial ownership, 82,236 shares held by the Bernstein Family Foundation, a charitable foundation for which Mr. Bernstein acts as trustee, and 65,000 shares owned by a trust for which Mr. Bernstein is a trustee.

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- (3) Includes 348,085 shares of Series A common stock owned individually by Ms. Fishman, 118,000 shares owned by the estate of Inez Bernstein, and 60,000 shares owned by a trust for which Ms. Fishman is a trustee.
- (4) Includes 426,103 shares of Series A common stock owned individually by Mr. Chestnut and options to purchase 35,000 shares of Series A common stock.
- (5) Includes 140,612 shares of Series A common stock owned individually by Ms. Samson and options to purchase 7,500 shares of Series A common stock.

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- (6) Includes 190,500 shares of Series A common stock owned individually by Ms. Freeman, 10,250 shares owned by her husband, 60 shares owned by her minor children, options owned by Ms. Freeman to purchase 15,000 shares of Series A common stock and options owned by her husband to purchase 30,500 shares of Series A commons stock.
- (7) Includes 5,000 shares of Series A common stock owned individually and options to purchase 4,001 shares of Series A common stock.

ELECTION OF DIRECTORS

Board of Directors

The board of directors of Crown Crafts is responsible for establishing broad corporate policies of the Company and monitoring the Company’s overall performance and ensuring that the Company’s activities are conducted in a responsible and ethical manner. However, in accordance with well-established corporate legal principles, the board of directors is not involved in the Company’s day-to-day operating matters. Members of the board are kept informed about the Company’s business by participating in board and committee meetings, by reviewing analyses and reports provided to them by the Company and through discussions with the chairman of the board and other officers of the Company.

Election of Directors

Pursuant to the bylaws of the Company, the board of directors has fixed its membership at eight directors. The board of directors is divided into three classes of directors, with each class consisting of three members, except Class III, which consists of two members. One class of directors is elected to serve a three-year term at each Annual Meeting of the Company’s stockholders. At this year’s Annual Meeting of stockholders, two Class III directors will be elected to hold office until the 2008 Annual Meeting.

The board of directors has unanimously nominated Donald Ratajczak and James A. Verbrugge as Class III nominees for election to the board of directors. Each of these nominees presently serves on the board of directors of the Company.

The proxy holder intends to vote for the election of the named nominees unless you have specifically indicated by proper proxy that your shares should be withheld from voting for any or all of these nominees. If at the time of the Annual Meeting any nominee is unavailable or unwilling to serve as a director, the proxies will be voted for the remaining nominees and for any other person designated by the board of directors as a nominee. Proxies cannot be voted at the Annual Meeting for a greater number of persons than the number of nominees named.

Recommendation of the Board of Directors

The board of directors unanimously recommends a vote **FOR** each of the Class III nominees.

Class III Nominees

The following persons are the nominees for Class III directorships with terms ending in 2008.

Name	Age	Director Since
Donald Ratajczak	62	2001
James A. Verbrugge	64	2001

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Dr. Donald Ratajczak is a consulting economist and the former Chairman and Chief Executive Officer of Brainworks Ventures, Inc., an enterprise development company he founded in 2000. He is also Regent's Professor Emeritus of the Robinson College of Business at Georgia State University. From 1997 to 2000, he was Regent's Professor of Economics at Georgia State University, and from 1973 to 1997, he was a Professor or Associate Professor in that department. He was also the founder and Director of the Economic Forecasting Center at Georgia State University from 1973 to 2000. He is a member of the Board of Directors of each of Ruby Tuesday, Inc., Assurance America Corporation, Citizens Bankshares Corporation, TBC Corporation and Regan Holding Corp. and is also a Trustee of the CIM High Yield Fund.

Dr. James A. Verbrugge is Professor of Finance Emeritus in the Terry College of Business at the University of Georgia. From 2002 to 2004, he was the Director of the Center for Strategic Risk Management in the Terry College. From 1976 to 2001, he was the Chairman of the Department of Banking and Finance, and he held the Chair of Banking from 1992 to 2002. He is currently a member of the Board of Directors of each of RCG Companies, Inc., Tri-S Security Corporation and Verso Technologies, Inc. He also serves on the board of one private company.

Continuing Directors

The following persons are our Class I directors and Class II directors, with terms ending in 2007 and 2006, respectively.

Name	Age	Position with Company	Since	Current Term
CLASS I				
E. Randall Chestnut		Chairman, Chief Executive Officer and President		
	57		1995	Through 2007
William T. Deyo	60	Director	2001	Through 2007
Steven E. Fox	59	Director	2001	Through 2007
CLASS II				
Sidney Kirschner	70	Director	2001	Through 2006
Zenon S. Nie	54	Director	2001	Through 2006
William P. Payne	57	Director	2001	Through 2006

E. Randall Chestnut joined the Company in January 1995 as Vice President, Corporate Development. Since then, he has been an executive of the Company, and in July 2001 he was elected President, Chief Executive Officer and Chairman of the Board.

William T. Deyo, Jr. has been a principal of Goddard Investment Group, LLC, a real estate investment firm, since 1999. He was Executive Vice President of NAI/ Brannen Goddard Company, a real estate brokerage firm, from 1999 to 2000. From 1966 to 1999, he held various positions with Wachovia Bank in Atlanta, Georgia, serving last as Executive Vice President. Mr. Deyo also is Chairman of the Board of the Fulton County (Georgia) Hospital Authority and a past member of the Board of Directors of the Center for Visually Impaired Foundation.

Steven E. Fox is a partner in the law firm of Rogers & Hardin LLP, where he has practiced since 1976. He is a member of the Board of Directors of Athens Olympic Broadcasting S.A.

Sidney Kirschner was Chairman of the Board, President and Chief Executive Officer of Northside Hospital, Atlanta, Georgia from 1992 to 2004. He is a member of the Board of Directors of Superior Uniforms, Inc.

Zenon S. Nie is Chairman of the Board, President and Chief Executive Officer of the C.E.O. Advisory Board, a management consulting firm he founded in 2000, and has been an operating partner in Tri-Artisan Partners since 2001. From 1993 to 2000, he was Chairman of the Board, President, Chief Executive Officer and Chief Operating Officer of Simmons Company, a manufacturer and distributor of mattresses. He is a member of the Board of Directors of Hilding Anders International, AB.

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William P. Payne has been a partner of Gleacher Partners LLC, an investment banking firm, since 2000. From 1998 to 2000, he was a Director of Healtheon/ WebMD Corporation and Vice Chairman and Director of Premiere Technologies, Inc. and was involved in web-based communications businesses. From 1997 to 1998, he was Vice Chairman of NationsBank (now known as Bank of America). From 1991 to 1997, he was President and Chief Executive Officer of the Atlanta Committee for the Olympic Games and an officer of Atlanta Centennial Olympic Properties. He is a member of the Board of Directors of each of Anheuser-Busch, Inc., Cousins Properties Incorporated, ILD Telecommunications, Inc., Jefferson Pilot Corporation, the Convex Group, the Atlanta Falcons and The Commerce Club and serves as an advisory director of National Distributing Company.

Board Committees and Meetings

Currently, the board of directors has two standing committees: the audit committee and the compensation committee. Committee membership and the responsibilities assigned by the board of directors to each of the committees are briefly described below.

The board of directors met six times during the last fiscal year. The audit committee met three times and the compensation committee met once during that same period. In addition, the chairman of the audit committee met with the Company's independent accountants twice during the last fiscal year. Each director attended at least 57% of the total number of meetings of the board and committees of which he was a member during fiscal year 2005. Six directors also attended the Company's annual meeting held in fiscal year 2005, and all members of the board have been requested to attend the Annual Meeting.

The Company does not have a standing nominating committee or a charter with respect to the nominating process. The board is of the view that such a committee is unnecessary given the relatively small number of directors elected each year and the fact that all directors are considered by and recommended to the Company's stockholders by the full board, which is comprised of a majority of independent directors. If the board appointed such a committee, its membership would consist of the independent directors or a subset of them. To date, all director nominees recommended to the stockholders have been identified by current directors or management, and the Company has never engaged a third party to identify director candidates. The board would also consider any director candidate proposed in good faith by a stockholder of the Company. To do so, a stockholder should send the director candidate's name, credentials, contact information and his or her consent to be considered as a candidate to the secretary of the Company. The proposing stockholder should also include his or her contact information and a statement of his or her share ownership (how many shares of the Company owned and for how long). The board will evaluate candidates based on their financial literacy, business acumen and experience, independence, and willingness, ability and availability for service.

Audit Committee. The audit committee is currently comprised of four members, none of whom is a current or former employee of the Company or any of its subsidiaries and all of whom are, in the opinion of the board, free from any relationship that would interfere with the exercise of their independent judgment in the discharge of the audit committee's duties. See Report of the Audit Committee of the Board. The current members of the audit committee are Drs. Ratajczak and Verbrugge and Messrs. Deyo and Kirschner. The audit committee represents the board in discharging its responsibility relating to the accounting, reporting and financial practices of the Company and its subsidiaries. Its primary functions include monitoring the integrity of the Company's financial statements, system of internal controls, and compliance with regulatory and legal requirements; monitoring the independence, qualifications and performance of the Company's independent auditor; and providing an avenue of communication among the independent auditor, management and the board.

Compensation Committee. The compensation committee is currently comprised of three directors, Messrs. Nie (Chairman), Fox and Payne, none of whom is a current or former employee of the Company or any of its subsidiaries. The duties of the compensation committee are generally to establish the compensation for the Company's executive officers and to act on such other matters relating to compensation as it deems appropriate, including an annual evaluation of the Company's Chief Executive Officer and the design and

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oversight of all compensation and benefit programs in which the Company's employees and officers are eligible to participate.

Directors Compensation

Each non-employee director is paid an annual cash retainer of \$20,000 and committee chairmen are paid an additional \$4,500 annual cash retainer. During fiscal year 2005, each non-employee director also received a cash fee of \$2,500 for each board meeting attended and \$2,000 for each committee meeting held other than in conjunction with a board meeting. For each committee meeting that is held in conjunction with a board meeting, each committee member receives a cash fee of \$1,000. An additional \$2,500 is received for travel time associated with attending the Company's Annual Meeting. Each non-employee director also receives an option grant to purchase 2,000 shares of the Company's Series A common stock each year.

Directors who are employees of Crown Crafts or its subsidiaries do not receive any compensation for their service as directors.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee during fiscal year 2005 or as of the date of this proxy statement is or has been an officer or employee of the Company.

EXECUTIVE COMPENSATION**Executive Officers**

The executive officers of the Company are as follows:

Name	Age	Position with Company
E. Randall Chestnut(1)		Chairman of the Board, President and Chief Executive Officer
Amy Vidrine Samson(2)	57	Vice President and Chief Financial Officer
Nanci Freeman(3)	44	President and Chief Executive Officer, Crown Crafts Infant Products, Inc.
	47	

- (1) Information about the business experience of Mr. Chestnut is set forth under "Continuing Directors" above.
- (2) Ms. Samson joined the Company on July 23, 2001 as Vice President and Chief Financial Officer. Before joining the Company, she had served, since 1995, as Vice President of Finance and Operations of Hamco, Inc., a wholly-owned subsidiary of the Company.
- (3) Ms. Freeman has been President and Chief Executive Officer of Crown Crafts Infant Products, Inc., a wholly-owned subsidiary of the Company, since 1999.

Subject to the terms of his or her employment agreement, each executive officer of the Company is elected or appointed by the board and holds office until such officer's successor is elected or until such officer's death, resignation or removal.

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The following table and notes present the total compensation paid to or earned by the Company's chief executive officer and its other executive officers whose annual salary and bonus exceeded \$100,000 (the Named Executive Officers) for services rendered during each of the Company's last three fiscal years.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Annual Compensation		Long-Term Compensation		
		Salary	Bonus	Restricted Stock Awards(1)	Securities Underlying Options (#)	All Other Compensation
E. Randall Chestnut Chairman of the Board, President and Chief Executive Officer	2005	\$ 395,000	\$ -0-	\$ -0-	-0-	\$ -0-
	2004	368,000	221,000	-0-	-0-	-0-
	2003	363,000	210,000	-0-	-0-	-0-
Amy Vidrine Samson Vice President and Chief Financial Officer	2005	\$ 193,000	\$ -0-	\$ -0-	-0-	\$ -0-
	2004	174,000	71,000	30,000	-0-	-0-
	2003	166,000	64,000	-0-	-0-	-0-
Nanci Freeman President and Chief Executive Officer, Crown Crafts Infant Products, Inc.	2005	\$ 267,000	\$ -0-	\$ -0-	-0-	\$ -0-
	2004	245,000	99,000	30,000	-0-	-0-
	2003	233,000	95,000	-0-	-0-	-0-

(1) At April 3, 2005, Ms. Samson and Ms. Freeman each held 40,500 restricted shares of Series A common stock with a value of \$19,845. The dollar amounts reported in the table above reflect the value of these shares on the date of grant, June 23, 2003. These shares vested on June 23, 2005. The Company does not expect to pay dividends on these shares.

Employment Agreements

Mr. Chestnut has a Severance Protection Agreement for a two-year term renewable annually (so as to always be effective for two years after each renewal date), unless either party notifies the other of non-renewal in a timely manner, providing for payment of three times his compensation, acceleration of vesting of stock awards, repurchase by the Company of shares acquired on the exercise of stock options if he so elects, a cash payment sufficient to relieve him of any tax liability resulting from excise taxes on the payments to him and other benefits if his employment is terminated within two years of a Change in Control (as defined) and such termination is without cause (as defined) or for Good Reason (as defined).

In addition, Mr. Chestnut, Ms. Samson and Ms. Freeman each have an employment agreement through March 31, 2006, in the case of Mr. Chestnut, and through April 30, 2006, in the case of Ms. Samson and Ms. Freeman, which automatically renews on a monthly basis unless either party to such agreement gives the other party to such agreement one year's advance notice of non-renewal. Each agreement provides for annual salary and performance bonuses, as well as other benefits. If the Company terminates Mr. Chestnut's employment without cause (as defined) or Mr. Chestnut terminates his employment for Good Reason (as defined), then Mr. Chestnut will be entitled to be paid the amounts provided in his Severance Protection Agreement. If the Company terminates the employment of either

Ms. Samson or Ms. Freeman without cause (as defined) or either Ms. Samson or Ms. Freeman terminates her employment for Good Reason (as defined), then Ms. Samson or Ms. Freeman, as the case may be, will be entitled to her compensation for the greater of the remaining term of the agreement or one year plus an amount equal to her highest annual bonus for the three prior years. If there is a Change in Control (as defined), then each of Mr. Chestnut, Ms. Samson and Ms. Freeman may, under certain circumstances, elect to terminate their respective employment relationship with the Company and receive the foregoing benefits. Each of the employment agreements contains one-year post-employment non-competition provisions and provides for a continuity of compensation during that period if termination of employment was without cause or for Good Reason.

Table of Contents**Option Exercises and Holdings**

The following table sets forth certain information with respect to stock options held by the Named Executive Officers, at April 3, 2005. No options were granted to or exercised by the Named Executive Officers during fiscal 2005.

Name and Principal Position	Number of Securities Underlying Options at 4/3/05 (Exercisable/Unexercisable)	Value of Unexercised In-The-Money Options at 4/3/05(1) (Exercisable/Unexercisable)
E. Randall Chestnut, Chairman of the Board, President and Chief Executive Officer	35,000/ 0	\$ 0/ \$0
Amy Vidrine Samson, Vice President and Chief Financial Officer	7,500/ 0	\$ 0/ \$0
Nanci Freeman, President and Chief Executive Officer, Crown Crafts Infant Products, Inc.	15,000/ 0	\$ 0/ \$0

- (1) Value is equal to the difference between the April 3, 2005 closing price of the Series A common stock and the exercise price, which is equal to the closing price on the date of grant.

REPORT OF THE COMPENSATION COMMITTEE

This report of the compensation committee sets forth the compensation committee's compensation policies applicable to the Company's chief executive officer and its other executive officers.

The compensation committee is currently comprised of three non-employee directors: Messrs. Nie, Fox and Payne. No current member of the compensation committee has ever been an employee of the Company or any of its subsidiaries, and none is eligible to participate in any of the compensation plans that the compensation committee administers other than the Company's Amended 1995 Stock Option Plan, under which each director receives an option grant to purchase 2,000 shares of the Company's Series A common stock each year on the day after the Company's annual meeting of stockholders. Mr. Fox is a partner in the firm of Rogers & Hardin LLP, which performed legal services for the Company in fiscal 2005 and is performing legal services for the Company in fiscal 2006 at customary rates.

The compensation committee has overall responsibility to review, monitor and recommend compensation plans to the board for approval. In reviewing and approving executive compensation for key executives other than the chief executive officer, the committee reviews recommendations from the chief executive officer.

Policy and Objectives. The fundamental philosophy of the compensation program of the Company is to motivate executive officers to achieve short-term and long-term goals through incentive-based compensation and to provide competitive levels of compensation that will enable the Company to attract and retain qualified executives.

The Company's executive compensation program consists primarily of three components. Of the three, only base salary is fixed. The other two components are incentive-based. The Company provides short-term incentives in the form of bonuses paid to employees pursuant to formulae established by the compensation committee based upon the Company's annual operating results. The Company's Amended 1995 Stock Option Plan provides long-term incentives to Plan participants.

A key objective of the compensation committee is to assure that the total compensation of the Company's executives is competitive. To this end, the compensation committee compared the compensation of the Company's senior executives with the compensation provided to executives in comparable positions at a self-constructed group of peer companies. As the basis for its 2005 competitive review, the compensation committee, with assistance from an

independent compensation consultant, determined the appropriate companies to include in the peer group, which included companies in addition to those included in the Company's peer group index that appears in this proxy statement for stock performance purposes. In the

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committee's view, this analysis helps to ensure that the total compensation provided to the Company's senior executives is set at an appropriate level to reward, retain and attract a talented management team.

The compensation committee meets annually to set goals and establish formulae for the awarding of bonuses, based upon numerous factors, including the Company's projected operating results. The formulae are generally progressive, meaning that lower levels of profitability or sales growth by the Company result in a lower proportion of incentive compensation to pretax income than do higher levels of profitability or sales growth. The compensation committee has reserved the right to alter the formulae at any time to reflect changing conditions.

Short-Term Compensation

Base Salary. The compensation committee targets the base salary for each executive officer, including the chief executive officer, at median market levels for the peer group. Base salaries are reviewed annually by the compensation committee. The compensation committee believes this policy is consistent with the overall philosophy as set forth above.

Short-Term Incentives. The Company provides executives with an opportunity for competitive short-term compensation in the form of bonuses based upon the Company's operating results for the fiscal year. The maximum amounts potentially realizable by the eligible executives are targeted to median bonus levels for the peer group and are earned only if the Company meets or exceeds certain performance objective(s) for the fiscal year. The Company's earnings in fiscal year 2005 were below the minimum level required to earn incentive compensation.

Long-Term Compensation

The Company's compensation program includes long-term compensation in the form of periodic grants of stock options. Long-term compensation is offered only to those key employees who can make an impact on the Company's long-term performance. The granting of stock options is designed to link the interests of the executives with those of the stockholders as well as to retain key executives. Stock option grants provide an incentive that focuses the executives' attention on managing the Company from the perspective of an owner with an equity stake in the business. Stock options are tied to the future performance of the Company's stock and will provide value only if the price of the Company's stock increases after the stock option becomes exercisable and before it expires.

In addition, in fiscal year 2002, restricted stock grants were awarded pursuant to the Company's Restricted Stock Plan to Mr. Chestnut, Ms. Samson, Ms. Freeman and 13 other individuals who were involved in the restructuring of the Company. The Company awarded the remaining 91,000 shares under the Restricted Stock Plan equally to Ms. Samson and Ms. Freeman on June 23, 2003.

Compensation Paid to the Chief Executive Officer

The compensation committee meets annually to evaluate the performance of the chief executive officer. The compensation paid in fiscal year 2005 to Mr. Chestnut was based on the factors generally applicable to compensation paid to executives of the Company as described in this Report.

In reviewing Mr. Chestnut's short-term incentive compensation, the compensation committee reviewed and considered Mr. Chestnut's recent performance, his achievements in prior years, his achievement of specific short-term goals and the Company's performance in fiscal year 2005. Mr. Chestnut's base salary and bonus formula for fiscal year 2005 were approved based on this review process. Mr. Chestnut's bonus formula, which was based on the Company's operating results for fiscal year 2005, resulted in no bonus for fiscal year 2005.

Additionally, Mr. Chestnut's long-term compensation was determined by considering such factors as the overall long-term goals of the Company, performance trends, potential stock appreciation and actual performance, taking into consideration factors and conditions which affected that performance, both positively and negatively.

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Tax Compliance Policy

Certain provisions of the federal tax laws limit the deductibility of certain compensation for the chief executive officer and other executives to \$1.0 million in applicable remuneration in any year. This provision has had no effect on the Company since its enactment because no officer of the Company has received \$1.0 million in applicable remuneration in any year. Nonetheless, the presence of non-qualified stock options makes it theoretically possible that the threshold may be exceeded at some time in the future. In such a case, the Company intends to take the necessary steps to conform its compensation to qualify for deductibility. Further, the compensation committee intends to give strong consideration to the deductibility of compensation in making its compensation decisions for executive officers in the future, balancing the goal of maintaining a compensation program which will enable the Company to attract and retain qualified executives while maximizing the creation of long-term stockholder value.

This report has been submitted by the compensation committee.

Zenon S. Nie, Chairman
Steven E. Fox
William P. Payne

Pursuant to the regulations of the SEC, this report is not soliciting material, is not deemed filed with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

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REPORT OF THE AUDIT COMMITTEE

The audit committee of the Company's board of directors is comprised of four directors, all of whom are independent, as defined by the listing standards of Nasdaq. The board has determined that Dr. Donald Ratajczak is an audit committee financial expert within the meaning of regulations adopted by the SEC as a result of his accounting and related financial management expertise and experience. The main function of the audit committee is to ensure that effective accounting policies are implemented and that internal controls are in place to deter fraud, anticipate financial risks and promote accurate and timely disclosure of financial and other material information to the public markets, the board and the stockholders. The audit committee also reviews and recommends to the board the approval of the annual financial statements and provides a forum, independent of management, where the Company's auditors can communicate any issues of concern. In performing all of these functions, the audit committee acts only in an oversight capacity and necessarily relies on the work and assurances of the Company's management and independent auditors, which, in their report, express an opinion on the conformity of the Company's annual financial statements to generally accepted accounting principles.

The audit commit