

CROWN CRAFTS INC  
Form DEF 14A  
June 24, 2016  
**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**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

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under §240.14a-12

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.

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

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

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Fee paid previously with preliminary materials.

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(1) Amount previously paid:

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

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(3) Filing Party:

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(4) Date Filed:

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**CROWN CRAFTS, INC.**

**916 South Burnside Avenue**

**Gonzales, Louisiana 70737**

**(225) 647-9100**

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON AUGUST 9, 2016**

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To the Stockholders of Crown Crafts, Inc.:

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of Crown Crafts, Inc. (the “Company”) will be held at our executive offices, located at 916 South Burnside Avenue, Third Floor, Gonzales, Louisiana, on August 9, 2016, at 10:00 a.m., Central Daylight Time, for the following purposes:

- (i) to elect one Class I director to the board of directors of the Company to hold office for a three-year term;
- (ii) to ratify the appointment of KPMG LLP as the Company’s independent auditor for the fiscal year ending April 2, 2017;
- (iii) to approve, on a non-binding, advisory basis, the Company’s executive compensation; and
- (iv) to transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

**The board of directors unanimously recommends a vote “FOR” the election of the Class I director nominee and “FOR” each of the other proposals submitted at the annual meeting.**

These items of business are described in the attached proxy statement. The board of directors has fixed June 10, 2016 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.

You are cordially invited to attend the annual meeting and vote in person. To assure your representation at the meeting, however, you are urged to vote by proxy as soon as possible by telephone, over the Internet or by mail by following the instructions on the proxy card. You may vote in person at the meeting even if you have previously returned a proxy. To obtain directions to attend the annual meeting and vote in person, please contact our corporate secretary at (225) 647-9100.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on August 9, 2016. This notice, the attached proxy statement, a form of proxy card and our Annual Report for the fiscal year ended April 3, 2016 are available free of charge at <https://materials.proxyvote.com/228309>.**

By Order of the Board of Directors,

Olivia Elliott

Vice President, Chief Financial Officer

and Secretary  
Gonzales, Louisiana

July 1, 2016

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**CROWN CRAFTS, INC.**

**916 South Burnside Avenue**

**Gonzales, Louisiana 70737**

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**PROXY STATEMENT**

**FOR**

**ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON AUGUST 9, 2016**

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**QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS**

*Why am I receiving these materials?*

The board of directors of Crown Crafts, Inc. (“Crown Crafts” or the “Company”) has provided these materials to you in connection with the solicitation of proxies by and on behalf of the board 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, 2016, at 10:00 a.m., Central Daylight Time, and any adjournment or postponement thereof. Stockholders of the Company are invited to attend the annual meeting and are requested to vote on the proposals described in this proxy statement.

These materials were first made available to stockholders on or about July 1, 2016.

*What is included in these materials?*

These materials include:

• this proxy statement for the annual meeting;

• a proxy card to be used in connection with the annual meeting, together with voting instructions; and

• the Company's Annual Report on Form 10-K for the year ended April 3, 2016, which includes the Company's audited consolidated financial statements.

***What am I voting on?***

You will be voting on each of the following:

• the election of one Class I director for a three-year term of office;

• the ratification of the appointment of KPMG LLP ("KPMG") as the Company's independent auditor for the fiscal year ending April 2, 2017;

• the non-binding, advisory approval of the Company's executive compensation; and

• any other business that may properly come before the annual meeting or any adjournment or postponement thereof.

As of the date of this proxy statement, the board of directors knows of no other matters that will be brought before the annual meeting.

***Who can vote at the annual meeting?***

You may vote if you owned shares of the Company's Series A common stock as of the close of business on June 10, 2016, the record date for the annual meeting.

***How many votes am I entitled to cast?***

All holders of Crown Crafts Series A common stock are entitled to cast one vote per share held as of the record date.

***What is the difference between holding shares as a stockholder of record and as a beneficial owner?***

Most of our stockholders hold their shares in an account at a brokerage firm, bank or other nominee holder, rather than holding share certificates in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

***Stockholder of Record.*** If, on the record date, your shares were registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are a "stockholder of record" who may vote at the annual meeting, and we are sending these proxy materials directly to you. As the stockholder of record, you have the right to direct the voting of your shares by returning the enclosed proxy card to us or to vote on the Internet or by telephone or to vote in person at the annual meeting. Whether or not you plan to attend the annual meeting, please complete, date and sign the enclosed proxy card to ensure that your vote is counted.

***Beneficial Owner.*** If, on the record date, your shares were held in an account at a brokerage firm or at a bank or other nominee holder, you are considered the beneficial owner of shares held "in street name," and these proxy materials are being forwarded to you by your broker or nominee who is considered the stockholder of record for purposes of voting at the annual meeting. As the beneficial owner, you have the right to direct your broker on how to vote your shares and to attend the annual meeting. However, since you are not the stockholder of record, you may not vote these shares in person at the annual meeting unless you receive a valid proxy from your brokerage firm, bank or other nominee holder. To obtain a valid proxy, you must make a special request of your brokerage firm, bank or other nominee

holder. If you do not make this request, you can still vote by following the voting instructions included with the enclosed proxy card; however, you will not be able to vote in person at the annual meeting.

***How do I vote my shares?***

***Stockholder of Record.*** If you are the stockholder of record, with your shares registered directly in your name, then you may vote using one of the following four methods:

• over the Internet, which you are encouraged to do if you have access to the Internet;

• by telephone;

• by completing, signing and returning the enclosed proxy card; or

• by attending the annual meeting and voting in person.

**Beneficial Owner.** If you hold shares in street name, the organization holding your account is considered the stockholder of record for purposes of voting at the annual meeting. The stockholder of record will provide you with instructions on how to vote your shares. Internet and telephone voting will be offered to stockholders owning shares through most brokerage firms and banks. Additionally, if you would like to vote in person at the annual meeting, contact the brokerage firm, bank or other nominee who holds your shares to obtain a proxy from them and bring it with you to the annual meeting. You will not be able to vote at the annual meeting unless you have a proxy from your brokerage firm, bank or other nominee.

***What if my shares are registered in more than one person's name?***

If you own shares that are registered in the name of more than one person, each person must sign the proxy card. If an attorney, executor, administrator, trustee, guardian or any other person signs the proxy in a representative capacity, the full title of the person signing the proxy should be given and a certificate should be furnished showing evidence of appointment.

***What does it mean if I receive more than one proxy card?***

If you receive more than one proxy card, then you may have multiple accounts at the transfer agent or with brokerage firms. Please sign and return all proxy cards to ensure that all of your shares are voted.

***Can I change my mind after I vote?***

You may change your vote at any time before the polls close at the annual meeting. You may do this by using one of the following methods:

- voting again by telephone or over the Internet until 11:59 p.m., Eastern Daylight Time, on August 8, 2016;

- giving written notice to the Company's corporate secretary at Crown Crafts, Inc., P.O. Box 1028, Gonzales, Louisiana 70707, Attn.: Corporate Secretary;

- delivering a later-dated proxy card; or

•voting in person at the annual meeting.

***How many votes must be present to hold the annual meeting?***

In order for the Company to conduct the annual meeting, the holders of a majority of the shares of the Company's Series A common stock outstanding and entitled to vote as of the record date must be present, in person or by proxy, at the annual meeting. This is referred to as a quorum. Your shares will be counted as present at the annual meeting if you do one of the following:

•vote via the Internet or by telephone;

•return a properly executed proxy card by mail (even if you do not provide voting instructions); or

•attend the annual meeting and vote in person.

***How many votes are needed to elect the Class I director?***

The Class I director will be elected by a plurality of the votes cast at the annual meeting, meaning that the Class I nominee receiving the most votes will be elected as a Class I director.

***How many votes are needed to ratify the appointment of KPMG as the Company's independent auditor for the fiscal year ending April 2, 2017 or to approve the advisory vote on executive compensation?***

The approval of each of these proposals requires the affirmative vote in favor of such proposal of a majority of the votes cast at the annual meeting in respect of such proposal.

***How many votes are needed for other matters that may be brought before the annual meeting?***

In the event that any other matter is properly brought before the annual meeting, the affirmative vote in favor of such matter of a majority of the votes cast in respect of such matter will be required for its approval. The board of directors knows of no other matters that will be brought before the annual meeting. If other matters are properly introduced, the persons named in the proxy as the proxy holders will vote on such matters in their discretion.

***Will my shares be voted if I do not provide my proxy?***

If you hold your shares directly in your own name, they will not be voted if you do not vote them or provide a proxy. However, your shares may be voted under certain circumstances where you do not provide a proxy if they are held in the name of a brokerage firm. Brokerage firms have the authority under stock exchange rules to vote customers' unvoted shares on "routine" matters, which include the ratification of the appointment of the Company's independent auditor. Accordingly, if a brokerage firm votes your shares on these matters in accordance with these rules, your shares will count as present at the annual meeting for purposes of establishing a quorum and will count as "for" votes or "against" votes, as the case may be. If a brokerage firm signs and returns a proxy on your behalf that does not contain voting instructions, your shares will count as present at the annual meeting for quorum purposes, but your shares will not count as a vote cast in respect of any proposal. These are referred to as "broker non-votes."

***Where do I find the voting results for the annual meeting?***

The Company will announce preliminary voting results at the annual meeting. The final voting results will be tallied by the inspector of election at the annual meeting and subsequently published in the Company's Current Report on Form 8-K, which the Company is required to file with the Securities and Exchange Commission (the "SEC") within four business days following the annual meeting.

***Who can help answer my questions?***

You can contact our corporate secretary, Olivia Elliott, by telephone at (225) 647-9100 or by writing to Crown Crafts, Inc., P.O. Box 1028, Gonzales, Louisiana 70707, Attn.: Corporate Secretary, with any questions about the proposals described in this proxy statement or how to execute your vote.



## THE ANNUAL MEETING

### General

This proxy statement is being furnished to you, as a stockholder of Crown Crafts, Inc. as part of the solicitation of proxies by the Company's board of directors for use at the annual meeting to be held on August 9, 2016 and any adjournment or postponement thereof.

### Date, Time, Place and Purpose of the Annual Meeting

The annual meeting will be held at the Company's executive offices, located at 916 South Burnside Avenue, Third Floor, Gonzales, Louisiana, on August 9, 2016, at 10:00 a.m., Central Daylight Time.

The annual meeting is being held for the following purposes, which are more fully described in this proxy statement:

- (i) to elect one Class I director to the board of directors to hold office for a three-year term;
- (ii) to ratify the appointment of KPMG as the Company's independent auditor for the fiscal year ending April 2, 2017;
- (iii) to approve, on a non-binding, advisory basis, the Company's executive compensation; and
- (iv) to transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

### Recommendations of the Board of Directors

The board of directors has unanimously determined to recommend that stockholders vote (i) "FOR" the Class I director nominee, (ii) "FOR" the ratification of the appointment of KPMG as the Company's independent auditor for the fiscal year ending April 2, 2017 and (iii) "FOR" the approval, on a non-binding, advisory basis, of the compensation of our named executive officers.

### **Record Date and Voting Power**

Only holders of record of Crown Crafts Series A common stock at the close of business on the record date, June 10, 2016, are entitled to notice of and to vote at the annual meeting. As of the record date, there were 9,992,523 shares of Crown Crafts Series A common stock outstanding and entitled to vote at the annual meeting, held by approximately 180 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. Cumulative voting is not permitted, and stockholders are not entitled to appraisal or dissenters' rights with respect to any matter to be voted on at the annual meeting.

### **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 the 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" will count as present for establishing a quorum at the annual meeting.

Directors are elected by a plurality of the votes cast, meaning that the Class I nominee receiving the most properly cast votes will be elected as a Class I director. The approval of each of the other proposals requires the affirmative vote in favor of such proposal of a majority of the votes cast at the annual meeting in respect of such proposal. If a quorum is not present at the annual meeting, then it is expected that the annual meeting will be adjourned or postponed to solicit additional proxies.

As of the record date, the Company's directors and executive officers as a group beneficially owned and were entitled to vote approximately 1,391,023 shares of Crown Crafts Series A common stock, or approximately 13.92% of the outstanding shares of Crown Crafts Series A common stock on that date.

### **Voting Your Shares**

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 brokerage firm, bank or other nominee holder, 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 on the enclosed proxy card even if you plan to attend the annual meeting. You can always change your vote at the annual meeting. Unless you 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 according to the recommendations of the board of directors as follows: (i) "FOR" the Class I director nominee; (ii) "FOR" the ratification of the appointment of KPMG as the Company's independent auditor for the fiscal year ending April 2, 2017; and (iii) "FOR" the approval, on a non-binding, advisory basis, of the compensation of the Company's named executive officers as disclosed in this proxy statement. If other matters 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.

If you are the stockholder of record of your shares, 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 properly signed and dated. You may also deliver your voting instructions by telephone or over the Internet. Instructions for voting by telephone or over the Internet may be found on your proxy card.

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 brokerage firm, bank or other nominee holder, that brokerage firm, bank or nominee may allow you to deliver your voting instructions by telephone or over the Internet. Stockholders whose shares are held by a brokerage firm, bank or other nominee should refer to the voting instruction card forwarded to them by that brokerage firm, bank or nominee holding their shares.

### **Revoking a Proxy**

You may revoke your proxy at any time before it is voted at the annual meeting by (i) delivering to the secretary of Crown Crafts a signed notice of revocation bearing a date later than the date of the proxy and stating that the proxy is revoked, (ii) granting a new proxy relating to the same shares and bearing a later date (which, if you intend to do by telephone or over the Internet, you may do only until 11:59 p.m., Eastern Daylight Time, on August 8, 2016) or (iii) attending the annual meeting and voting in person. 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, Attn.: Corporate Secretary.

If your shares are held in the name of a brokerage firm, bank or other nominee, you may change your vote by submitting new voting instructions to your brokerage firm, bank or other nominee. You must contact your broker, bank or other nominee to find out how to do so. However, since you are not the stockholder of record in that case, you may not change your vote by voting those shares in person at the annual meeting unless you receive a valid proxy from your brokerage firm, bank or other nominee holder authorizing you to vote at the annual meeting.

### **Abstentions and Broker Non-Votes**

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 chosen to abstain 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 but will not count as a vote cast in respect of the election of directors or any other proposal with respect to which the stockholder has chosen to abstain. As a result, those shares will not be included in the vote totals for such proposal and, therefore, will have no effect on such proposal.

Brokers are prohibited in certain circumstances from exercising discretionary authority for beneficial owners who have not returned proxies to the brokers (so-called "broker non-votes"). In these circumstances, those shares will be counted for the purpose of determining if a quorum is present, but such shares will not be included in the vote totals and, therefore, will have no effect on any proposal. Under the rules that govern brokers, brokers do not have discretionary authority to vote on the election of directors or on executive compensation matters; however, brokers have discretionary authority to vote on the ratification of the Company's independent auditor and may choose to do so.

All votes will be tabulated by the inspector of elections for the annual meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

### **Solicitation of Proxies**

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, email or facsimile transmission without additional compensation. The Company may also solicit proxies through press releases and postings on its website at [www.crowncrafts.com](http://www.crowncrafts.com). Arrangements 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**

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 their discretion with respect to those matters.

## **CORPORATE GOVERNANCE**

Our board of directors is committed to maintaining sound and effective corporate governance principles and believes that strong corporate governance is critical to achieving our performance goals and to maintaining the trust and confidence of stockholders, employees, suppliers, customers and regulatory agencies. The board regularly reviews the Company's corporate governance practices in light of proposed and adopted laws and regulations, the practices of other leading companies, the recommendations of various corporate governance authorities and the expectations of our stockholders.

### **Board of Directors**

The board of directors is responsible for establishing broad corporate policies of the Company, 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, the lead director and officers of the Company.

### **Director Independence**

Each non-employee member of the board is "independent," as defined for purposes of the rules of the SEC, the listing standards of The NASDAQ Stock Market ("NASDAQ") and Section 162(m) of the Internal Revenue Code of 1986, as amended (the "IRC"). For a director to be considered independent, the board must determine that the director does not have a relationship with the Company that would interfere with the exercise of his or her independent judgment in carrying out his or her responsibilities of a director. In making this determination, the board considers all relevant facts and circumstances, including any transactions or relationships between the director and the Company or its subsidiaries.

### **Code of Business Conduct and Ethics; Code of Conduct for Directors**

The Company has adopted a Code of Business Conduct and Ethics that is applicable to all directors and employees, including the Company's chief executive officer and chief financial officer. The Code of Business Conduct and Ethics covers such topics as conflicts of interest, insider trading, competition and fair dealing, discrimination and harassment, health and safety, confidentiality, payments to governmental personnel and compliance procedures. The Code of

Business Conduct and Ethics is posted on the Company's website at [www.crowncrafts.com](http://www.crowncrafts.com). In addition, the Company has also adopted a Code of Conduct for Directors, which is also posted on the Company's website at [www.crowncrafts.com](http://www.crowncrafts.com).

### **Board Committees and Meetings**

During fiscal year 2016, the Company's board of directors had the following standing committees: audit committee; compensation committee; nominating and corporate governance committee; and capital committee. Committee membership and the responsibilities assigned by the board of directors to each of these committees are briefly described below.

The board of directors met six times during fiscal year 2016. Each director attended all of the meetings of the board and committees of which he or she was a member during fiscal year 2016. All board members attended the Company's annual meeting held in 2015, and all members of the board have been requested to attend the 2016 annual meeting. Although the Company has no formal policy with respect to board members' attendance at the Company's annual meeting of stockholders, it is customary for all board members to attend the annual meeting.



### **Audit Committee**

The audit committee is currently comprised of three 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 "Audit Committee Disclosure – Report of the Audit Committee." The current members of the audit committee are Donald Ratajczak (Chairman), Sidney Kirschner and Patricia Stensrud. The audit committee has adopted a formal, written charter, which has been approved by the full board and which specifies the scope of the audit committee's responsibilities and how it should carry them out. The complete text of the audit committee charter is available on the Company's website at [www.crowncrafts.com](http://www.crowncrafts.com).

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 and system of internal controls and the Company's compliance with regulatory and legal requirements; monitoring the independence, qualifications and performance of the Company's independent auditor; and providing a line of communication among the independent auditor, management and the board. The audit committee met four times during fiscal year 2016. Executive sessions were held with the Company's independent auditor at each of these meetings.

### **Compensation Committee**

The compensation committee is currently comprised of three directors, Zenon S. Nie (Chairman), Sidney Kirschner and Patricia Stensrud, 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 compensation committee's duties. The compensation committee has adopted a formal, written charter, which has been approved by the full board and which specifies the scope of the compensation committee's responsibilities and how it should carry them out. The complete text of the compensation committee charter is available on the Company's website at [www.crowncrafts.com](http://www.crowncrafts.com). 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 oversight of all compensation and benefit programs in which the Company's employees and officers are eligible to participate. The compensation committee met two times during fiscal year 2016.

### **Nominating and Corporate Governance Committee**

The nominating and corporate governance committee is currently comprised of three directors, Zenon S. Nie (Chairman), Sidney Kirschner and Donald Ratajczak, 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 nominating and corporate governance committee's duties. The nominating and corporate governance committee has adopted a formal, written charter, which has been approved by the full board and which specifies the scope of the nominating and corporate governance committee's responsibilities and how it should carry them out. The complete text of the nominating and corporate governance committee charter is available on the Company's website at [www.crowncrafts.com](http://www.crowncrafts.com). The nominating and corporate governance committee met three times during fiscal year 2016.

The nominating and corporate governance committee has the general responsibility for overseeing the Company's corporate governance practices and for identifying, reviewing and recommending to the board individuals to be nominated for election to the board. The nominating and corporate governance committee will 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 corporate 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 Crown Crafts Series A common stock the proposing stockholder owns and how long such shares have been held), as well as any other information required by the Company's bylaws.

### **Capital Committee**

The capital committee is currently comprised of four directors, Patricia Stensrud (Chairman), E. Randall Chestnut, Zenon S. Nie and Donald Ratajczak. With the exception of Mr. Chestnut, none of the directors is a current or former employee of the Company or any of its subsidiaries, and such directors, in the opinion of the board, are free from any relationship that would interfere with the exercise of their independent judgment in the discharge of the capital committee's duties. The capital committee has adopted a formal, written charter, which has been approved by the full board and which specifies the scope of the capital committee's responsibilities and how it should carry them out. The complete text of the capital committee charter is available on the Company's website at [www.crowncrafts.com](http://www.crowncrafts.com). The capital committee is responsible for overseeing and making recommendations with respect to certain capital market transactions, including stock repurchases and dividend payments. The capital committee met three times during fiscal year 2016.

### **Identifying and Evaluating Nominees**

With respect to the nomination process, the nominating and corporate governance committee reviews the composition and size of the board to ensure that it has the proper expertise and independence; determines the criteria for the selection of board members and board committee members; establishes criteria for qualifications as independent directors, consistent with applicable laws and listing standards; maintains a file of suitable candidates for consideration as nominees to the board; reviews board candidates recommended by stockholders in compliance with all director nomination procedures for stockholders; and recommends to the board the slate of nominees of directors to be elected by the stockholders and any directors to be elected by the board to fill vacancies.

The nominating and corporate governance committee will evaluate candidates for election to the board based on their financial literacy, business acumen and experience, independence, and willingness, ability and availability for service. This may include consideration of factors such as the following:

whether the potential nominee has leadership, strategic or policy-setting experience in a complex organization, including not only a corporate organization but also any governmental, educational or other non-profit organization;

whether the potential nominee has experience and expertise that is relevant to the Company's business, including any specialized business experience, technical expertise or industry expertise, and whether the potential nominee has knowledge regarding issues affecting the Company;

whether the potential nominee is highly accomplished in his or her respective field;

whether the potential nominee has high ethical character and a reputation for honesty, integrity and sound business judgment;

whether the potential nominee is free of any conflict of interest or the appearance of any conflict of interest and whether he or she is willing and able to represent the interests of all stockholders;

any factor affecting the ability or willingness of the potential nominee to devote sufficient time to the board's activities and to enhance his or her understanding of the Company's business; and

how the potential nominee would contribute to diversity, with a view toward the needs of the board of directors as a whole.

Additionally, with respect to an incumbent director whom the nominating and corporate governance committee is considering as a potential nominee for re-election, the committee will review and consider the incumbent director's service during his or her term, including the number of meetings attended, level of participation and overall contribution to the Company. The manner in which the committee evaluates a potential nominee will not differ based on whether the potential nominee is recommended by a stockholder.

The nominating and corporate governance committee has not adopted a formal policy with regard to the consideration of diversity in identifying director nominees, although the committee and the board are committed to a diversified membership. When identifying and recommending director nominees, the members of the committee generally view diversity expansively to include, without limitation, concepts such as race, gender, national origin, differences of viewpoint and perspective, professional experience, education, skill and other qualities or attributes that together contribute to the functioning of the board.

### **Board Leadership Structure**

The board of directors believes that having a single leader serving as chairman and chief executive officer, together with an experienced and engaged lead director, is the most appropriate leadership structure for the board at this time.

Combining the roles of chairman and chief executive officer makes clear that the person serving in these roles has primary responsibility for managing the Company's business, subject to the oversight and review of the board. Under this structure, E. Randall Chestnut, the current chairman and chief executive officer, chairs board meetings, where the board discusses strategic and business issues. The board believes that this approach is preferable because the chief executive officer is the individual with primary responsibility for implementing the Company's strategy, directing the work of other officers and leading implementation of the Company's strategic plans as approved by the board. This structure creates a single leader who is directly accountable to the board and, through the board, to stockholders, and enables the chief executive officer to act as the key link between the board and other members of management. In addition, Mr. Chestnut personally brings to the combined role of chairman and chief executive officer a long history with Crown Crafts.

Because the board also believes that strong, independent board leadership is a critical aspect of effective corporate governance, the board has established the position of lead director. The lead director, who must be independent, is elected by the independent directors. The lead director presides over executive sessions of the independent directors, consults with the chairman of the board, oversees the flow of information to the board and acts as liaison between the non-employee directors and management. As the primary interface between the chief executive officer and the board, the lead director provides a valuable counterweight to the combined chairman and chief executive officer role. The lead director also serves as a focal point for the independent directors, thereby enhancing and clarifying the board's independence from management. Zenon S. Nie currently serves as the lead director.

## **Role in Risk Oversight**

As noted above, the Company's business and affairs are managed under the direction of its board of directors. This includes the board's overseeing the type and amount of risk undertaken by the Company. In discharging its oversight responsibilities, the board relies on a combination of the business experience of its members and the expertise and business experience of the Company's officers and employees, as well as, from time to time, advice of various consultants and experts. An appropriate balancing of risks and potential rewards with the long-term goals of the Company is, and historically has been, implicit in the decisions and policies of the board. Because risk oversight is so thoroughly made a part of all board deliberations and discussions, no special provision has been made for that oversight in the board's leadership structure, except in connection with the role of the audit committee, which has responsibility for overseeing the Company's risk management programs and policies.

The audit committee focuses on financial reporting risk, oversees the entire audit function and evaluates the effectiveness of internal and external audit efforts. It receives reports from management regularly regarding the Company's assessment of risks and the adequacy and effectiveness of internal control systems. The audit committee reports regularly to the full board and is required by its charter to discuss at least annually with management and the Company's independent auditor the adequacy of the Company's risk management programs and policies, including any recommendations the committee may have for improvements in those areas.

## **Certain Relationships and Related Transactions**

The Company recognizes that transactions between the Company and its directors or executive officers can present potential or actual conflicts of interest. Accordingly, as a general matter and in accordance with the Company's Code of Business Conduct and Ethics, it is the Company's preference to avoid such transactions. Nevertheless, the Company also recognizes that there are circumstances where such transactions may be in, or not inconsistent with, the best interests of the Company. The Company and the audit committee review all relationships and transactions in which the Company and such related persons are participants on a case-by-case basis. In performing such review, consideration is given to (i) the nature of the related person's interest in the transaction, (ii) the material terms of the transaction, (iii) the significance of the transaction to the related person or the Company, and (iv) other matters deemed appropriate.

Crown Crafts Infant Products, Inc. ("CCIP"), a wholly-owned subsidiary of the Company, employs Gary Freeman, who is the spouse of Nanci Freeman, the President and Chief Executive Officer of CCIP. Mr. Freeman serves as Vice President – Warehousing and Distribution of CCIP. Mr. Freeman's base salary as of the end of fiscal year 2016 was \$166,600, and he earned a bonus for fiscal year 2016 in the amount of \$50,239. The compensation paid to Mr. Freeman is commensurate with that of his peers.

### **Compensation Committee Interlocks and Insider Participation**

During the fiscal year ended April 3, 2016, Messrs. Nie and Kirschner and Ms. Stensrud served as members of the compensation committee. None of them is or has been an officer or employee of the Company.

### **Communication with the Board and its Committees**

Any stockholder may communicate with the board by directing correspondence to the board, any of its committees or one or more of its individual members, in care of the corporate secretary, at Crown Crafts, Inc., P.O. Box 1028, Gonzales, Louisiana 70707.



## **PROPOSAL 1 – ELECTION OF DIRECTORS**

### **Election of Directors**

The Company has a classified board currently consisting of one Class I director (E. Randall Chestnut), two Class II directors (Sidney Kirschner and Zenon S. Nie) and two Class III directors (Donald Ratajczak and Patricia Stensrud). At each annual meeting of stockholders, directors are duly elected for a full term of three years to succeed those directors whose terms are expiring. The Class I director currently serves until the 2016 annual meeting, and the Class II and Class III directors currently serve until the annual meetings of stockholders to be held in 2018 and 2017, respectively.

Pursuant to the Company's bylaws, the board of directors has fixed its membership at five directors.

At the 2016 annual meeting, one Class I director will be elected to hold office until the 2019 annual meeting of stockholders. The board of directors has nominated E. Randall Chestnut for re-election to the board of directors as a Class I nominee. Mr. Chestnut has consented to serve and be named in this proxy statement and will serve as a director, if elected, for his term and until his successor shall be elected and shall qualify, except as otherwise provided in the Company's bylaws.

If you properly grant your proxy and submit it to the Company in time to vote, the proxy holder will vote your shares "for" the election of Mr. Chestnut unless you have specifically indicated by proper proxy on the proxy card that your shares should be withheld from voting for him. 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**" the Class I nominee discussed below. Proxies will be voted "**FOR**" the election of this nominee unless otherwise specified.

### **Class I Nominee**

The following person is the nominee for a Class I directorship with a term ending in 2019:

**Name**                      **Age** **Director Service**

E. Randall Chestnut 68 1995 – present

**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.

**Continuing Directors**

The following persons are the Class II and Class III directors of the Company, with terms expiring as set forth below:

**Director**                      **Age** **Director Service** **Expiration of Current Term**

Sidney Kirschner (1) 81 2001 – present 2018

Zenon S. Nie (1) 65 2001 - present 2018

Donald Ratajczak (2) 73 2001 – present 2017

Patricia Stensrud (2) 68 2011 – present 2017

(1) Class II director.

(2) Class III director.

**Sidney Kirschner** is currently Executive Vice President of Piedmont Healthcare and Chief Philanthropy Officer of the Piedmont Healthcare Foundation. Mr. Kirschner previously served as Head of School at the Alfred & Adele Davis Academy from 2007 to 2010 and as Chairman of the Board, President and Chief Executive Officer of Northside Hospital, Atlanta, Georgia, from 1992 to 2004. From 1987 to 1992, he served as Chairman of the Board, Chief Executive Officer and President of National Service Industries, Inc., formerly a Fortune 500 company listed on the New York Stock Exchange. Mr. Kirschner has served on the board of directors of numerous community organizations. He is a member of the board of directors of Superior Uniform Group, Inc., Cleveland Group, Inc., Zyvax Corporation and Beaulieu Group, LLC.

**Zenon S. Nie** is Chairman of the Board, President and Chief Executive Officer of the CEO Advisory Board LLC, a management consulting firm he founded in 2000, and since 2001 has been an operating partner in Tri-Artisan Partners, which merged with Morgan Joseph to form Morgan Joseph TriArtisan LLC in January 2011. 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.

**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 is also the founder, and from 1973 to 2000 was the Director, of the Economic Forecasting Center at Georgia State University.

**Patricia Stensrud** is the founder of Hudson River Partners LLC, established in 2003, where she serves as principal and managing partner, overseeing private real estate investment and M&A advisory for start-up and acquisition initiatives. From May 2011 through November of 2015, she was President of A&H Worldwide, a leading packaging company with global operations in the United States, China and the United Kingdom. In February 2014, she co-founded BodyLuxe Group LLC, a fashion design enterprise targeting women's apparel and shapewear. She is also a co-founder of The SilkRoute Partnership, an advisory firm established in December of 2010 which provides strategic business development consulting for luxury and lifestyle brands within the fashion, beauty and consumer product sectors. Her primary focus between December 2005 and December of 2010 was on M&A targets within the fashion and accessories industry. From January 2005 until November 2005, she served as President of the Women's Sportswear Division of Tommy Hilfiger USA, and prior to that she was Chief Executive Officer of Victoria + Co, a division of Jones Apparel Group, as well as having held leadership positions with Avon Products and IBM. Ms. Stensrud presently serves as a member of the board of directors of Christopher & Banks Corporation and is Board Chair Emeritus for the Girl Scouts Council of Greater New York. Ms. Stensrud is a National Association of Corporate Directors (NACD) Board Leadership Fellow.

## **Director Qualifications**

The directors believe that their combined business and professional experience and expertise makes them a valuable resource to management and qualifies them for service on the board. Many of the Company's current directors, including Messrs. Kirschner, Nie and Ratajczak, have served on the board since the reorganization of Crown Crafts in 2001. Mr. Chestnut has been with the Company, including serving as a director, for over 20 years. During their tenures, these directors and nominees have gained considerable institutional knowledge about the Company, its operations and its industry, which has made them effective directors. Continuity of service and this development of institutional knowledge help make the Company's board more efficient and effective at developing long-range plans than it would be if there were frequent turnover in board membership.

As noted above, Mr. Chestnut is the Company's longest-tenured director. His perspective with respect to the Company's progress and past challenges as both a director and an officer of the Company is essential when the board is evaluating issues and risks facing the Company. His knowledge and understanding of the industry and its key players, including suppliers and customers, make Mr. Chestnut an invaluable resource for the board.

Mr. Kirschner brings to the Company a valuable understanding of its opportunities and the challenges it faces. During a successful and varied career, he has held top executive officer positions with a former Fortune 500 company and has served on the boards of other successful companies, including companies in the textile and manufacturing industries.

Mr. Nie is a key voice on the board with respect to strategy and growth. During his varied career, he has gained valuable perspective on management matters, having served in top executive positions with other manufacturing companies.

Dr. Ratajczak is a leading economist who is regularly called on to provide advice and guidance with respect to financial and economic matters. His considerable expertise and experience in these areas combine with his understanding of the Company's operations to make him a significant contributor to the board.

Ms. Stensrud brings to the Company extensive experience in the consumer goods and apparel industries. Her experience provides the Company with added insight into the views of retailers and suppliers alike and enables Ms. Stensrud to offer a unique and valuable perspective to the board.

## EXECUTIVE COMPENSATION

### Executive Officers

Executive officers of the Company are elected or appointed by the board of directors and hold office until their successors are elected or until their earlier death, resignation or removal, subject to the terms of applicable employment agreements. See “Employment, Severance and Compensation Arrangements.” The executive officers of the Company are as follows:

<u>Name</u>	<u>Age</u>	<u>Position With Company</u>
E. Randall Chestnut (1)	68	Chairman of the Board, President and Chief Executive Officer
Olivia W. Elliott (2)	47	Vice President and Chief Financial Officer
Nanci Freeman (3)	58	President and Chief Executive Officer, CCIP

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(1) Information about the business experience of Mr. Chestnut is set forth under “Class I Nominee” above.

(2) Ms. Elliott joined Crown Crafts in November 2001 as Secretary and Treasurer and was promoted to her current position in September 2008. She began her career in public accounting in 1991 with Deloitte & Touche LLP, where she worked for more than three years, after which she worked for seven years in finance and treasury functions with two public companies.

(3) Ms. Freeman has been President and Chief Executive Officer of CCIP since 1999.

### Compensation Discussion and Analysis

The compensation committee of the board of directors has overall responsibility for establishing, implementing and monitoring the Company’s compensation structure, policies and programs. The compensation committee oversees the design and implementation of strategic compensation programs for the Company’s executive officers and is responsible for assessing and approving the total compensation paid to the Company’s chief executive officer and his compensation recommendations for other executive officers and for determining whether the compensation paid under the Company’s programs is fair, reasonable and competitive. The compensation committee’s chairman regularly reports

to the board of directors on compensation committee actions and recommendations. The Company's compensation committee has authority to retain (at the Company's expense) outside counsel, compensation consultants and other advisors to assist as needed.

The individuals who served as the Company's chief executive and chief financial officers during fiscal year 2016, as well as the other individual included in the Summary Compensation Table below, are referred to individually, as an "executive," and collectively, as the "named executive officers." With respect to the named executive officers, this Compensation Discussion and Analysis identifies the Company's current compensation philosophy and objectives and describes the various methodologies, policies and practices for establishing and administering the compensation programs of the named executive officers.

### **Compensation Philosophy and Objectives**

The compensation committee believes that the most effective executive compensation programs are those that align the interests of the Company's executive officers with those of its stockholders. The compensation committee further believes that a properly structured compensation program will attract and retain talented individuals and motivate them to drive stockholder value and achieve specific short- and long-term strategic objectives and that a significant percentage of executive pay should be based on the principle of pay-for-performance. However, the compensation committee also recognizes that the Company must maintain its ability to attract highly talented executives. For this reason, an important objective of the compensation committee is to ensure that the Company's compensation program is competitive with its peer-group companies (the "compensation peer group").

The Company's executive compensation program is designed to provide:

levels of base compensation that are competitive with comparable companies;

annual incentive compensation that varies in a manner consistent with the achievement of individual performance objectives and financial results of the Company;

long-term incentive compensation that focuses executive efforts on building stockholder value through meeting longer-term financial and strategic goals; and

executive benefits that are meaningful and competitive with comparable companies.

In designing and administering the Company's executive compensation program, the compensation committee attempts to strike an appropriate balance among these various elements. The compensation committee considers the pay practices of the compensation peer group to determine the appropriate pay mix and compensation levels. With respect to performance-based pay, the compensation committee believes that executive compensation should be closely tied to the financial and operational performance of the Company, as well as to the individual performance and responsibility level of the named executive officers. The compensation committee also believes that the Company's executive compensation program should include a significant equity-based component because it best aligns the executives' interests with those of the Company's stockholders. For purposes of retention, the compensation committee believes that the equity-based component should have meaningful conditions to encourage valued employees to remain in the employ of the Company. Finally, the compensation committee also considers other forms of executive pay as a means to attract, retain and motivate highly qualified executives.

### **Methodology for Establishing Compensation**

The compensation committee is comprised of three independent directors, all of whom satisfy the NASDAQ listing requirements and relevant SEC regulations. There are no interlocking relationships between any member of the compensation committee and any of our executive officers. None of the compensation committee members is an officer, employee or former officer or employee of the Company.

The compensation committee is responsible for all compensation decisions for the chief executive officer and other named executive officers. The chief executive officer annually reviews the performance of the other named executive officers, including consideration of market pay practices of the compensation peer group in conjunction with both Company and individual performance. The conclusions and recommendations of the chief executive officer are presented to the compensation committee for approval. The compensation committee has absolute discretion as to



whether it approves the recommendations of the chief executive officer or makes adjustments, as it deems appropriate.

### **The Elements of Compensation**

Total direct compensation includes cash, in the form of base salary and annual incentives, and long-term equity incentives. The compensation committee evaluates the mix between these three elements based on the pay practices of comparable companies.

The companies included in the compensation peer group are selected primarily on the basis of their comparability to the Company based on size, as measured through annual revenue, market capitalization and other financial measures. Although the compensation committee also considers and reviews information from proxy statements and other relevant survey data, it particularly focuses on the practices of the compensation peer group in considering compensation levels for the chief executive officer and the other named executive officers. The compensation committee considers the opinions and recommendations of the chief executive officer and various outside advisers and strives to be fully informed in its determination of the appropriate compensation mix and award levels for the named executive officers. All compensation decisions take into consideration the compensation committee's guiding principles of fairness to employees, retention of talented executives and fostering improved Company performance, which it believes will ultimately benefit the Company's stockholders. With respect to the named executive officers, the following describes in greater detail the objectives and policies behind the various elements of the compensation mix.

### **Base Salary**

It is the Company's philosophy that employees be paid a base salary that is competitive with the salaries paid by comparable organizations based on each employee's experience, performance and geographic location. Generally, the Company has chosen to position cash compensation at close to market median levels in order to remain competitive in attracting and retaining executive talent. The allocation of total cash between base salary and incentive bonus awards is based on a variety of factors. The compensation committee considers a combination of the executive's performance, the performance of the Company and the individual business or corporate function for which the executive is responsible, the nature and importance of the position and role within the Company, the scope of the executive's responsibility and the current compensation package in place for the executive, including the executive's current annual salary and potential bonus awards under the Company's short-term incentive plan.

The compensation committee generally evaluates executive salaries annually. An analysis of executive compensation indicated that base salaries for the named executive officers were generally positioned at the market median. During the 2016 fiscal year, based in part on information provided previously by an independent compensation consultant, as well as the compensation committee's own assessment of the information and factors described above, the compensation committee determined to increase the base salaries of the named executive officers incrementally to maintain market median levels.

### **Annual Incentive Bonus**

The Company intends to continue its strategy of compensating the named executive officers through programs that emphasize performance-based incentive compensation. The Company's short-term incentive compensation program is designed to recognize and reward executive officers and other employees who contribute meaningfully to the Company's profitability and increase in stockholder value.

In general, the funding of the annual incentive bonus pool is dependent upon earnings before interest, taxes, depreciation and amortization (after deducting incentive compensation) of the Company and its subsidiaries. If the plan is fully funded, each named executive officer has the ability to receive the target bonus payout. The percentage of the target bonus actually paid to each named executive officer depends on the goal attainment levels. The threshold level of performance for funding the bonus pool is 90% of target, at which point the annual bonus pool is 5% funded.

For fiscal year 2016, the Company and its wholly-owned subsidiary Hamco, Inc. achieved the maximum level of the performance target, while CCIP achieved greater than the minimum, but less than the maximum, level of the performance target. Accordingly, the bonus pool was partially funded. Bonus amounts will be paid in the second quarter of fiscal 2017, but were expensed in fiscal 2016, the fiscal year in which the bonuses were earned and to which the payments relate.

In July 2012, the Company also implemented a performance bonus plan, in which only the named executive officers currently participate, that provides for awards of shares of common stock in the event that the aggregate average market value of the common stock during the relevant fiscal year, plus the amount of cash dividends paid in respect of the common stock during such period, increases. In such event, Mr. Chestnut is eligible to receive an award equal in value to 5% of the amount of such increase (subject to a cap of \$250,000 for fiscal 2015 and subsequent years), and Ms. Elliott and Ms. Freeman are each eligible to receive an award equal in value to 1% of the amount of such increase (subject to a cap of \$125,000 for fiscal 2015 and subsequent years). Any shares of common stock issued in connection with this plan will be issued under the Company's stockholder-approved 2014 Omnibus Equity Compensation Plan (the "2014 plan"), or any other equity-based plan or program of the Company approved by the stockholders of the Company and then in effect, will vest one-half on each of the one- and two-year anniversaries of the last day of the relevant performance period and will be subject to any additional terms and conditions that the compensation committee may determine. For fiscal year 2016, pursuant to this bonus plan, Mr. Chestnut received a stock award valued at \$250,000 and Ms. Elliott and Ms. Freeman each received a stock award valued at \$37,038.

### **Long-Term Incentive Awards**

Long-term incentive awards are the third component of the Company's total compensation package. The compensation committee believes that equity-based compensation ensures that the Company's officers have a continuing stake in the long-term success of the Company. Accordingly, the Company's officers and certain other employees may participate in the 2014 plan, which provides for grants of equity incentive awards, including stock options, stock units, stock awards, stock appreciation rights and other stock-based awards. Awards may be granted under the 2014 plan from time to time until August 11, 2024, unless the 2014 plan is terminated prior to that date. The compensation committee approves all awards under the 2014 plan and acts as the administrator of the 2014 plan.

Award levels under the 2014 plan are determined based on the compensation practices of the compensation peer group. In general, long-term incentive awards are targeted at the median of the compensation peer group with appropriate adjustments for individual and Company performance, although past awards have generally been below market levels. Although no stock options have been granted under the 2014 plan, stock options granted under the Company's prior equity compensation plans vest and become exercisable in equal installments over a two-year period from the grant date, have a 10-year term and have an exercise price equal to the fair market value of the Company's common stock on the date of grant, and prior restricted stock awards have been subject to cliff vesting on the fourth or fifth anniversary of the date of grant. In the case of restricted stock, the shares are held by the Company's transfer agent in escrow until restrictions lapse and the participant pays taxes on the value of the shares. Participants are entitled to any dividends payable on their restricted stock and to vote their shares. Restricted stock cannot be sold or transferred until the shares vest. Should a named executive officer leave the Company prior to the completion of the applicable vesting schedule, the unvested portion of the grant is forfeited.

Historically, the determination of whether equity compensation awards will be granted is made promptly following the preparation of the prior year's audited financial statements because the awards are made (or not) based upon the compensation committee's assessment of the Company's overall performance for such period, as well as the

committee's assessment of the individual's overall performance over the same time. This determination is generally made considering the totality of the circumstances and not necessarily on the basis of one or more specified performance metrics.

## **Broad-Based Benefits Programs**

The named executive officers are entitled to participate in the benefits programs that are available to all full-time employees. These benefits include health, dental, vision, disability and life insurance, paid vacation and Company contributions to a 401(k) profit-sharing retirement plan. The Company's 401(k) plan provides for matching contributions by the Company in an amount equal to 100% of the first 2% of employee compensation deferred, plus 50% of the next 3% of employee compensation deferred. All full-time employees age 21 and older are eligible to participate in the plan after six months of service.

## **Evaluation of Chief Executive Officer Compensation and Executive Performance**

### **Compensation of Chief Executive Officer**

The compensation committee meets with the other independent directors each year in executive session to evaluate the performance of the Company's chief executive officer. The compensation committee does not confer with the chief executive officer or any other members of management when setting the chief executive officer's base salary. The compensation committee does not rely solely on predetermined formulas or a limited set of criteria when it evaluates the performance of the chief executive officer and the other named executive officers.

### **Compensation of Other Named Executive Officers**

The chief executive officer met with the compensation committee to review his compensation recommendations for the other named executive officers. He described the findings of his performance evaluation of all such persons and provided the basis of his recommendations with the compensation committee, including the scope of each person's duties, oversight responsibilities and individual objectives and goals against results achieved. In its analysis of the other named executive officers, the compensation committee applied the same rationale to this group as it applied when considering the chief executive officer's base salary. The compensation committee also considered the pay practices of the compensation peer group and information provided previously by an independent compensation consultant.

## **Administrative Policies and Practices**

To evaluate and administer the compensation programs of the chief executive officer and other named executive officers, the compensation committee meets periodically each year in conjunction with regularly scheduled board meetings. The compensation committee also holds special meetings and meets telephonically to discuss extraordinary items.

### **Stock Ownership Guidelines**

The board has implemented stock ownership guidelines for directors, the chief executive officer and the chief financial officer. Under those guidelines, (i) directors are expected to hold shares of the Company's Series A common stock having a value equal to not less than three times their annual retainer amounts, (ii) the chief executive officer is expected to hold shares of the Company's Series A common stock having a value equal to not less than two times his annual salary, and (iii) the chief financial officer is expected to hold shares of the Company's Series A common stock having a value equal to not less than the amount of her annual salary. Neither the board nor the compensation committee has implemented stock ownership guidelines for other officers. The compensation committee, however, continues to periodically review best practices and re-evaluate whether additional stock ownership guidelines are consistent with the compensation philosophy of the Company and with the interests of its stockholders.

**Summary Compensation Table**

The following table sets forth all compensation paid or accrued during fiscal years 2016 and 2015 to the named executive officers.

Name and Principal Position	Fiscal Year (1)	Salary	Stock Awards	Option Awards	Non-Equity		Total
					Incentive Plan Compensation (2)	All Other Compensation	
E. Randall Chestnut Chairman of the Board,	2016	\$472,413	\$ <sup>250,000</sup> <sub>(4)</sub>	\$ -	\$ 417,150 (3)	\$ 21,443 (7)	\$ 1,161,006
President and Chief Executive Officer	2015	463,500	250,000 (5)	-	417,150 (4)	22,101 (8)	1,152,751
Olivia W. Elliott Vice President and Chief Financial Officer	2016	\$253,606	\$37,038 (4)	\$ -	\$ 156,900 (3)	\$ 22,709 (9)	\$ 470,253
	2015	232,916	85,088 (5)	-	142,500 (4)	21,063 (10)	481,567
Nanci Freeman President and Chief Executive Officer, CCIP	2016	\$336,387	\$37,038 (4)	\$ -	\$ 135,779 (3)	\$ 22,478 (11)	\$ 531,682
	2015	319,399	85,088 (5)	-	193,920 (4)	22,702 (12)	621,109

(1) Fiscal year 2016 included 53 weeks, while fiscal year 2015 included 52 weeks.

(2) Amounts consist of cash incentive compensation awards earned for services rendered in fiscal years 2016 and 2015.

(3) Represents incentive bonus amounts earned in fiscal 2016, but which will be paid in fiscal 2017.

(4) Represents incentive bonus amounts earned in fiscal 2015, but paid in fiscal 2016.



Represents restricted stock award earned in fiscal 2016, based on growth in the average market value of the (5) Company's common stock during fiscal 2016, but which were granted in fiscal 2017. Shares are subject to vesting one half on April 3, 2017 and the balance on April 3, 2018. See discussion of performance bonus above.

Represents restricted stock award earned in fiscal 2015, based on growth in the average market value of the (6) Company's common stock during fiscal 2015, but which was granted in fiscal 2016. Shares are subject to vesting one half on March 29, 2016 and the balance on March 29, 2017. See discussion of performance bonus above.

Represents amounts paid by the Company on behalf of Mr. Chestnut as follows: (i) \$13,124 in automobile (7) expenses; and (ii) \$8,319 in matching contributions to Mr. Chestnut's account under the Company's 401(k) retirement savings plan.

Represents amounts paid by the Company on behalf of Mr. Chestnut as follows: (i) \$15,601 in automobile (8) expenses; and (ii) \$6,500 in matching contributions to Mr. Chestnut's account under the Company's 401(k) retirement savings plan.

Represents amounts paid by the Company on behalf of Ms. Elliott as follows: (i) \$14,990 in automobile expenses; (9) and (ii) \$7,719 in matching contributions to Ms. Elliott's account under the Company's 401(k) retirement savings plan.

Represents amounts paid by the Company on behalf of Ms. Elliott as follows: (i) \$14,477 in automobile expenses; (10) and (ii) \$6,586 in matching contributions to Ms. Elliott's account under the Company's 401(k) retirement savings plan.

Represents amounts paid by the Company on behalf of Ms. Freeman as follows: (i) \$14,535 in automobile (11) expenses; and (ii) \$7,943 in matching contributions to Ms. Freeman's account under the Company's 401(k) retirement savings plan.

Represents amounts paid by the Company on behalf of Ms. Freeman as follows: (i) \$16,131 in automobile (12) expenses; and (ii) \$6,571 in matching contributions to Ms. Freeman's account under the Company's 401(k) retirement savings plan.

## Employment, Severance and Compensation Arrangements

Crown Crafts has entered into employment agreements with each of the named executive officers and has also entered into a severance protection agreement with Mr. Chestnut. A summary of the terms of these agreements is set forth below.

**E. Randall Chestnut.** The Company entered into an employment agreement with Mr. Chestnut effective as of July 23, 2001, pursuant to which Mr. Chestnut has agreed to serve as President, Chief Executive Officer and Chairman of the Board of the Company. The initial term of Mr. Chestnut's employment agreement expired March 31, 2004; however, the agreement currently renews automatically on a monthly basis unless either party gives the other party one year's advance notice of non-renewal.

Mr. Chestnut's employment agreement provides for an annual salary, subject to annual review and upward adjustment, and cash bonuses based on the Company's achievement of performance criteria established by the compensation committee, as well as other benefits under programs adopted by the Company from time to time. Mr. Chestnut's employment agreement also contains one-year post-employment non-competition provisions, one-year post-employment customer non-solicitation provisions and two-year post-employment employee non-solicitation provisions.

The Company entered into an amended and restated severance protection agreement with Mr. Chestnut effective as of April 20, 2004. This agreement provides 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, and provides Mr. Chestnut with certain benefits upon the termination of his employment. These benefits are discussed in the section of this proxy statement entitled "Potential Payments Upon Termination or Change in Control."

**Olivia W. Elliott.** The Company entered into an employment agreement with Ms. Elliott effective as of November 6, 2008, pursuant to which Ms. Elliott has agreed to serve as Vice President and Chief Financial Officer of the Company. The initial term of Ms. Elliott's employment agreement expired November 6, 2009; however, the agreement renews automatically on a daily basis unless either party gives the other party one year's advance notice of non-renewal.

Ms. Elliott's employment agreement provides for an annual salary, subject to annual review and upward adjustment, and cash bonuses based on the Company's achievement of performance criteria established by its board of directors, as well as other benefits under programs adopted by the Company from time to time. Ms. Elliott's employment agreement also contains one-year post-employment non-competition provisions, one-year post-employment customer non-solicitation provisions and two-year post-employment employee non-solicitation provisions. The agreement also provides Ms. Elliott with certain benefits upon the termination of her employment. These benefits are discussed in the

section of this proxy statement entitled “Potential Payments Upon Termination or Change in Control.”

**Nanci Freeman.** The Company entered into an amended and restated employment agreement with Ms. Freeman effective as of April 20, 2004, pursuant to which Ms. Freeman has agreed to serve as President and Chief Executive Officer of CCIP. The initial term of Ms. Freeman’s employment agreement expired April 30, 2005; however, the agreement currently renews automatically on a monthly basis unless either party gives the other party one year’s advance notice of non-renewal.

Ms. Freeman’s employment agreement provides for an annual salary, subject to annual review and upward adjustment, and cash bonuses based on the Company’s achievement of performance criteria established by the compensation committee, as well as other benefits under programs adopted by the Company from time to time. Ms. Freeman’s employment agreement also contains one-year post-employment non-competition provisions, one-year post-employment customer non-solicitation provisions and two-year post-employment employee non-solicitation provisions. The agreement also provides Ms. Freeman with certain benefits upon the termination of her employment. These benefits are discussed in the section of this proxy statement entitled “Potential Payments Upon Termination or Change in Control.”

**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth information regarding the outstanding equity awards held by the named executive officers at April 3, 2016, the last day of the Company's 2016 fiscal year.

Name	Option Awards			Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (2)
E. Randall Chestnut	-	-	-	17,413 (1)	\$163,334
Olivia W. Elliott	-	-	-	5,926 (1)	\$55,586
Nanci Freeman	-	-	-	5,926 (1)	\$55,586

Amounts shown are the number of shares of unvested stock awards granted on April 30, 2015 pursuant to the (1) performance bonus plan based on growth in the average market value of the Company's common stock during fiscal 2015. Shares are subject to vesting on March 29, 2017.

(2) Market values shown are based on the closing price of the Company's Series A common stock as of April 1, 2016 (\$9.38), as reported on NASDAQ.



**Option Exercises and Stock Vested**

The following table sets forth information regarding exercises of stock options and vesting of stock for the named executive officers during fiscal year 2016.

Name	Option Awards		Stock Awards	
	Number of	Value Realized on Exercise (#)	Number of	Value Realized on Vesting
E. Randall Chestnut	-	-	67,226	\$525,035 (1)
			140,000	1,132,600 (2)
			17,413	163,334 (3)
			67,226	630,580 (4)
Olivia W. Elliott			13,445	\$105,005 (5)
			60,000	485,400 (6)
			5,927	55,595 (7)
			13,445	126,114 (8)
Nanci Freeman	-	-	13,445	\$105,005 (9)
			40,000	323,600 (10)
			5,927	55,595 (11)
			13,445	126,114 (12)

On March 30, 2015, 67,226 shares of restricted stock vested at a market price of \$7.81. The Company withheld (1)32,197 shares of common stock to satisfy the tax withholding obligations incurred by Mr. Chestnut upon the vesting of the shares.

On July 29, 2015, 140,000 shares of restricted stock vested at a market price of \$8.09. The Company withheld (2)67,130 shares of common stock to satisfy the tax withholding obligations incurred by Mr. Chestnut upon the vesting of the shares.

On March 29, 2016, 17,413 shares of restricted stock vested at a market price of \$9.38. The Company withheld (3)8,284 shares of common stock to satisfy the tax withholding obligations incurred by Mr. Chestnut upon the vesting of the shares.

On March 30, 2016, 67,226 shares of restricted stock vested at a market price of \$9.38. The Company withheld (4)32,235 shares of common stock to satisfy the tax withholding obligations incurred by Mr. Chestnut upon the vesting of the shares.

On March 30, 2015, 13,445 shares of restricted stock vested at a market price of \$7.81. The Company withheld (5)6,707 shares of common stock to satisfy the tax withholding obligations incurred by Ms. Elliott upon the vesting of the shares.

On July 29, 2015, 60,000 shares of restricted stock vested at a market price of \$8.09. The Company withheld (6)29,010 shares of common stock to satisfy the tax withholding obligations incurred by Ms. Elliott upon the vesting of the shares.

On March 29, 2016, 5,927 shares of restricted stock vested at a market price of \$9.38. The Company withheld (7)3,121 shares of common stock to satisfy the tax withholding obligations incurred by Ms. Elliott upon the vesting of the shares.

On March 30, 2016, 13,445 shares of restricted stock vested at a market price of \$9.38. The Company withheld (8)6,432 shares of common stock to satisfy the tax withholding obligations incurred by Ms. Elliott upon the vesting of the shares.

On March 30, 2015, 13,445 shares of restricted stock vested at a market price of \$7.81. The Company withheld (9)7,138 shares of common stock to satisfy the tax withholding obligations incurred by Ms. Freeman upon the vesting of the shares.

On July 29, 2015, 40,000 shares of restricted stock vested at a market price of \$8.09. The Company withheld (10)21,032 shares of common stock to satisfy the tax withholding obligations incurred by Ms. Freeman upon the vesting of the shares.

On March 29, 2016, 5,927 shares of restricted stock vested at a market price of \$9.38. The Company withheld (11)3,261 shares of common stock to satisfy the tax withholding obligations incurred by Ms. Freeman upon the vesting of the shares.

On March 30, 2016, 13,445 shares of restricted stock vested at a market price of \$9.38. The Company withheld (12)7,019 shares of common stock to satisfy the tax withholding obligations incurred by Ms. Freeman upon the vesting of the shares.

### **Potential Payments Upon Termination or Change in Control**

Each of the employment agreements between the Company and the named executive officers requires the Company to make severance payments and provide severance benefits to the executive under certain circumstances if his or her employment with the Company is terminated other than for “Cause” or the executive’s death or disability. For these purposes, a termination of employment is generally for “Cause” if the executive has been convicted of a felony or if the termination is evidenced by a resolution adopted in good faith by two-thirds of the Company’s board that the executive (i) intentionally and continually failed substantially to perform his or her reasonably assigned duties for a period of at least 30 days after a written notice of demand for substantial performance has been delivered to the executive; or (ii) intentionally engaged in illegal conduct or gross misconduct which results in material economic harm to the Company. As required by Section 409A of the IRC, all of the named executive officers’ employment agreements have been modified to be in compliance with payment timing and other relevant requirements.

Under Mr. Chestnut’s employment agreement and severance protection agreement, if, during the two years following a “Change in Control,” he terminates his employment for “Good Reason” or for any reason during the 60-day period commencing 90 days after the occurrence of the Change in Control or if the Company terminates his employment other than for Cause, death or disability, then he will be entitled to receive the following payments, benefits and rights: (i) payment of three times his annual base salary (based upon the highest rate in effect on certain dates as set forth in the employment agreement); (ii) payment of three times the bonus amount previously paid to him (based upon the highest amount previously paid during certain periods as set forth in the employment agreement); (iii) for a period of three years, or such longer period as may be provided by the terms of the appropriate program, practice or policy, continuation on behalf of Mr. Chestnut, his dependents and beneficiaries of life insurance, disability, medical, dental and hospitalization benefits; (iv) payment of the excess retirement benefit he would have received had he remained employed for three additional years; (v) all of Mr. Chestnut’s outstanding incentive awards shall become fully vested and, if applicable, fully exercisable; (vi) Mr. Chestnut may require the Company to purchase within five days following his termination any shares of stock or shares purchased upon exercise of any options at a price equal to the fair market value of such shares on the date of purchase by the Company; (vii) payment of outplacement services up to \$30,000; and (viii) payment of reasonable moving expenses. Mr. Chestnut’s severance protection agreement also provides that if any payment or benefit to which Mr. Chestnut is entitled pursuant to the agreement gives rise to excise



tax liability for Mr. Chestnut under Section 4999 of the IRC, a tax gross-up will be provided to him by the Company so that he will receive the same after-tax payment as would have been the case if such payment or benefit were not subject to such excise tax.

Under Ms. Elliott's employment agreement, if her employment is terminated by the Company without Cause or by her for Good Reason, then she is entitled to payment of the sum (i) her salary, perquisites and all other compensation other than bonuses for the greater of the remaining term of her employment agreement and one year; plus (ii) a bonus, which is required to be an amount equal to the highest annual bonus paid or payable to her in respect of any of the immediately preceding three full fiscal years. This amount is also payable to Ms. Elliott if her respective employment agreement is not expressly assumed by any acquiror of the Company, whether by purchase, merger, consolidation or otherwise.

Under Ms. Freeman's employment agreement, if her employment is terminated by the Company without Cause or by her for Good Reason, then she is entitled to payment of two times the sum of (i) her salary, perquisites and all other compensation other than bonuses for the greater of the remaining term of her employment agreement and one year; plus (ii) a bonus, which is required to be an amount equal to the highest annual bonus paid or payable to her in respect of any of the immediately preceding three full fiscal years. This sum, though multiplied by only one instead of two, is also payable to Ms. Freeman if her respective employment agreement is not expressly assumed by any acquiror of the Company, whether by purchase, merger, consolidation or otherwise.

Under their respective employment agreements, Ms. Elliott and Ms. Freeman are each entitled to provide notice of termination of employment and receive the severance payments and benefits discussed in the two immediately preceding paragraphs under the following circumstances: (i) if there occurs a Change in Control, and if at the time of such Change in Control, E. Randall Chestnut is not employed by the Company or any of its affiliates; or (ii) if there occurs a Change in Control and if Mr. Chestnut is so employed at the time of such Change in Control and at any time during the 150-day period immediately following the occurrence of such Change in Control, Mr. Chestnut shall no longer be employed by the Company or any of its affiliates for whatever reason.

For these purposes, "Good Reason" generally means a good faith determination by the executive that, without the executive's consent, any one or more of the following events or conditions has occurred:

the assignment to the executive of any duties inconsistent with the executive's position, authority, duties or responsibilities;

a material reduction by the Company of the executive's base salary or an adverse change in the eligibility requirements or performance criteria under any bonus, incentive or compensation plan, program or arrangement;

any failure to pay the executive any compensation or benefits to which the executive is entitled within five days of the date due;

with respect to Mr. Chestnut, a failure to increase his base salary at least annually at a percentage of base salary no less than the average percentage increases granted to him during the three fiscal years ended prior to a Change in Control;

the Company's requiring the executive to be based anywhere other than within 50 miles of the executive's job location (25 miles in the case of Mr. Chestnut), except for reasonably required travel;

the failure by the Company to continue in effect any pension, bonus, incentive, stock ownership, purchase, option, life insurance, health, accident disability, or any other employee benefit plan, program or arrangement, in which the

executive participates, or the taking of any action by the Company that would adversely affect the executive's participation or materially reduce the executive's benefits under any of such plans;

the taking of any action by the Company that would materially adversely affect the physical conditions in or under which the executive performs his or her employment duties;

the insolvency or the filing of a petition for bankruptcy by the Company;

any purported termination of the executive's employment for Cause by the Company which does not comply with the specified provisions governing a termination for Cause; or

any breach by the Company of any material provision of the executive's employment agreement.

"Change in Control" under the Company's employment agreements with Ms. Elliott and Ms. Freeman generally means (i) any transaction, whether by merger, consolidation, asset sale, tender offer, reserve stock split or otherwise, which results in the acquisition of beneficial ownership by any person or entity or any group of persons or entities acting in concert of 25% or more of the outstanding shares of common stock of the Company; (ii) the sale of all or substantially all of the assets of the Company; or (iii) the liquidation of the Company.

"Change in Control" under the Company's severance protection agreement with Mr. Chestnut generally means any of the following:

an acquisition of any voting securities of the Company by any person immediately after which such person has beneficial ownership of 25% or more of the combined voting power of the Company's then outstanding voting securities;

the individuals who as of the date of the severance protection agreement are members of the board of directors cease to constitute at least a majority of the members of the board, provided that (i) if the election, or nomination for election by the Company's common stockholders, of any new director was approved by a vote of at least a majority of the incumbent board, such new director shall be considered as a member of the incumbent board, and (ii) no individual shall be considered a member of the incumbent board if such individual initially assumed office as a result of either an actual or threatened election contest or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the board or as a result of any agreement intended to avoid or settle any election or proxy contest; or

approval by stockholders of the Company of:

a merger, consolidation or reorganization involving the Company, unless such transaction is a "Non-Control Transaction," which means a merger, consolidation or reorganization of the Company where:

-the stockholders of the Company, immediately before such merger, consolidation or reorganization, own immediately following such transaction at least a majority of the combined voting power of the outstanding voting securities of the corporation resulting from such transaction in substantially the same proportion as their ownership

of the voting securities of the Company immediately before such transaction;

- the individuals who were members of the incumbent board immediately prior to the execution of the agreement providing for such transaction constitute at least a majority of the members of the board of directors of (i) the surviving corporation or (ii) a corporation beneficially owning a majority of the voting securities of the surviving corporation; and

no person other than (i) the Company, (ii) any subsidiary of the Company, (iii) any employee benefit plan maintained by the Company, the surviving corporation or any subsidiary, or (iv) any person who, immediately prior to such merger, consolidation or reorganization, had beneficial ownership of 25% or more of the then outstanding voting securities has beneficial ownership of 25% or more of the combined voting power of the surviving corporation's then outstanding voting securities;

- a complete liquidation or dissolution of the Company; or

- an agreement for the sale or other disposition of all or substantially all of the assets of the Company to any person (other than a transfer to a subsidiary).

The compensation committee has determined that the foregoing severance and change in control benefits are an important part of a competitive overall compensation arrangement for the named executive officers, are consistent with the objective of attracting, motivating and retaining highly talented executives and are important as a recruitment and retention device. The compensation committee also has concluded that change in control benefits help to secure the continued employment and dedication of the named executive officers, mitigate concern that they might have regarding their continued employment prior to or following a change in control and encourage independence and objectivity when considering possible transactions that may be in the best interests of the Company's stockholders but may possibly result in the termination of their employment. Finally, the compensation committee has concluded that post-termination non-competition and non-solicitation covenants to which the named executive officers have agreed in their employment agreements in consideration for the Company providing these severance and change in control benefits are highly beneficial to the Company.

The compensation committee has determined that the payment or provision of the foregoing severance and change in control benefits is consistent with competitive practices for positions at the level of the named executive officers. The potential amount of such benefits that an executive may receive in the event of a change in control did not influence the compensation committee's decisions regarding other compensation elements due to the fact that a change in control may never occur during the named executive officer's term of employment.

**Director Compensation**

Each non-employee director is paid an annual retainer of \$40,000, with no additional board meeting fees paid. The Company's lead director is paid an additional \$20,000 for his service in that position. Additional annual retainers are paid to committee chairmen as follows: (i) audit committee chairman, \$10,000; and (ii) compensation, nominating and corporate governance and capital committee chairmen, \$4,500 each. Each non-employee director receives a cash fee of \$1,000 for each committee meeting attended, and each non-employee director also received a restricted stock grant in August 2015 of 7,000 shares of Crown Crafts Series A common stock. Directors who are employees of Crown Crafts or its subsidiaries do not receive any compensation for their service as directors.

The following table sets forth information regarding compensation paid to current and former non-employee directors of the Company for fiscal year 2016.

<b>Name</b>	<b>Fees Earned or Paid in Cash (1)</b>	<b>Stock Awards (2)</b>	<b>All Other Compensation</b>	<b>Total</b>
Sidney Kirschner	\$49,000	\$57,400	\$ -	\$106,400
Zenon S. Nie	\$77,000	\$57,400	\$ -	\$134,400
Donald Ratajczak	\$60,000	\$57,400	\$ -	\$117,400
Patricia Stensrud	\$53,500	\$57,400	\$ -	\$110,900

(1) Includes fees earned in fiscal year 2016 but paid in fiscal years 2016 and 2017.

Stock awards consist of awards of unvested stock granted on August 12, 2015. The dollar amounts reported in the table above reflect the aggregate grant date fair value of these shares computed in accordance with FASB ASC (2) Topic 718 using the closing price of the Company's Series A common stock of \$8.20 per share as reported on NASDAQ on the date of grant. These amounts may not correspond to the actual value that will be recognized by the directors. The shares vest in equal installments over a two-year period.





## AUDIT COMMITTEE DISCLOSURE

### Report of the Audit Committee

The audit committee of the Company's board of directors is comprised of three directors, all of whom are independent, as defined by the listing standards of NASDAQ. The board has determined that 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 Company's 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, for the Company's independent auditor to 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 auditor, which, in their report, express an opinion on the conformity of the Company's annual financial statements to generally accepted accounting principles.

The audit committee has adopted a formal, written charter, which has been approved by the full board and which specifies the scope of the audit committee's responsibilities and how it should carry them out. The complete text of the audit committee charter is available on the Company's website at [www.crowncrafts.com](http://www.crowncrafts.com).

The audit committee has reviewed and discussed with the Company's management the audited financial statements of the Company for the fiscal year ended April 3, 2016. The audit committee has discussed with KPMG, the Company's independent auditor, the matters required to be discussed by the independent auditor with the audit committee under Statement of Auditing Standard No. 16 (which has been reorganized and is now codified as Auditing Standard No. 1301), as adopted by the Public Company Accounting Oversight Board. In addition, KPMG has provided the audit committee with the written disclosures and the letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the audit committee concerning independence, and the audit committee has discussed with KPMG the firm's independence from management and the Company.

In the course of its oversight of the Company's financial process, the committee has, among other matters:

reviewed the scope of and overall plans for the annual audit;

reviewed critical accounting policies, critical accounting estimates and significant unusual transactions;

reviewed a report by the independent auditor describing the independent auditor's internal quality control procedures;

reviewed the performance of the lead engagement partner of our independent auditor;

reviewed and discussed each quarterly and annual earnings press release before issuance;

reviewed with management the scope and effectiveness of our disclosure controls and procedures;

met quarterly in separate executive sessions, including private sessions with the Company's independent auditor and top executives; and

overseen the Company's risk management function, especially with respect to financial, tax and accounting risks.

Based on the aforementioned review and discussions with management and the Company's independent auditor, and subject to the limitations on the role and responsibilities of the audit committee described above, the audit committee recommended to the board that the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended April 3, 2016.

This report has been submitted by the audit committee.

Donald Ratajczak (Chairman)

Sidney Kirschner

Patricia Stensrud

**PROPOSAL 2 – RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITOR**

KPMG currently serves as the Company’s independent auditor and conducted the audit of the Company’s consolidated financial statements for fiscal years 2015 and 2016. Although appointment of the independent auditor of the Company is not required to be submitted to a vote of the stockholders of the Company for ratification under the laws of Delaware, the audit committee has recommended that the board of directors submit this matter to the stockholders as a matter of good corporate practice. If the stockholders fail to ratify the appointment, the audit committee of the Company’s board will reconsider whether to retain KPMG and may retain that firm or another independent auditor without resubmitting the matter to the stockholders of the Company for their approval. Even if the appointment is ratified, the audit committee of the Company’s board may, in its discretion, direct the appointment of a different independent auditor at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

Representatives of KPMG are expected to be present at the annual meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

**Recommendation of the Board of Directors**

The board of directors unanimously recommends a vote **“FOR”** the ratification of the appointment of KPMG as the Company’s independent auditor for the fiscal year ending April 2, 2017. Proxies will be voted **“FOR”** the appointment of the independent auditor unless otherwise specified.

**Independent Auditor’s Fees and Services**

The following is a summary of the fees billed to the Company by KPMG for professional services rendered during the fiscal years ended April 3, 2016 and March 29, 2015:

<b>Fee Category</b>	<b>Fiscal 2016 Fees</b>	<b>Fiscal 2015 Fees</b>
Audit Fees	\$205,000	\$206,500
Audit-Related Fees	\$-	\$-
Tax Fees	\$94,263	\$84,880
All Other Fees	\$-	\$-

Total Fees            \$299,263   \$291,380

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**Audit Fees.** Audit fees consist of fees billed for professional services rendered for the audit of the Company’s annual consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by independent auditors in connection with statutory and regulatory filings or engagements.

**Audit-Related Fees.** Audit-related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s consolidated financial statements and are not reported under “Audit Fees.” These services include attest services that are not required by statute or regulation and consultation concerning financial accounting and reporting standards. There were no audit-related fees billed to the Company by KPMG in fiscal 2016 or 2015.

**Tax Fees.** Tax fees consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and local tax compliance and custom and duties tax planning.

**All Other Fees.** Other fees consist of fees for products and services other than the services reported above. There were no fees billed to the Company by KPMG in fiscal 2016 or 2015 that are not included in the above classifications.

### **Pre-Approval Policies and Procedures**

All services provided by the independent auditor are subject to pre-approval by the Company's audit committee. Pre-approval may be provided for specific categories of services, limited to a specified budget amount, and may generally be given for up to one year. Before granting approval for additional services, or on a case-by-case basis as determined by the audit committee, the audit committee will require: (i) a detailed description of the proposed service; (ii) a statement from management as to why they believe KPMG is best qualified to perform the service; and (iii) an estimate of the fees to be incurred. Before granting its approval, the audit committee gives due consideration to whether approval of the relevant service will have a detrimental impact on the independence of the independent auditor.

All fees of KPMG in the preceding table were approved in accordance with the audit committee's pre-approval policies and procedures.

### **PROPOSAL 3 – ADVISORY APPROVAL OF EXECUTIVE COMPENSATION**

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Company's stockholders are being asked to provide advisory approval of the compensation of the Company's named executive officers, as it has been described in the "Executive Compensation" section of this proxy statement. This proposal, commonly known as a "say-on-pay" proposal, is not intended to address any specific item of compensation, but rather the overall compensation of the named executive officers and the philosophy, policies and practices described in this proxy statement. While this vote is advisory and not binding on the Company, it will provide the Company with information regarding investor sentiment about its executive compensation philosophy, policies and practices, which the compensation committee will be able to consider when determining executive compensation for the remainder of fiscal 2017 and beyond.

At the Company's 2013 annual meeting, stockholders voted, on an advisory basis, on the frequency of holding future advisory votes on the compensation of the Company's named executive officers. After considering the results of that vote, the board of directors determined to include a say-on-pay proposal in the Company's proxy materials every three years until the next required advisory vote on the frequency of stockholder advisory votes on named executive officer compensation. Accordingly, after the annual meeting, stockholders will again be asked to provide advisory approval of the compensation of the Company's named executive officers at the 2019 annual meeting.

As described in detail under the heading "Executive Compensation – Compensation Discussion and Analysis," the Company's executive compensation programs are designed to attract, motivate and retain the named executive officers, each of whom is critical to the Company's success. Under these programs, the named executive officers are rewarded for the achievement of specific annual, long-term, strategic and corporate goals and the realization of increased stockholder value. Stockholders are encouraged to read the Executive Compensation section for additional details about the Company's executive compensation programs, including information about the compensation of the named executive officers for the fiscal year ended April 3, 2016.

This say-on-pay proposal gives stockholders the opportunity to endorse or not endorse the overall executive compensation program as described in this proxy statement by voting for or against the following resolution:

"RESOLVED, that the Company's stockholders approve the compensation of the named executive officers as described in this proxy statement under Executive Compensation, including the Compensation Discussion and Analysis, the compensation tables and related material."

The vote by the stockholders will be a non-binding, advisory vote, meaning that the voting results will not be binding on the Company, the board of directors or the compensation committee or overrule or affect any previous action or decision by the board of directors or the compensation committee or any compensation previously paid or awarded. However, the board of directors and the compensation committee will take the voting results into account when determining executive compensation matters in the future.

**Recommendation of the Board of Directors**

The board of directors unanimously recommends a vote **“FOR”** the approval, on a non-binding, advisory basis, of the compensation of our named executive officers as described in this proxy statement under Executive Compensation, including the Compensation Discussion and Analysis, the compensation tables and related material. Proxies will be voted **“FOR”** the approval of the compensation of our named executive officers unless otherwise specified.



**SECURITY OWNERSHIP OF CERTAIN****BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information, based upon publicly filed documents, regarding the number and percentage of shares of Crown Crafts Series A common stock that are deemed to be “beneficially owned” under the rules of the SEC, as of the record date, by (i) each director of the Company, (ii) each nominee for election as a director, (iii) the current executive officers of the Company named in the Summary Compensation Table included elsewhere herein, (iv) all executive officers and directors as a group and (v) all persons known to the Company who may be deemed beneficial owners of more than 5% of the outstanding shares of Crown Crafts Series A common stock.

<b>Name of Beneficial Owner<sup>(1)</sup></b>	<b>Number of Shares Beneficially Owned</b>	<b>Percentage of Outstanding Shares<sup>(2)</sup></b>
Wellington Management Group LLP <sup>(3)</sup> 280 Congress Street Boston, Massachusetts 02210	851,968	8.53%
Ariel Investments, LLC <sup>(4)</sup> 200 E. Randolph Street Suite 2900 Chicago, Illinois 60601	687,643	6.88%
Moab Capital Partners, LLC <sup>(5)</sup> 15 East 62 <sup>nd</sup> Street New York, New York 10065	644,194	6.45%
E. Randall Chestnut <sup>(6)</sup>	723,425	7.24%
Nanci Freeman <sup>(7)</sup>	231,111	2.31%
Olivia W. Elliott <sup>(8)</sup>	124,723	1.25%
Zenon S. Nie <sup>(9)</sup>	111,363	1.11%
Donald Ratajczak	106,151	1.06%
Sidney Kirschner	65,000	*
Patricia Stensrud	29,250	*
	1,391,023	13.92%

All executive officers and directors as a group (seven persons)

\* Less than 1%.

Under the rules of the SEC, the determination of “beneficial ownership” is based upon Rule 13d-3 under the Securities Exchange Act of 1934, as amended. Under this rule, shares will be deemed to be “beneficially owned” where a person has, either solely or with others, the power to vote or to direct the voting of shares and/or the power (1) to dispose, or to direct the disposition, of shares, or where a person has the right to acquire any such power within 60 days after the date such beneficial ownership is determined. Except as otherwise specified, each beneficial owner has sole beneficial voting and investment power with respect to all shares of Crown Crafts Series A common stock indicated.

(2) Percentage calculated based on 9,992,523 shares of Crown Crafts Series A common stock outstanding as of the record date.

Based on information contained in Schedule 13G/A filed by Wellington Management Group LLP with the SEC on (3) February 11, 2016, indicating shared voting and dispositive power relative to 851,968 shares of Crown Crafts Series A common stock as of December 31, 2015.

Based on information contained in Form 13F filed by Ariel Investments, LLC with the SEC on May 13, 2016, (4) indicating sole voting power relative to 452,232 shares of Crown Crafts Series A common stock as of March 31, 2016 and sole dispositive power relative to 687,643 shares of Crown Crafts Series A common stock as of March 31, 2016.

Based on information contained in Form 13F filed by Moab Capital Partners, LLC with the SEC on May 16, 2016, (5) indicating sole voting and dispositive power relative to 644,194 shares of Crown Crafts Series A common stock as of March 31, 2016.

(6) Includes 722,940 shares owned individually by Mr. Chestnut and 485 shares owned by his wife.

(7) Includes 207,564 shares owned individually by Ms. Freeman and 23,547 shares owned by her husband.

(8) Includes 123,723 shares owned individually by Ms. Elliott and 1,000 shares owned by her husband.

(9) Includes 10,500 shares owned individually by Mr. Nie and 100,863 shares owned by his wife.

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), requires the Company’s directors, executive officers and persons who own more than 10% of the common stock of the Company to file with the SEC initial reports of ownership and reports of changes in ownership of the common stock. They are also required to furnish the Company with copies of all Section 16(a) forms they file with the SEC.

To the Company’s knowledge, based solely on its review of the copies of such reports furnished to it and written representations that no other reports were required, during the fiscal year ended April 3, 2016, all of the Company’s officers, directors and greater than 10% stockholders complied with all applicable Section 16(a) filing requirements.

## **OTHER MATTERS**

The board does not contemplate bringing before the annual meeting any matter other than those specified in the accompanying Notice of Annual Meeting of Stockholders, nor does it have information that other matters will be presented at the annual meeting. If other matters come before the annual meeting, signed proxies will be voted upon such questions in the discretion of the persons acting under the proxies.

## **INCORPORATION BY REFERENCE**

The Report of the Audit Committee is not deemed filed with the SEC and shall not be deemed incorporated by reference into any prior or future filings made by the Company under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates such information by reference. In addition, the website addresses contained in this proxy statement are intended to provide inactive, textual references only. The information on these websites is not part of this proxy statement.

## **ADDITIONAL INFORMATION**

### **Where You Can Find More Information**

Crown Crafts is delivering with this proxy statement a copy of its Annual Report on Form 10-K for the year ended April 3, 2016. Crown Crafts files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy these reports, statements or other information at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information with respect to the public reference rooms. The Company's SEC filings are also available to the public from commercial document retrieval services and at the website maintained by the SEC at <http://www.sec.gov>.

Upon receipt of a written request, the Company will, without charge, provide any stockholder a copy of the Company's annual report, including financial statements and the footnotes thereto. Copies of exhibits to the annual report are also available upon specific request and payment of a reasonable charge for reproduction. Such requests should be directed to the corporate secretary of Crown Crafts at Crown Crafts, Inc., P.O. Box 1028, Gonzales, Louisiana 70707, Attn.: Corporate Secretary.

### **Stockholder Proposals**

Under SEC rules, a stockholder who intends to present a proposal, including the nomination of directors, at the Company's 2017 annual meeting of stockholders and who wishes to have the proposal included in the proxy statement for that meeting must submit the proposal to the Company's corporate secretary. The proposal must be received no later than 5:00 p.m. Central Time on March 3, 2017, which is 120 calendar days prior to the anniversary of this year's mailing date, and must otherwise comply with applicable SEC rules for inclusion in the Company's 2017 proxy statement.

Stockholders who wish to propose a matter for action at the 2017 annual meeting, including the nomination of directors, but who do not wish to have the proposal included in the proxy statement, must notify Crown Crafts in writing of the information required by the provisions of the Company's bylaws relating to stockholder proposals. Under the Company's bylaws, for proposed business to be considered at such meeting, a stockholder must notify the Company's corporate secretary of any proposals in writing not less than 90 days in advance of such meeting or, if later, the seventh day following the first public announcement of the date of such meeting.

Stockholder proposals may be submitted to the corporate secretary of Crown Crafts at Crown Crafts, Inc., P.O. Box 1028, Gonzales, Louisiana 70707, Attn.: Corporate Secretary.

### **Householding of Proxy Materials**

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for annual reports and proxy statements with respect to two or more stockholders sharing the same address by delivering a single copy of each addressed to those stockholders. This process, which is commonly referred to as "householding," potentially provides extra convenience for stockholders and cost savings for companies. It is anticipated that a number of brokers with account holders who are stockholders of the Company will be householding the Company's annual report and this proxy statement. If you receive notice from your broker that it will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If you wish to receive a separate copy of the Company's annual report or proxy statement currently or in the future, or if you are receiving multiple copies and wish to receive only one, please notify your broker or notify us by sending a written request to Crown Crafts, Inc., P.O. Box 1028, Gonzales, Louisiana 70707, Attn.: Corporate Secretary, or by calling (225) 647-9100.









