

CROWN CRAFTS, INC.
Insider Trading Policy
August 15, 2012

Purpose

We are a public company. Our common stock is publicly traded, and we file periodic reports and proxy statements with the Securities and Exchange Commission (the “SEC”). Although investment by our directors and employees in our stock is generally desirable and encouraged, such investments should be made with caution and with recognition of the legal prohibitions against the use of confidential information by “insiders” for their own profit. Our Board of Directors (the “Board”) has adopted this Insider Trading Policy (the “Policy”) to promote compliance with applicable securities laws that prohibit certain persons who are aware of material nonpublic information about a company from (i) trading in securities of that company or (ii) providing material nonpublic information to other persons who may trade on the basis of that information. (As used in this Policy, references to “the Company,” “we,” “us” and “our” refer to Crown Crafts, Inc. and its subsidiaries. This Policy supersedes any previous policy of the Company concerning insider trading, including the Company’s Insider Trading Policy Statement dated as of October 1, 2007. In the event of any conflict or inconsistency between this Policy and any such previous policy, this Policy shall control.)

Persons Subject to the Policy

This Policy applies to all members of the Board, to all of our officers and other employees. As described below in more detail in the paragraph captioned “Transactions by Family Members and Others,” this Policy also applies (i) to family members who reside with you (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), to anyone else who lives in your household, and to any family members who do not live in your household but whose transactions in our Securities are directed by you or are subject to your influence or control, such as parents or children who consult with you before they trade (collectively referred to as “Family Members”); and (ii) to any entities that you influence or control, including any corporations, partnerships or trusts (collectively referred to as “Controlled Entities”).

Securities Subject to the Policy

This Policy applies to transactions in our securities (collectively referred to as “Securities”), including our common stock, options to purchase common stock or any other type of securities that we may issue, as well as to derivative securities that are not issued by us and, in certain instances, as described below in more detail in the paragraph captioned “Statement of Policy,” to the securities of other companies.

Individual Responsibility

You have ethical and legal obligations to maintain the confidentiality of information about us and to not engage in transactions in our Securities while in possession of material nonpublic information. In all cases, the responsibility for making sure that you comply with this Policy and

for determining whether you are in possession of material nonpublic information rests with you, and any action on our part pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate you from liability under applicable securities laws. You could be subject to severe legal penalties and disciplinary action by us for any conduct prohibited by this Policy or applicable securities laws, as described below in more detail in the paragraph captioned “Consequences of Violations.”

Administration of the Policy

Our corporate secretary shall serve as Compliance Officer for the purposes of this Policy and shall be responsible for its administration. All determinations and interpretations by our Compliance Officer shall be final and not subject to further review.

Statement of Policy

No member of the Board or any officer or other employee (or any other person designated by this Policy or by our Compliance Officer as subject to this Policy) who is aware of material nonpublic information relating to the Company may, directly or indirectly through family members or other persons or entities:

- (i) engage in transactions in our Securities, except as otherwise specified in this Policy;
- (ii) recommend the purchase or sale of any of our Securities;
- (iii) disclose material nonpublic information about us to other persons, including friends, business associates and investors, unless any such disclosure is made in accordance with our policies regarding the protection, or authorized external disclosure, of such information; or
- (iv) assist anyone engaged in any of the above activities.

In addition, no member of the Board or any officer or other employee (or any other person designated by this Policy or by our Compliance Officer as subject to this Policy) who, in the course of working for us, learns of material nonpublic information about a company with which we do business, including one of our customers or suppliers, may trade in that company’s securities until the information becomes public or is no longer material.

There are no exceptions to this Policy other than as specifically noted herein. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure), or small transactions, are not excepted from this Policy. The securities laws do not recognize any mitigating circumstances and even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct.

Definition of Material Nonpublic Information

Material Information. Information is considered “material” if a reasonable investor

would consider that information important in making a decision to buy, hold or sell securities. Any information that could be expected to affect our stock price, whether it is positive or negative, should be considered material. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances and is often evaluated by enforcement authorities with the benefit of hindsight. While it is not possible to define all categories of material information, some examples of information that ordinarily would be regarded as material are:

- Projections of future earnings or losses or other earnings guidance
- Changes to previously-announced earnings guidance or the decision to suspend earnings guidance
- A pending or proposed merger, acquisition or tender offer
- A pending or proposed acquisition or disposition of a significant asset
- A pending or proposed joint venture
- A restructuring
- Significant related party transactions
- A change in dividend policy, the declaration of a stock split or an offering of additional securities
- Bank borrowings or other financing transactions out of the ordinary course
- The establishment of a repurchase program
- Major marketing changes
- A change in management
- A change in auditors or notification that the auditor's reports may no longer be relied upon
- Development of a significant new product
- Pending or threatened significant litigation or the resolution of such litigation
- Impending bankruptcy or the existence of severe liquidity problems
- The gain or loss of a significant customer or supplier
- The imposition of a trading ban

When Information is Considered Public. Information that has not been disclosed to the public is generally considered to be nonpublic information. In order to establish that the

information has been disclosed to the public, it may be necessary to demonstrate that the information has been widely disseminated. Information generally would be considered widely disseminated if it is available on the website of the SEC or it has been disclosed through the Dow Jones “broad tape” or through newswire services, broadcast on a widely-available radio or television program, or published in a widely-available newspaper, magazine or news website. By contrast, information would likely not be considered widely disseminated if it is available only to our employees or if it is only available to a select group of analysts, brokers and institutional investors.

Once information is widely disseminated, it is still necessary that the investing public have sufficient time to absorb the information. As a general rule, information should not be considered fully absorbed by the marketplace until at least one full trading day has elapsed after public disclosure of the information. Depending on the particular circumstances, we may determine that a longer period should apply to the release of specific material nonpublic information.

Transactions by Family Members and Others

You are responsible for the transactions of all Family Members and Controlled Entities and, therefore, should make them aware of the need to confer with you before they trade in our Securities, and you should treat all such transactions for the purposes of this Policy and applicable securities laws as if the transactions were for your own account. (Note that this Policy does not apply to personal securities transactions of Family Members where the purchase or sale decision is made by a third party not controlled or influenced by you or related to you or your Family Members.)

Transactions to Which Policy not Applicable

This Policy does not apply in the case of the following transactions, except as specifically noted:

Rule 10b5-1 Plans. This Policy does not apply to the execution of a transaction executed in accordance with an approved trading plan (a “Rule 10b5-1 Plan”) established pursuant to Rule 10b5-1 (“Rule 10b5-1”) under the Securities Exchange Act of 1934 (the “1934 Act”), which provides an affirmative defense against violations of the insider trading laws. To comply with this Policy, a Rule 10b5-1 Plan must be approved by our Compliance Officer and must otherwise meet the requirements of Rule 10b5-1. You may not enter into a Rule 10b5-1 Plan at a time when you are in possession of material nonpublic information. Once the Rule 10b5-1 Plan is adopted, you must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The Rule 10b5-1 Plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. Any Rule 10b5-1 Plan must be submitted for approval by our Compliance Officer at least two weeks prior to entry. No further pre-approval of transactions conducted pursuant to the Rule 10b5-1 Plan will be required.

Stock Option Exercises. This Policy does not apply to the exercise of an employee stock option or to the exercise of a tax withholding right pursuant to which you elect to have us withhold shares subject to an option to satisfy tax withholding requirements. This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option or

to any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

Restricted Stock Awards. This Policy does not apply to the earning or vesting of restricted stock or to the exercise of a tax withholding right pursuant to which you elect to have us withhold shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock. This Policy does apply, however, to any market sale of restricted stock.

Transactions in Which There is no Change in Beneficial Ownership. This Policy does not apply to transactions that involve merely a change in the form in which you own securities. For example, you may transfer shares of stock to a trust if you are the only beneficiary of the trust during your lifetime. Likewise, changing the form of ownership to include a member of your household as a joint owner or as a sole owner would not be subject to this Policy since members of your household are considered the same as you for purposes of this Policy. (Note that the shares will remain subject to the terms of this Policy.)

Employee Stock Purchase Plan. We do not currently have an employee stock purchase plan. Were we to adopt one, this Policy would not apply to purchases (but would apply to sales) of our Securities under the plan.

Gifts. This Policy does not apply to bona fide gifts of our Securities, whether to charitable institutions or to friends or Family Members. However, if you are making the gift to satisfy a previous commitment to make a cash gift or in payment of another obligation, then the gift would be subject to this Policy.

Other Similar Transactions. Any other purchase of our Securities from us by you or sale of our Securities to us by you are not subject to this Policy.

Special and Prohibited Transactions

We have determined that there is a heightened legal risk if you engage in certain types of transactions. Therefore, you may not engage in any of the following transactions or should otherwise consider our preferences as described below:

Short-Term Trading. Short-term trading of our Securities may cause you to unduly focus on our short-term stock market performance instead of our long-term business objectives. Thus, if you purchase any of our Securities in the open market, you may not sell any of our Securities of the same class during the six months following the purchase (or vice versa).

Short Sales. Short sales of our Securities (i.e., the sale of a security that you do not own) may evidence an expectation on your part that they will decline in value and, therefore, have the potential to signal to the market that you lack confidence in our prospects. In addition, short sales may reduce your incentive to seek to improve our performance. For these reasons, short sales of our Securities are prohibited. (Note that Section 16(c) of the 1934 Act prohibits officers and directors from engaging in short sales.) (Short sales arising from certain types of hedging transactions are governed by the paragraph below captioned “Hedging Transactions.”)

Publicly-Traded Options. Given the relatively short term of publicly-traded options, transactions in options may create the appearance that you are trading based on material nonpublic information and focus your attention on short-term performance at the expense of our long-term objectives. Accordingly, transactions in put options, call options or other derivative securities, on an exchange or in any other organized market, are prohibited by this Policy. (Option positions arising from certain types of hedging transactions are governed by the paragraph below captioned “Hedging Transactions.”)

Hedging Transactions. Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such hedging transactions may permit you to continue to own our Securities without the full risks and rewards of ownership. When that occurs, you may no longer have the same objectives as our other shareholders. Therefore, we strongly discourage you from engaging in such transactions. Any person wishing to enter into such an arrangement must first submit the proposed transaction for approval by our Compliance Officer. Any request for pre-clearance of a hedging or similar arrangement must be submitted to our Compliance Officer at least two weeks prior to the proposed execution of documents evidencing the proposed transaction and must set forth a justification for the proposed transaction.

Margin Accounts and Pledged Securities. Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer’s consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when you may be aware of material nonpublic information or are otherwise not permitted to trade in our Securities, you are prohibited from holding our Securities in a margin account or otherwise pledging our Securities as collateral for a loan. (Pledges of our Securities arising from certain types of hedging transactions are governed by the paragraph above captioned “Hedging Transactions.”)

Standing and Limit Orders. Standing and limit orders (except standing and limit orders under approved Rule 10b5-1 Plans) create heightened risks for insider trading violations similar to the use of margin accounts. Because there is no control over the timing of purchases or sales that result from standing instructions to a broker, the broker could execute a transaction when you are in possession of material nonpublic information. We, therefore, discourage placing standing or limit orders with respect to our Securities. If you determine that you must use a standing order or limit order, the order should be of short duration and should otherwise comply with this Policy.

Additional Procedures Applicable to Directors and Officers

The Company has established additional procedures in order to assist in the administration of this Policy, to facilitate compliance with laws prohibiting insider trading while in possession of material nonpublic information, and to avoid the appearance of any impropriety. These additional procedures are applicable only to members of the Board and to our officers (“Covered Persons”).

Pre-Clearance Procedures. No Covered Person, or any Family Member or Controlled Entity of such Covered Person, may engage in any transaction in our Securities without first obtaining pre-clearance of the transaction from our Compliance Officer. A request for pre-clearance should be submitted to our Compliance Officer at least two business days in advance of the proposed transaction. Our Compliance Officer is under no obligation to approve a transaction submitted for pre-clearance and may determine not to permit the transaction. If a Covered Person seeks pre-clearance and permission to engage in the transaction is denied, then such Covered Person should refrain from initiating any transaction in our Securities and should not inform any other person of the restriction.

If you are a Covered Person and make a request for pre-clearance, you should describe fully all nonpublic information about the Company of which you are then aware to our Compliance Officer. You should also indicate whether you have effected any non-exempt “opposite-way” transactions within the past six months and should be prepared to report the proposed transaction on an appropriate Form 4 or Form 5. You should also be prepared to comply with SEC Rule 144 and file Form 144, if necessary, at the time of any sale.

Quarterly Trading Restrictions. No Covered Person, or any Family Member or Controlled Entity of such Covered Person, may conduct any transactions involving our Securities (other than as specified by this Policy) during a period (the “Blackout Period”) beginning 15 days prior to the end of each fiscal quarter and ending at the close of trading on the first full trading day following the public release of our earnings results for that quarter.

Event-Specific Trading Restriction Periods. From time to time, an event may occur that is material to us and is known by only a few persons. So long as the event remains material and nonpublic, no Covered Person may trade our Securities. In addition, our financial results may be sufficiently material in a particular fiscal quarter that, in the judgment of our Compliance Officer, designated persons should refrain from trading in our Securities even sooner than the typical Blackout Period described above. In that situation, our Compliance Officer may notify these persons that they should not trade in our Securities without disclosing the reason for the restriction. The existence of an event-specific trading restriction period or extension of a Blackout Period will not be announced to others and should not be communicated to any other person. Even if our Compliance Officer has not designated you as a person who should not trade due to an event-specific restriction, you should not trade while aware of material nonpublic information. Exceptions will not be granted during an event-specific trading restriction period.

Post-Termination Transactions

This Policy continues to apply to transactions in our Securities even after termination of service. If you are in possession of material nonpublic information when your service terminates, you may not trade in our Securities until that information has become public or is no longer material. The pre-clearance procedures specified in the paragraph captioned “Pre-Clearance Procedures” above, however, will cease to apply to transactions in our Securities upon the expiration of any Blackout Period or other trading restrictions imposed by us applicable at the time of the termination of service.

“Tipping” Information to Others

You may be liable for communicating or tipping material nonpublic information to a third party (“tippee”), whether or not such tippee is a Family Member. A tippee inherits your duties and can be liable for trading on material nonpublic information illegally tipped to such tippee by you. In addition, you may not recommend that another person place a purchase or sell order in our Securities, regardless of whether or not you have knowledge of material non-public information.

Consequences of Violations

The purchase or sale of securities while aware of material nonpublic information, or the disclosure of material nonpublic information to others who then trade in our Securities, is prohibited by the federal and state securities laws. Punishment for insider trading violations is severe and can include significant fines and imprisonment. While regulators typically concentrate their efforts on the individuals who trade or tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other “controlling persons” if they fail to take reasonable steps to prevent insider trading by company personnel.

In addition, your failure to comply with this Policy may subject you to sanctions, including dismissal for cause, whether or not your failure to comply results in a violation of law. Needless to say, a violation of law, or even an SEC investigation that does not result in prosecution, can tarnish your reputation and irreparably damage your career.

Company Assistance

Any person who has a question about this Policy or its application to any proposed transaction may obtain additional guidance from our Compliance Officer, who can be reached by telephone at 225-647-9124 or by e-mail at oelliott@crowncrafts.com.

Certification

All persons subject to this Policy must certify their understanding of, and intent to comply with, the Policy.

CERTIFICATION

I certify that I have read and understand the above Insider Trading Policy dated August 15, 2012 and agree to strictly adhere to it. I further certify that I understand that failure to do so will result in serious consequences and may result in my termination.

Print name: _____

Signature: _____

Date: _____