

SETTLEMENT AGREEMENT

1. INTRODUCTION

1.1 Anthony Held, Ph.D., P.E. and Crown Crafts, Inc.

This Settlement Agreement is entered into by and between Anthony Held, Ph.D., P.E. (“Dr. Held”) and Crown Crafts Infant Products, Inc. (“Crown Crafts”) with Dr. Held and Crown Crafts collectively referred to as the “Parties.” Dr. Held is an individual residing in the State of California who seeks to promote awareness of exposures to toxic chemicals, and to improve human health by reducing or eliminating hazardous substances contained in consumer products. Crown Crafts employs ten or more persons and is a person in the course of doing business for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code § 25249.6 *et seq.* (“Proposition 65”).

1.2 General Allegations

Dr. Held alleges that Crown Crafts has manufactured, distributed, and/or offered for sale packaging for bedding with handles and vinyl bags containing phthalates, including di(2-ethylhexyl)phthalate (the “Listed Chemical”), without the requisite Proposition 65 warnings. The Listed Chemical is listed pursuant to Proposition 65 and is a chemical known to the State of California to cause birth defects and other reproductive harm.

1.3 Product Description

The products that are covered by this Settlement Agreement are defined as follows: handled vinyl bags containing the Listed Chemical sold by Crown Crafts such as the *Disney Pixar The World of Cars 4 Piece Toddler Bed Set, #3370415 (#0 85214 04235 0)*. All such vinyl bags sold by Crown Crafts containing the Listed Chemical are referred to hereinafter as the “Products.”

1.4 Notices of Violation

On or about March 19, 2010, Dr. Held served Crown Crafts and various public enforcement agencies with a document entitled “60-Day Notice of Violation” (the “Crown Crafts Notice”) that provided Crown Crafts and public enforcers with notice that Crown Crafts was alleged to be in violation of California Health & Safety Code § 25249.6 for failing to warn consumers and other individuals in California that the Products it sold exposed users to the Listed Chemical.

Also, on March 19, 2010, Dr. Held served Springs Global US, Inc. (“Springs Global”) and various public enforcement agencies with a document entitled “60-Day Notice of Violation” (the “Springs Global Notice”) that provided Springs Global US, Inc. and public enforcers with notice that Crown Crafts was alleged to be in violation of California Health & Safety Code § 25249.6 for failing to warn consumers and other individuals in California that the Products it sold exposed users to the Listed Chemical. (The Crown Crafts Notice and the Springs Global Notice are collectively referred to as the “Notices”.) In November 2007, Crown Crafts asserts that it purchased certain of Springs Global’s assets, but not liabilities.

To the best of the parties’ knowledge, no public enforcer has diligently prosecuted the allegations set forth in the Notices.

1.5 No Admission

Crown Crafts denies the material, factual, and legal allegations contained in Dr. Held’s Notices and maintains that all of the Products it has sold and distributed in California have been, and are in compliance with all laws. Nothing in this Settlement Agreement shall be construed as an admission by Crown Crafts of any fact, finding, issue of law, or violation of law; nor shall compliance with this Settlement Agreement constitute or be construed as an admission by Crown Crafts of any fact, finding, conclusion, issue of law, or violation of law, such being

specifically denied by Crown Crafts. However, this section shall not diminish or otherwise affect Crown Crafts's obligations, responsibilities, and duties under this Settlement Agreement.

1.6 Effective Date

For purposes of this Settlement Agreement, the term "Effective Date" shall mean September 30, 2010.

2. INJUNCTIVE RELIEF: REFORMULATION

2.1 Reformulation Commitment

As of the Effective Date, Crown Crafts shall only manufacture or cause to be manufactured for sale in California, Products that are "Phthalate Free." For purposes of this Settlement Agreement, "Phthalate Free" Products shall mean Products containing no more than 1,000 parts per million ("ppm") of the Listed Chemical, when analyzed pursuant to Environmental Protection Agency ("EPA") testing methodologies 3580A and 8270C (or any test method allowed by any federal or state agency to determine the DEHP content in consumer products) to determine whether the permitted level of the Listed Chemical has been exceeded in its Product..

3. PENALTIES PURSUANT TO HEALTH & SAFETY CODE §25249.7(b)

In settlement of all the claims referred to in this Settlement Agreement, Crown Crafts shall pay \$3,000 in civil penalties to be apportioned in accordance with California Health & Safety Code §25192, with 75% of these funds remitted to the State of California's Office of Environmental Health Hazard Assessment ("OEHHA") and the remaining 25% of the penalty remitted to Dr. Held, as provided by California Health & Safety Code § 25249.12(d). Crown Crafts shall issue two separate checks for the penalty payment: (a) one check made payable to "The Chanler Group in Trust For OEHHA" in the amount of \$2,250, representing 75% of the total penalty; and (b) one check to "The Chanler Group in Trust for Anthony Held, Ph.D., P.E."

in the amount of \$750, representing 25% of the total penalty. Two separate 1099s shall be issued for the above payments: (a) OEHHA, P.O. Box 4010, Sacramento, CA, 95814 (EIN: 68-0284486); and (b) Anthony Held, Ph.D., P.E., whose information shall be provided five (5) calendar days before the payment is due. Payment shall be delivered to Dr. Held's counsel on or before October 25, 2010 at the following address:

The Chanler Group
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

4. **REIMBURSEMENT OF FEES AND COSTS**

The Parties reached an accord on the compensation due to Dr. Held and his counsel under the private attorney general doctrine and principles of contract law. Under these legal theories, Crown Crafts shall reimburse Dr. Held's counsel for fees and costs, incurred as a result of investigating, bringing this matter to Crown Craft's attention, and negotiating a settlement in the public interest. Crown Crafts shall pay Dr. Held and his counsel \$23,000 for all attorneys' fees, expert and investigation fees, and related costs. The payment shall be issued in a third separate check made payable to "The Chanler Group" and shall be delivered on or before October 25, 2010, at the following address:

The Chanler Group
Attn: Proposition 65 Controller
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710

Crown Crafts shall issue a separate 1099 for attorney's fees and costs paid in the amount of \$23,000 to The Chanler Group, 2560 Ninth Street, Parker Plaza, Suite 214, Berkeley, California 94710 (EIN: 94-3171522).

5. RELEASE OF ALL CLAIMS

5.1 Dr. Held's Release of Crown Crafts

In further consideration of the promises and agreements contained herein, and for the payments to be made pursuant to Sections 3 and 4, Dr. Held on behalf of himself and in his representative capacity, his past and current agents, representatives, attorneys, successors, and/or assignees, and in the interest of the general public, hereby waives all rights to institute or participate in, directly or indirectly, any form of legal action, and releases all claims, including, without limitation, all actions and causes of action, in law or in equity, suits, liabilities, demands, obligations, damages, costs, fines, penalties, losses, or expenses (including but not limited to investigation fees, expert fees, and attorney's fees) of any nature whatsoever, whether known or unknown, fixed or contingent (collectively "claims"), against Crown Crafts and each of its, wholesalers, licensors, licensees, auctioneers, retailers, distributors, franchisees, dealers, customers, owners, purchasers, users, parent companies, corporate affiliates, subsidiaries, predecessors-in-interest (including, but not limited to, Springs Global), and their respective officers, directors, attorneys, representatives, shareholders, agents, and employees (collectively "Releasees"), that arise under Proposition 65, as such claims relate to Crown Crafts's alleged failure to warn about exposures to the Listed Chemical contained in the Products.

5.2 Crown Crafts's Release of Dr. Held

Crown Crafts, on behalf of itself and its Releasees, waives any and all claims against Dr. Held, his attorneys, and other representatives for any and all actions taken by Dr. Held, his attorneys, and other representatives, whether in the course of investigating claims or otherwise seeking to enforce Proposition 65 against them in this matter, and/or with respect to the Products.

6. SEVERABILITY

If, subsequent to the execution of this Settlement Agreement, any of the provisions of this Settlement Agreement are held by a court to be unenforceable, the validity of the enforceable provisions remaining shall not be adversely affected.

7. GOVERNING LAW

The terms of this Settlement Agreement shall be governed by the laws of the State of California and apply within the State of California. In the event that Proposition 65 is repealed or is otherwise rendered inapplicable by reason of law generally, or as to the Products, then Crown Crafts may provide written notice to Dr. Held of any asserted change in the law, and shall have no further obligations pursuant to this Settlement Agreement with respect to, and to the extent that, the Products are so affected.

8. NOTICES

Unless specified herein, all correspondence and notice required to be provided pursuant to this settlement agreement shall be in writing and personally delivered or sent by: (i) first-class, registered or certified mail, return receipt requested; or (ii) overnight courier on any party by the other party at the following addresses:

To Crown Crafts:

Frederick Locker, Esq.
Locker Greenberg & Brainin PC
420 Fifth Avenue
New York NY 10018

To Dr. Held:

Proposition 65 Coordinator
The Chanler Group
2560 Ninth Street
Parker Plaza, Suite 214
Berkeley, CA 94710-2565

Any party, from time to time, may specify in writing to the other party a change of address to which all notices and other communications shall be sent.

9. COUNTERPARTS; FACSIMILE SIGNATURES

This Settlement Agreement may be executed in counterparts and by facsimile, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same document. A facsimile or optically scanned image of a Party's signature shall be valid, as if original.

10. COMPLIANCE WITH HEALTH & SAFETY CODE § 25249.7(f)

Dr. Held and his attorneys agree to comply with the reporting form requirements referenced in California Health & Safety Code § 25249.7(f).

11. MODIFICATION

This Settlement Agreement may be modified only by written agreement of the Parties.

12. AUTHORIZATION

The undersigned are authorized to execute this Settlement Agreement on behalf of their respective party and have read, understood, and agree to all of the terms and conditions of this Settlement Agreement.

AGREED TO:

APPROVED

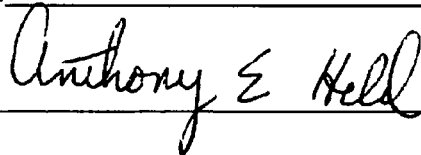
By Tony Held at 1:34 pm, Oct 16, 2010

AGREED TO:

Date: _____

Date: _____

By: _____



Anthony Held, Ph.D., P.E.

By: _____

_____, President,
Crown Crafts Infant Products, Inc.

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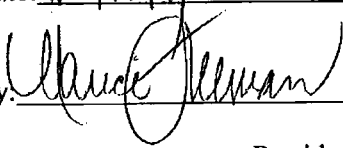
Date: _____

By: _____

Anthony Held, Ph.D., P.E.

AGREED TO:

Date: 10/18/10

By:  _____

_____, President,
Crown Crafts Infant Products, Inc.