

CULP INC
Form DEF 14A
August 24, 2009

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

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 Pursuant to ss.240.14a-12

CULP, 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:

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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Post Office Box 2686
High Point, North Carolina 27261-2686
Telephone: (336) 889-5161

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD
September 22, 2009

TO OUR SHAREHOLDERS:

The Annual Meeting of Shareholders of Culp, Inc. (the “Company”) will be held at the Company’s corporate offices, 1823 Eastchester Drive, High Point, North Carolina, on Tuesday, September 22, 2009, at 9:00 a.m. local time, for the purpose of considering and acting on the following matters:

- (1) To elect five directors to serve until their successors are duly elected and qualified;
- (2) To ratify the appointment of Grant Thornton LLP as the Company’s auditors for the current fiscal year; and
- (3) To transact such other business as may properly come before the meeting, or any adjournment or adjournments thereof.

Only shareholders of record as of the close of business on July 17, 2009, are entitled to notice of and to vote at the Annual Meeting and any adjournment or adjournments thereof.

Whether or not you expect to be present at the Annual Meeting, please complete, date and sign the enclosed form of proxy and return it promptly in the enclosed envelope. If you attend the meeting, your proxy will be returned to you upon request.

The proxy statement accompanying this notice sets forth further information concerning the items listed above and the use of the enclosed proxy. You are urged to study this information carefully.

The 2009 Annual Report of the Company also accompanies this notice.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on September 22, 2009: The Proxy Statement and the Annual Report to Shareholders for the fiscal year ended May 3, 2009 are also available free of charge at www.culpinc.com.

By Order of the Board of Directors,

KENNETH R. BOWLING
Corporate Secretary

August 21, 2009

Proxy Statement

INTRODUCTION

This proxy statement is furnished to the shareholders of Culp, Inc. (sometimes referred to as the “Company”) by the Company’s Board of Directors in connection with the solicitation of proxies for use at the Annual Meeting of Shareholders of the Company to be held on Tuesday, September 22, 2009, at 9:00 a.m. at the Company’s corporate offices, 1823 Eastchester Drive, High Point, North Carolina, and at any adjournment or adjournments thereof. Action will be taken at the Annual Meeting on the items described in this proxy statement, and on any other business that properly comes before the meeting.

This proxy statement, the accompanying form of proxy and the Company’s 2009 Annual Report to Shareholders are first being mailed to shareholders on or about August 21, 2009. The Annual Report does not constitute “soliciting material” and is not to be deemed “filed” with the Securities and Exchange Commission.

Whether or not you expect to attend the Annual Meeting, please complete, date and sign the accompanying form of proxy and return it promptly to ensure that your shares are voted at the meeting. Any shareholder giving a proxy may revoke it at any time before a vote is taken by:

- duly executing a proxy bearing a later date;
- executing a notice of revocation in a written instrument filed with the secretary of the Company; or
- appearing at the meeting and notifying the secretary of the intention to vote in person.

Unless a contrary choice is specified, all shares represented by valid proxies that are received pursuant to this solicitation, and not revoked before they are exercised, will be voted for the election of all the director nominees named in this proxy statement, and for ratification of the appointment of Grant Thornton LLP as the independent auditors of the Company for the current fiscal year. The proxy also confers discretionary authority upon the persons named therein, or their substitutes, with respect to any other business that may properly come before the meeting.

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of common stock of the Company is necessary to constitute a quorum at the Annual Meeting and any adjournment thereof. Directors will be elected by a plurality of the votes cast. Cumulative voting is not permitted. Accordingly, abstentions and broker non-votes will not affect the outcome of the election of directors. The ratification of independent auditors and any other business coming before the meeting will be approved if more votes are cast in favor of the proposal than the votes cast against the proposal. A shareholder abstaining from the vote on a proposal and any broker non-votes will be counted as present for purposes of determining whether a quorum is present, but will be counted as not having voted on the proposal in question and thus will have no effect on votes on these matters.

Shareholders do not have dissenters’ rights with respect to any of the matters to be considered.

The Company will bear the entire cost of preparing this proxy statement and of soliciting proxies. Proxies may be solicited by employees of the Company, either personally, by special letter, or by telephone. However, Company employees will not be specifically compensated for these services. The Company also will request brokers and others to send solicitation material to beneficial owners of the Company’s stock and will, upon request, reimburse their

out-of-pocket costs.

VOTING SECURITIES

Only shareholders of record at the close of business on July 17, 2009 will be entitled to vote at the Annual Meeting or any adjournment or adjournments thereof. The number of outstanding shares entitled to vote at the meeting is 12,847,527.

The following table lists the beneficial ownership of the Company's common stock with respect to each person known by the Company to be the beneficial owner of more than five percent of such common stock.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Outstanding Shares
Common stock, par value \$.05 per share	Robert G. Culp, III 903 Forrest Hill Drive High Point, NC 27262	2,228,599 (1)	17.3%
	Atlantic Trust, Trustee Robert G. Culp, Jr. Trust 100 Federal Street, 37th Floor Boston, MA 02110	1,708,750 (2)	13.3%
	NOTE: All of the shares listed for Atlantic Trust are also listed for Robert G. Culp, III above. See footnotes (1) and (2) below for information about the overlap between the ownership shown for these two beneficial owners.		
	R. Scott Asen and related entities 222 ½ E. 49th St. New York, NY 10017	1,407,800 (3)	11.0%
	T. Rowe Price Associates, Inc. 100 East Pratt Street Baltimore, MD 21202	1,264,900 (4)	9.8%
	Dimensional Fund Advisors Inc. Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	1,073,301 (5)	8.4%
	John B. Baum and related entities 30201 Orchard Lake Road, Suite 107 Farmington Hills, MI 48334	891,600 (6)	6.9%
	Praesidium Investment Management Company, LLC 747 Third Avenue, 35th Floor New York, NY 10017	858,605 (7)	6.7%

- (1) These shares include all of the shares listed below that also are beneficially owned in the name of Atlantic Trust as trustee of the Robert G. Culp, Jr. Trust, all of which shares Robert G. Culp, III has the right to vote and jointly (with Atlantic Trust) has the right to invest. (See Note (2) below.) These shares also include 66,738 shares held of record by Susan B. Culp, the wife of Mr. Culp, the beneficial ownership of which shares Mr. Culp disclaims, approximately 20,192 shares owned by Mr. Culp through the Company's 401(k) plan, and 49,000 shares subject to options owned by Mr. Culp that are immediately exercisable. For purposes of this proxy statement, "immediately exercisable" options are those that are currently exercisable or exercisable within 60 days.
- (2) All of these shares also are included in the shares listed above for Robert G. Culp, III. (See Note (1) above.) These shares include 559,375 shares held of record by Atlantic Trust for the benefit of Judith C. Walker, sister of Robert G. Culp, III; 355,000 shares held of record by Atlantic Trust for the benefit of Harry R. Culp, brother of Robert G. Culp, III; and 794,375 shares held of record by Atlantic Trust for the benefit of Robert G. Culp, III, all of which shares Robert G. Culp, III has the right to vote and jointly (with Atlantic Trust) has the right to invest.
- (3) Based upon information obtained from a Schedule 13G/A filed with the Securities and Exchange Commission by R. Scott Asen (the "Reporting Person") on January 21, 2009. Includes 1,276,000 shares over which the Reporting Person has sole voting and dispositive power, and 95,000 shares held by certain Managed Accounts that receive certain advisory services from Asen and Co., of which the Reporting Person is president. The Reporting Person disclaims beneficial ownership of 36,800 shares owned by a charitable foundation of which the Reporting Person is the sole trustee, as well as the 95,000 shares held by the Managed Accounts referenced above, except in each case to the extent of the Reporting Person's pecuniary interest.
- (4) Based upon information obtained from Schedule 13G/A filed with the Securities and Exchange Commission on February 12, 2009, and includes shares held by the T. Rowe Price Small Cap Value Fund, which owns 858,800 shares, representing 6.7% of the shares outstanding. T. Rowe Price Associates, Inc. ("Price Associates") serves as investment advisor with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.
- (5) Dimensional Fund Advisors Inc. ("Dimensional"), an investment advisor registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other investment vehicles, including commingled group trusts. These investment companies, trusts and accounts are the "Funds." In its role as investment advisor and investment manager, Dimensional possessed both investment and/or voting power over 1,073,301 shares of Culp, Inc. stock as of December 31, 2008. The Funds own all securities reported in this statement, and Dimensional disclaims beneficial ownership of such securities.
- (6) Based upon information obtained from Mr. Baum as of July 31, 2009, on behalf of Paulette R. Baum Revocable Living Trust u/a/d 7/21/98 (c/o John B. Baum, Trustee) (the "Trust"). The Reporting Person directly owns 891,600 shares (consisting of 819,800 shares in the Trust and 71,800 shares in related IRAs over which the Reporting Person has direct control).
- (7) Based upon information obtained from a Schedule 13D/A filed with the Securities and Exchange Commission on January 30, 2009. Praesidium Investment Management Company, LLC ("Praesidium") is investment manager to certain managed accounts on behalf of Blackwell Partners, LLC, with power to vote and dispose of 858,605 shares held in Blackwell's managed account. Praesidium Investment Management Company, LLC disclaims beneficial ownership of such shares. The Schedule 13D/A referenced above states that Kevin Orman and Peter Uddo "may be deemed to control" Praesidium, which is the entity that has the power to vote and invest the shares.

PROPOSAL 1: ELECTION OF DIRECTORS

The number of directors constituting the Board has been fixed at five in accordance with the Company's bylaws. Under the Company's amended and restated bylaws, which were adopted in 2007, directors are elected at each annual meeting and hold office for a one year term or until their respective successors are elected and have qualified. However, the terms of Mr. Culp, III and Mr. Flavin do not expire until the 2009 Annual Meeting because they were elected to three year terms in 2006, before the Company's bylaws were changed to provide for the annual election of directors. Thus, five directors will be elected for a one year term at the 2009 Annual Meeting.

In the absence of specifications to the contrary, proxies will be voted for the election of each of the five nominees listed in the table below, and an equal number of votes will be cast for each nominee. In no case will proxies be voted for more than five nominees. The persons who receive the highest number of votes for election at the Annual Meeting will be elected as directors. If, at or before the time of the meeting, any of the nominees becomes unavailable for any reason, the proxy holders have the discretion to vote for a substitute nominee or nominees. The Board currently knows of no reason why any of the nominees listed below is likely to become unavailable.

NOMINEES, DIRECTORS AND EXECUTIVE OFFICERS

Nominees :

ROBERT G. CULP, III is one of the founders of the Company and was executive vice president and secretary until 1981 when he was elected by the Board to serve as president. The Board elected Mr. Culp chief operating officer in 1985 and chief executive officer in 1988, and he held that position until May 1, 2007. In 1990, the Board of Directors elected Mr. Culp chairman of the Board, and he continues to serve in that role. Mr. Culp currently serves as a member of the board of directors of Stanley Furniture Company, Inc. in Stanleytown, Virginia and Old Dominion Freight Line, Inc. in Thomasville, North Carolina. He is the father of Robert G. Culp, IV.

PATRICK B. FLAVIN is the retired president and chief investment officer of Flavin, Blake & Co., Inc., an investment management company.

KENNETH R. LARSON is owner and chief executive officer of Slumberland Furniture in Little Canada, Minnesota, a home furnishings retailer with stores in a ten-state area.

KENNETH W. MCALLISTER has been member/manager of The McAllister Firm, PLLC, a law firm, since January 2004. He was a senior executive vice president and general counsel of Wachovia Corporation, a bank holding company, from 1997 until his retirement in 2001, and served as general counsel since joining Wachovia in 1988. Mr. McAllister served as United States Attorney for the Middle District of North Carolina from 1981 to 1986. He is a director of High Point Bank Corporation, High Point Bank and Trust Co., and Lawyers Mutual Liability Insurance Company of North Carolina.

FRANKLIN N. SAXON has been employed by the Company since 1983, serving in various capacities, including chief financial officer from 1985 to 1998. In 2001, the Board elected Mr. Saxon executive vice president, chief financial officer and president, Culp Velvets/Prints division. In 2002, Mr. Saxon was elected executive vice president, chief financial officer, treasurer, and president, Culp Velvets/Prints division. The Board elected Mr. Saxon president and chief operating officer in June 2004. He was elected as president and chief executive officer effective May 1, 2007.

Non-Director Executive Officers:

KENNETH R. BOWLING joined the Company in 1997 as controller for the velvets/prints division. He was promoted to corporate controller in 2001 and was named corporate controller and assistant treasurer in 2002. In 2004, he was promoted to vice president, finance and treasurer. Mr. Bowling became our chief financial officer effective May 1, 2007.

ROBERT G. CULP, IV has been employed by the Company since 1998 and has served in various capacities. The Board elected Mr. Culp as president of the Culp Home Fashions division in June 2004. He is the son of Robert G. Culp, III.

THOMAS B. GALLAGHER, JR. joined the Company in January 2005 as assistant controller. He was promoted to controller in January 2006, and in June of 2007, he was elected corporate controller, assistant treasurer and assistant secretary. Previously he had been senior audit manager with the accounting firm of BDO Seidman, LLP.

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The following table sets forth certain information with respect to the five nominees for election to the Board of Directors, persons who were directors and executive officers of the Company as of July 17, 2009 and all executive officers, directors and nominees of the Company as a group, a total of 8 persons, as of July 17, 2009:

Name and Age	Position with Company (1)	Year Became Director	Year Term Expires	Shares and Percent of Common Stock Beneficially Owned As of July 17, 2009	Notes
Directors and Executive Officers					
Kenneth R. Larson, 66	Director	2004	2009	75,875*	(5)
Kenneth W. McAllister, 60	Director	2002	2009	33,625*	(6)
Franklin N. Saxon, 57	President and Chief Executive Officer, Director	1987	2009	359,416 2.8%	(3)