

CULP INC
Form DEF 14A
August 18, 2011

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.

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

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

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD
September 20, 2011

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 20, 2011, at 9:00 a.m. local time, for the purpose of considering and acting on the following matters:

- (1) The election of five directors to serve until their successors are duly elected and qualified;
- (2) The ratification of the appointment of Grant Thornton LLP as the Company's independent auditors for the current fiscal year;
- (3) An advisory vote on executive compensation (a Say on Pay vote);
- (4) An advisory vote on the frequency of Say on Pay votes on executive compensation; and
- (5) The transaction of 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 21, 2011 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. You may also vote by telephone or on the Internet, as described in the proxy statement and on the proxy card.

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 2011 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 20, 2011: The Proxy Statement and the Annual Report to Shareholders for the fiscal year ended May 1, 2011 are also available free of charge at www.culp.com.

By Order of the Board of Directors,

KENNETH R. BOWLING
Corporate Secretary

August 18, 2011

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 20, 2011, 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 2011 Annual Report to Shareholders are first being mailed to shareholders on or about August 18, 2011. 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. Most shareholders have the choice of voting by completing the enclosed proxy card and mailing it in the postage-paid envelope provided, voting over the Internet or using a toll-free number. You should refer to the proxy card or the information forwarded by your bank, broker or other holder of record to see which voting options are available. Shareholders who vote over the Internet may incur costs, such as telephone and Internet access charges, for which the shareholder is responsible. The Internet and telephone voting facilities for eligible shareholders of record will close at 1:00 a.m. Central Daylight Time on September 20, 2011. Specific instructions to be followed by any shareholder interested in voting via the Internet or telephone are shown on the enclosed proxy card. The Internet and telephone voting procedures are designed to authenticate the shareholder’s identity and to allow shareholders to vote their shares and confirm that their instructions have been properly recorded. In the event that the proxy card does not reference Internet or telephone voting information because the recipient is not the registered owner of the shares, the proxy card must be completed and returned in the self-addressed, postage-paid envelope provided.

If you hold your shares in street name it is critical that you cast your vote if you want it to count in the election of our director nominees (Proposal 1 of this proxy statement), in the advisory vote on our executive compensation (a Say on Pay vote) (Proposal 3 of this proxy statement), and in the advisory vote on the frequency of Say on Pay votes on our executive compensation (Proposal 4 of this proxy statement). As a result of recent changes in regulations, your bank or broker is no longer allowed to vote your uninstructed shares on a discretionary basis on matters related to the election of directors or executive compensation. Thus, if you hold your shares in street name and you do not instruct your bank or broker how to vote in the election of directors, the Say on Pay advisory vote and the advisory vote on the frequency of Say on Pay votes, no votes will be cast on your behalf with respect to the proposals for which you did not provide voting instructions. Your bank or broker will still have voting discretion on your uninstructed shares with respect to ratification of our independent auditors (Proposal 2 of this proxy statement) or routine matters that may properly come before 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, for ratification of the appointment of Grant Thornton LLP as the independent auditors of the Company for the current fiscal year, for the Say on Pay shareholder resolution approving the Company's executive compensation program, and for the proposal setting the frequency of Say on Pay advisory votes to every one 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. If a quorum is not present or represented at the Annual Meeting, the shareholders present and entitled to vote have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At any such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally notified. A shareholder abstaining from the vote on a proposal and any votes not made or not permitted to be made by banks or brokers (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.

With regard to the election of directors, shareholder may cast votes in favor of a nominee or withhold votes from a nominee, and directors will be elected by a plurality of the votes cast. Votes that are withheld will be excluded entirely from the vote and will have no effect on the outcome of the election of directors. Cumulative voting is not permitted. With regard to ratification of Grant Thornton LLP as the Company's independent auditors and approval of the Say on Pay shareholder resolution approving the Company's executive compensation program, shareholders may vote for or against each proposal or abstain from voting, and each proposal will be approved if more votes are cast in favor of such proposal than are cast against it. With regard to the advisory vote on the frequency of Say on Pay votes on executive compensation, shareholders may vote for a Say on Pay vote to be held every one, two or three years or abstain from voting, and the frequency alternative receiving the greatest number of votes cast will be the frequency recommended by the shareholders. Abstentions and broker non-votes will have no effect on the outcome of the vote on any of these proposals.

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

Although the advisory votes on the Company's executive compensation and frequency of the Say on Pay votes are non-binding, the Board will consider the outcome when considering future executive compensation decisions.

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 21, 2011 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 13,181,258. Shareholders are entitled to one vote for each share of the Company's common stock.

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 as of May 1, 2011 (fiscal year-end date). The number of outstanding shares at May 1, 2011 was 13,264,458.

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	Atlantic Trust and Robert G. Culp, III, jointly through the Robert G. Culp, Jr. Trust 100 Federal Street, 37th Floor Boston, MA 02110	1,610,888	(1)	12.1	%
	Robert G. Culp, III, outside of Robert G. Culp, Jr. Trust 903 Forrest Hill Drive High Point, NC 27262	517,686	(2)	3.9	%
	Total for Robert G. Culp, III 903 Forest Drive High Point, NC 27262	2,128,574	(3)	16.0	%
	R. Scott Asen and related entities 222 ½ E. 49th St. New York, NY 10017	1,496,400	(4)	11.3	%
	T. Rowe Price Associates, Inc. 100 East Pratt Street Baltimore, MD 21202	1,277,840	(5)	9.6	%
	Praesidium Investment Management Company, LLC 747 Third Avenue, 35th Floor New York, NY 10017	1,104,207	(6)	8.3	%
	The Charger Corporation 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	907,636	(7)	6.8	%
		687,850	(8)	5.1	%

John B. Baum and related
entities
30201 Orchard Lake Road, Suite
107
Farmington Hills, MI 48334

- (1) All of these shares also are included in the total shares listed below for Robert G. Culp, III (see Note (3) below). These shares are held of record by Atlantic Trust for the benefit of:

Name	Amount of Shares*
Judith C. Walker, sister of Robert G. Culp, III	526,754
Harry R. Culp, brother of Robert G. Culp, III	322,379
Robert G. Culp, III	761,755
	1,610,888

* Robert G. Culp, III has the right to vote and jointly (with Atlantic Trust) has the right to invest.

- (2) These shares do not include the shares listed above that also are beneficially owned by 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 (1) above). These shares include 49,481 shares held of record by Susan B. Culp, the wife of Mr. Culp, the beneficial ownership of which shares Mr. Culp disclaims, approximately 23,448 shares owned by Mr. Culp through the Company's 401(k) plan, and 36,000 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.
- (3) These shares include all of the shares listed above that are beneficially owned by 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 (1) above). These shares also include all of the shares listed above that are beneficially owned by Robert G. Culp, III outside of the Robert G. Culp, Jr. Trust (see Note (2) above).
- (4) Based upon information obtained from a Schedule 13G/A filed with the Securities and Exchange Commission by R. Scott Asen (the "Reporting Person") on February 7, 2011. Includes 1,356,400 shares over which the Reporting Person has sole voting and dispositive power, and 140,000 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 61,700 shares owned by a charitable foundation of which the Reporting Person is the sole trustee, as well as the 140,000 shares held by the Managed Accounts referenced above, except in each case to the extent of the Reporting Person's pecuniary interest.
- (5) Based upon information obtained from a Schedule 13G/A filed with the Securities and Exchange Commission on February 10, 2011, and includes shares held by the T. Rowe Price Small-Cap Value Fund, Inc., which owns 880,000 shares, representing 6.6% 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.
- (6) Based upon information obtained from a Schedule 13D/A filed with the Securities and Exchange Commission on October 14, 2010. Praesidium Investment Management Company, LLC ("Praesidium") is investment manager to certain managed accounts and investment fund vehicles on behalf of investment advisory clients, and has the power to vote 968,247 shares. Praesidium disclaims beneficial ownership of such shares. The Schedule 13D/A referenced above states that Kevin Oram and Peter Uddo "may be deemed to control" Praesidium, which is the entity that has the power to vote and invest shares.
- (7) Based upon information obtained from a Schedule 13G filed with the Securities and Exchange Commission on February 7, 2011. This Schedule 13G filing is jointly filed by The Charger Corporation, First Trust Portfolios L.P., and First Trust Advisors L.P. The Charger Corporation is the General Partner of both First Trust Portfolios L.P.

and First Trust Advisors L.P. First Trust Portfolios L.P. holds 156,810 shares of the total 907,636 beneficially owned shares, and none of First Trust Portfolios L.P., First Trust Advisors L.P., or The Charger Corporation has the power to vote these 156,810 shares. The shares are held by the unit investment trusts sponsored by First Trust Portfolios L.P. and are voted by the trustee of such unit investment trusts. Each of First Trust Portfolios L.P., First Trust Advisors L.P. and The Charger Corporation disclaims beneficial ownership of the 907,636 shares held by these entities.

(8)Based upon information obtained from a Schedule 13G/A filed with the Securities and Exchange Commission on March 29, 2011, on behalf of Paulette R. Baum Revocable Living Trust u/a/d 7/21/98 (c/o John B. Baum, Trustee) (the "Trust") and upon information provided to the Company by Mr. Baum. The Trust directly owns 687,850 shares (consisting of 610,000 shares in the Trust, and 77,850 shares related to IRAs over which the Trust has direct control).

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. The terms of all five directors expire at the 2011 Annual Meeting, and thus five directors will be elected for a one-year term at the 2011 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