

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) April 26, 2007

Culp, Inc.

(Exact Name of Registrant as Specified in its Charter)

North Carolina

(State or Other Jurisdiction
of Incorporation)

0-12781

(Commission File Number)

56-1001967

(I.R.S. Employer
Identification No.)

1823 Eastchester Drive
High Point, North Carolina 27265

(Address of Principal Executive Offices)
(Zip Code)

(336) 889-5161

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former name or address, if changed from last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers; Compensatory Arrangements of Certain Officers.

On April 26, 2007, the compensation committee of the board of directors of Culp, Inc. (the “company”) took action to approve changes to the annual salaries of certain of the company’s executive officers, effective May 1, 2007, as follows:

Robert G. Culp, III Chairman	\$300,000
Franklin N. Saxon Chief Executive Officer (principal executive officer)	\$350,000
Kenneth R. Bowling Chief Financial Officer (principal financial officer and principal accounting officer)	\$160,000
Robert G. Culp, IV President, Culp Home Fashions division	\$190,000

The salary for Kenneth M. Ludwig, Senior Vice President, Human Resources, was not changed.

On April 26, 2007, the compensation committee and the board of directors of the company approved the Culp, Inc. Corporate Fiscal 2008 Management Incentive Plan, which provides for cash bonuses to certain of the company’s executive officers, including Kenneth R. Bowling, Robert G. Culp, III, Kenneth M. Ludwig and Franklin N. Saxon. The plan provides for cash bonuses that could range from 3% to 150% of a participant’s salary, depending upon the company’s financial performance using three financial measures (3% to 60% for Mr. Bowling, 10% to 100% for Mr. Culp, III, 5% to 50% for Mr. Ludwig, and 15% to 150% for Mr. Saxon). The financial measures used to calculate eligibility for bonuses under the plan are operating income, free cash flow and return on capital, in each case excluding certain extraordinary and non-recurring items. The plan is effective for the company’s 2008 fiscal year that ends April 27, 2008. A written summary of the plan is attached hereto as Exhibit 10(a).

On April 26, 2007, the compensation committee and the board of directors of the company approved Robert G. Culp, IV as a participant in the Culp Home Fashions Division Fiscal 2008 Management Incentive Plan, which provides for cash bonuses to certain individuals in the company’s Culp Home Fashions (CHF) division. Mr. Culp, IV is President of the CHF division. The plan provides for cash bonuses that could range from 1% to 80% of a participant’s salary (4% to 80% in the case of Mr. Culp, IV), depending upon the CHF division’s financial performance using three financial measures. The financial measures used to calculate eligibility for bonuses under the plan are the CHF division’s operating income, free cash flow and return on capital, in each case excluding certain extraordinary and non-recurring items. The plan is

effective for the company's 2008 fiscal year that ends April 27, 2008. A written summary of the plan is attached hereto as Exhibit 10(b).

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit 10(a) — Written Summary of Culp, Inc. Corporate Fiscal 2008 Management Incentive Plan.

Exhibit 10(b) — Written Summary of Culp Home Fashions Division Fiscal 2008 Management Incentive Plan

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 30, 2007

Culp, Inc.

By: /s/ Kenneth M. Ludwig
Kenneth M. Ludwig
Senior Vice President, Human Resources

EXHIBIT INDEX

Exhibit Number	Exhibit
10(a)	Written Summary of Culp Inc. Corporate Fiscal 2008 Management Incentive Plan
10(b)	Written Summary of Culp Home Fashions Division Fiscal 2008 Management Incentive Plan

Exhibit 10(a)

Written Summary of Culp, Inc. Corporate Fiscal 2008 Management Incentive Plan

The plan provides for annual cash bonuses to certain executive officers of the company, on the following basis:

Each participant in the plan has a stated Management Incentive Plan (“MIP”) bonus opportunity, stated as a percentage of the participant’s annual salary. The bonus opportunity for each participant varies from 20% to 150% of salary. The bonus opportunity for the following individuals are: Mr. Bowling — 30% of salary; Mr. Culp, III — 100% of salary; Mr. Ludwig — 50% of salary; and Mr. Saxon — 150% of salary. The plan sets forth target levels of three performance measures for the company — operating income, free cash flow and return on capital, in each case excluding certain extraordinary and non-recurring items, such as restructuring and related charges, goodwill write-offs, non-recurring items, and material acquisitions. If the company reaches the target levels for each performance measure, bonuses in the amount of 100% of the bonus opportunity will be paid. There is also a minimum threshold level for each performance measure that will cause bonuses to be paid in the amount of 10% of the bonus opportunity, a maximum threshold level for each performance measure that will cause bonuses to be paid in the amount of 150% of the bonus opportunity, and a super maximum threshold level that will cause bonuses to be paid in the amount of 200% of the bonus opportunity (limited to 100% of bonus opportunity for Messrs. Saxon, Culp and Ludwig). Thus, the bonus amounts under the plan could range from 2% of salary for certain participants to as much as 150% of salary for other participants (3% to 60% for Mr. Bowling, 10% to 100% for Mr. Culp, III, 5% to 50% for Mr. Ludwig, and 15% to 150% for Mr. Saxon). The performance measures are “weighted” such that achieving a certain level with respect to each performance measure will have a varying effect on determining the overall bonus. The weights assigned to each respective performance measure are as follows: 60% weight to operating income, 25% weight to free cash flow, and 15% weight to return on capital. In addition, the plan provides that bonuses will only be paid if the company as a whole reports positive earnings, excluding restructuring and related expenses and other extraordinary items.

Exhibit 10(b)

Written Summary of Culp Home Fashions Division Fiscal 2008 Management Incentive Plan

The plan provides for annual cash bonuses to certain employees of the Culp Home Fashions (CHF) division, on the following basis:

Each participant in the plan has a stated Management Incentive Plan (“MIP”) bonus opportunity, stated as a percentage of the participant’s annual salary. The bonus opportunity for each participant varies from 10% to 40% of salary (40% for Mr. Culp, IV). The plan sets forth target levels of three performance measures for the CHF division — operating income, free cash flow and return on capital, in each case excluding certain extraordinary and non-recurring items, such as restructuring and related charges, goodwill write-offs, non-recurring items, and material acquisitions. If the division reaches the target levels for each performance measure, bonuses in the amount of 100% of the bonus opportunity will be paid. There is also a minimum threshold level for each performance measure that will cause bonuses to be paid in the amount of 10% of the bonus opportunity, a maximum threshold level for each performance measure that will cause bonuses to be paid in the amount of 150% of the bonus opportunity, and a super maximum threshold level that will cause bonuses to be paid in the amount of 200% of the bonus opportunity. Thus, the bonus amounts under the plan could range from 1% of salary for certain participants to as much as 80% of salary for other participants (4% to 80% for Mr. Culp, IV). The performance measures are “weighted” such that achieving a certain level with respect to each performance measure will have a varying effect on determining the overall bonus. The weights assigned to each respective performance measure are as follows: 60% weight to operating income, 25% weight to free cash flow, and 15% weight to return on capital. In addition, the plan provides that bonuses will only be paid if the company as a whole reports positive earnings, excluding restructuring and related expenses and other extraordinary items.