

CULP INC
Form DEF 14A
August 18, 2017
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:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

1823 Eastchester Drive
High Point, North Carolina 27265
Telephone: (336) 889-5161

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD
September 20, 2017

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 Wednesday, September 20, 2017, at 9:00 a.m. local time, for the purpose of considering and acting on the following matters:

- (1) The election of six 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); and
- (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 20, 2017 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 2017 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, 2017: The Proxy Statement and the Annual Report to Shareholders for the fiscal year ended April 30, 2017 are also available free of charge at www.culp.com.

By Order of the Board of Directors,

KENNETH R. BOWLING
Corporate Secretary

August 18, 2017

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 Wednesday, September 20, 2017, 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 2017 Annual Report to Shareholders are first being mailed to shareholders on or about August 18, 2017. 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 telephone 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, 2017. 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 current regulations, your bank or broker is not 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 case 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 20, 2017 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 12,441,161. 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 April 30, 2017 (fiscal year-end date). The number of outstanding shares at April 30, 2017 was 12,356,631.

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	Aberdeen Asset Management PLC 10 Queens Terrace Aberdeen, Scotland	1,278,167 (1)	10.3%
	T. Rowe Price Associates, Inc. 100 East Pratt Street Baltimore, MD 21202	1,200,527 (2)	9.7%
	Black Rock, Inc. 55 East 52 nd Street New York, NY 10055	1,196,359 (3)	9.7%
	Atlantic Trust and Robert G. Culp, III, jointly through the Robert G. Culp, Jr. Trust 100 Federal Street, 37th Floor Boston, MA 02110	1,073,832 (4)	8.7%
	Robert G. Culp, III, outside of Robert G. Culp, Jr. Trust 903 Forrest Hill Drive High Point, NC 27262	118,157 (5)	1.0%
	Total for Robert G. Culp, III 903 Forrest Hill Drive High Point, NC 27262	1,191,989 (6)	9.7%
	Victory Capital Management Inc. 4900 Tiedeman Road, 4th Floor Brooklyn, OH 44144	771,829 (7)	6.2%
	Dimensional Fund Advisors, L.P. 6300 Bee Cave Road Building One Austin, TX 78746	667,099 (8)	5.4%
	Renaissance Technologies LLC	627,300 (9)	5.1%

800 Third Avenue
New York, NY 10022

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(1) Based upon information obtained from a Schedule G filed with the Securities and Exchange Commission on April 5, 2017, Aberdeen Asset Management PLC has shared power to vote and shared dispositive power over 1,278,167 shares.

(2) Based upon information obtained from a Schedule 13G/A filed with the Securities and Exchange Commission by T. Rowe Price Associates, Inc. ("Price Associates") on February 7, 2017, and includes shares held by the T. Rowe Price Small-Cap Value Fund, Inc., which owns 797,357 shares, representing 6.5% of the shares outstanding. 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.

(3) Based upon information obtained from a Schedule 13G/A filed with the Securities and Exchange Commission on January 19, 2017, BlackRock Inc. has the power to vote 1,171,659 shares and dispositive power over the 1,196,359 shares.

(4) All of these shares also are included in the total shares listed below for Robert G. Culp, III (see Note (6) below). These shares are held of record by Atlantic Trust for the benefit of

<u>Name</u>	<u>Amount of Shares*</u>
Judith C. Walker, sister of Robert G. Culp, III	343,108
Harry R. Culp, brother of Robert G. Culp, III	178,857
Robert G. Culp, III	551,867
	1,073,832

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

(5) 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 (4) above). These shares include 16,863 shares held of record by Susan B. Culp, the wife of Mr. Culp, the beneficial ownership of which shares Mr. Culp disclaims.

(6) 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 (4) 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 (5) above).

(7) Based upon information obtained from a Schedule 13G filed with the Securities and Exchange Commission on February 10, 2017, Victory Capital Management Inc. has the power to vote 752,729 shares and dispositive power over 771,829 shares.

(8) Based upon information obtained from a Schedule 13G filed with the Securities and Exchange Commission on February 9, 2017, Dimensional Fund Advisors, L.P. has the power to vote 640,107 shares and dispositive power over 667,099 shares.

Based upon information obtained from a Schedule 13G/A filed with the Securities and Exchange Commission on (9)February 14, 2017, Renaissance Technologies LLC has the sole power to vote 627,300 shares and sole dispositive power over 627,300 shares.

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PROPOSAL 1: ELECTION OF DIRECTORS

The number of directors constituting the Board has been fixed at six in accordance with the Company's bylaws. Under the Company's bylaws, 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 six directors expire at the 2017 Annual Meeting, and thus six directors will be elected for a one-year term at the 2017 Annual Meeting.

In the absence of specifications to the contrary, proxies will be voted for the election of each of the six 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 six 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 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 Old Dominion Freight Line, Inc. in Thomasville, North Carolina and Leggett & Platt, Incorporated in Carthage, Missouri. He is the father of Robert G. Culp, IV.

Mr. Culp, as one of the Company's founders, has intimate knowledge of the Company and its development, as well as the furniture and bedding industries. He has strong relationships throughout the Company's industries, and brings extensive knowledge and skills for marketing fabrics, as well as executive and management experience.

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

Mr. Saxon has very strong knowledge about the Company and its business, having been employed with Culp since before it became a public company. He developed management and executive skills in a number of leadership roles in the Company before being named CEO. He also has extensive financial management expertise, having worked in public accounting before joining the Company, and serving as the Company's chief financial officer for many years.

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

Mr. Flavin has enjoyed a long career in investments and finance, and he brings to the Company strong skills in accounting, financial analysis and risk management as a Chartered Financial Analyst. He has substantial experience analyzing the financial performance of companies in the furniture and bedding industries. Mr. Flavin also has international business knowledge, based upon prior overseas employment in the financial services industry.

FRED A. JACKSON is the retired Chief Executive Officer of American & Efird LLC, a global manufacturer of sewing, thread, embroidery thread, and technical textiles. He served American & Efird for 38 years in various positions before his retirement from the CEO position in September 2015, and continues to serve as non-executive

chairman for the Advisory Board of American & Efird Global, L.P.

Mr. Jackson brings to the Company extensive experience and knowledge in textiles and related industries, both domestic and international, and has significant financial management and executive leadership experienced gained through his long tenure with American & Efird LLC, including its international subsidiaries and joint ventures, and leadership positions in textile industry trade associations.

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KENNETH R. LARSON is owner and chief executive officer of Slumberland Furniture in Little Canada, Minnesota, a home furnishings retailer with 128 stores in a twelve-state area.

Mr. Larson brings to the Company deep knowledge about retail and marketing environments in bedding and furniture, having founded and grown a large retailer of these products. He also has substantial executive and management expertise through the company he founded and led for many years, and additional oversight experience through service on over 10 non-profit boards.

KENNETH W. MCALLISTER has been member/manager of the law firm McAllister, Aldridge & Kreinbrink, PLLC and its predecessor, The McAllister Firm, PLLC, 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 Lawyers Mutual Liability Insurance Company of North Carolina, of which he served as chairman from May 1, 2012 to May 1, 2015.

Mr. McAllister has extensive corporate governance and legal knowledge, as well as regulatory compliance experience, having served as general counsel of a large public corporation, and as a director of several other organizations. He has strong knowledge of the financial services industry, and substantial knowledge about the furniture and bedding industries through his lifelong involvement in the High Point and Triad communities in North Carolina.

Non-Director Executive Officers:

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 2004. He is the son of Robert G. Culp, III.

BOYD B. CHUMBLEY has been employed by the Company since 1984 and has served in various capacities. During the past five years, Mr. Chumbley has served as senior vice president – operations and later as executive vice president of the Culp Upholstery Fabrics division. The Board elected Mr. Chumbley as president of the Culp Upholstery Fabrics division in 2016.

KENNETH R. BOWLING joined the Company in 1997 as controller for the Culp 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 the Company's chief financial officer in 2007 and corporate secretary in 2008, and was named senior vice president in 2016.

THOMAS B. GALLAGHER, JR. joined the Company in 2005 as assistant controller. He was promoted to controller in 2006, and in 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 nominees for election to the Board of Directors, persons who were directors and executive officers of the Company as of April 30, 2017 and all executive officers, directors and nominees of the Company as a group, a total of 10 persons, as of April 30, 2017:

Name and Age	Position with Company (1)	Year Became Director	Year Term Expires	Shares and Percent of Common Stock Beneficially Owned As of April 30, 2017	Notes
Robert G. Culp, III, 70	Chairman of the Board, Director	1972	2017	1,191,989 9.7%	(2)
Franklin N. Saxon, 64	President and Chief Executive Officer, Director	1987	2017	96,517*	(3)
Patrick B. Flavin, 70	Director	1999	2017	10,000*	
Fred A. Jackson, 67	Director	2016	2017	9,200*	
Kenneth R. Larson, 74	Director	2004	2017	9,967*	
Kenneth W. McAllister, 68	Director	2002	2017	21,117*	
Robert G. Culp, IV, 46	President, Culp Home Fashions Division	N/A	N/A	36,114*	(4)
Boyd B. Chumbley, 60	President, Culp Upholstery Fabrics Division	N/A	N/A	24,157*	(5)
Kenneth R. Bowling, 55	Senior Vice President, Chief Financial Officer, Treasurer and Corporate Secretary	N/A	N/A	8,150*	(6)
Thomas B. Gallagher, Jr., 45	Corporate Controller, Assistant Treasurer and Assistant Secretary	N/A	N/A	---	
All executive officers, directors and nominees as a group (10 persons)	N/A	N/A	N/A	1,407,211 11.4%	(7)

*Less than one percent.

(1) Officers of the Company were elected by the Board of Directors in July 2017.

Includes 1,073,832 shares held of record by Atlantic Trust for the benefit of Robert G. Culp, III, Judith C. Walker (2) and Harry R. Culp, all of which shares Robert G. Culp, III has the right to vote and jointly (with Atlantic Trust) has the right to invest; and 16,863 shares held of record by Susan B. Culp, wife of Robert G. Culp, III.

(3) Includes approximately 269 shares owned by Mr. Saxon through the Company's 401(k) plan.

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Includes 15,000 shares subject to options owned by Mr. Culp, IV that are immediately exercisable; approximately (4)4,709 shares owned by Mr. Culp, IV through the Company's 401(k) plan; and 16,405 shares owned jointly by Mr. Culp, IV and his spouse.

(5)Includes approximately 7,626 shares owned by Mr. Chumbley through the Company's 401(k) plan.

(6)Includes approximately 3,467 shares owned by Mr. Bowling through the Company's 401(k) plan.

(7)Includes 15,000 shares subject to options owned by certain officers, directors and nominees that are immediately exercisable.

The Board of Directors recommends a vote "FOR" the six nominees listed above as directors.

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CORPORATE GOVERNANCE

Corporate Governance Guidelines and Committee Charters

The Board of Directors has approved Corporate Governance Guidelines, with the goal of providing effective governance of the Company's business and affairs for the benefit of shareholders. The Corporate Governance Guidelines are available on the Company's website at www.culp.com in the "Investor Relations/Governance" section and are available in print to any shareholder upon request. In addition, the charters for the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee are also included in the "Investor Relations/Governance" section of the Company's website and are available in print to any shareholder upon request.

Director Independence

The Board believes that independent directors should comprise a majority of the Board, and the Company's Corporate Governance Guidelines (as well as New York Stock Exchange rules) require that a majority of the Company's Board be independent. To be considered independent, a director must be determined, by resolution of the Board as a whole, to have no material relationship with the Company other than as a director. These determinations are made annually. In each case, the Board considers all relevant facts and circumstances and applies the independence standards of the New York Stock Exchange. In addition, the Board has adopted the following categorical standards, which are included in the Company's Corporate Governance Guidelines, to assist in the determination of director independence. These categorical standards conform to, or are more exacting than, the independence requirements in the New York Stock Exchange listing standards:

Disqualifying Relationships – A director will not be considered independent if any of the following has occurred (i) within the preceding three years:

- the director was employed by the Company

- the director's immediate family member was employed by the Company as an executive officer

- the director or the director's immediate family member received more than \$25,000 per year in direct compensation from the Company (other than director's fees and pension or other forms of deferred compensation for prior service with the Company)

- the director was affiliated with or employed by the Company's independent auditor

- the director's immediate family member was affiliated with or employed by the Company's independent auditor as a partner, principal, manager, or in any other professional capacity

- an executive officer of the Company was on the compensation committee of the board of directors of a company that employed either the director or the director's immediate family member as an executive officer

Commercial Relationships – The following commercial relationships will not be considered to be material (ii) relationships that would impair a director's status as being independent:

- the director is an executive officer or employee or director of one of the Company's suppliers or customers whose annual sales to, or purchases from, the Company are less than one percent of the annual revenues of the customer or supplier

the director's immediate family member is an executive officer or director of one of the Company's suppliers or customers whose annual sales to, or purchases from, the Company are less than one percent of the annual revenues of the customer or supplier

the director or the director's immediate family member is an executive officer of another company that is indebted to the Company, or to which the Company is indebted, and the total amount of either company's indebtedness to the other is less than one percent of the total consolidated assets of the company he or she serves as an executive officer

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