

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM 10-Q

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

For the period ended October 27, 1996

Commission File No. 0-12781

CULP, INC.

(Exact name of registrant as specified in its charter)

NORTH CAROLINA  
(State or other jurisdiction of  
incorporation or other organization)

56-1001967  
(I.R.S. Employer Identification No.)

101 S. Main St., High Point, North Carolina  
(Address of principal executive offices)

27261-2686  
(zip code)

(910) 889-5161  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to the filing requirements for at least the past 90 days.

YES X NO

Common shares outstanding at October 27, 1996: 11,338,577  
Par Value: \$.05

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October 27, 1996

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CULP, INC.  
CONSOLIDATED INCOME STATEMENTS  
FOR THE THREE MONTHS AND SIX MONTHS ENDED OCTOBER 27, 1996 AND OCTOBER 29, 1995

(Amounts in Thousands, Except for Per Share Data)

THREE MONTHS ENDED (UNAUDITED)

	Amounts		% Over (Under)	Percent of Sales	
	October 27, 1996	October 29, 1995		1997	1996
Net sales	\$ 105,204	90,672	16.0%	100.0%	100.0%
Cost of sales	86,082	74,565	15.4%	81.8%	82.2%
Gross profit	19,122	16,107	18.7%	18.2%	17.8%
Selling, general and administrative expenses	11,704	9,675	21.0%	11.1%	10.7%
Income from operations	7,418	6,432	15.3%	7.1%	7.1%
Interest expense	1,242	1,388	(10.5)%	1.2%	1.5%
Interest income	(60)	0	**%	(0.1)%	0.0%
Other expense (income), net	301	219	37.4%	0.3%	0.2%
Income before income taxes	5,935	4,825	23.0%	5.6%	5.3%
Income taxes*	2,225	1,825	21.9%	37.5%	37.8%
Net income	\$ 3,710	3,000	23.7%	3.5%	3.3%
Average shares outstanding	11,312	11,211	0.9%		
Net income per share	\$0.33	\$0.27	22.2%		
Dividends per share	\$0.0325	\$0.0275	18.2%		

SIX MONTHS ENDED (UNAUDITED)

	Amounts		% Over (Under)	Percent of Sales	
	October 27, 1996	October 29, 1995		1997	1996
Net sales	\$ 195,733	163,029	20.1%	100.0%	100.0%
Cost of sales	160,691	134,724	19.3%	82.1%	82.6%
Gross profit	35,042	28,305	23.8%	17.9%	17.4%
Selling, general and administrative expenses	22,568	18,129	24.5%	11.5%	11.1%
Income from operations	12,474	10,176	22.6%	6.4%	6.2%
Interest expense	2,424	2,685	(9.7)%	1.2%	1.6%
Interest income	(117)	0	**%	(0.1)%	0.0%
Other expense (income), net	696	326	113.5%	0.4%	0.2%
Income before income taxes	9,471	7,165	32.2%	4.8%	4.4%
Income taxes*	3,551	2,650	34.0%	37.5%	37.0%
Net income	\$ 5,920	4,515	31.1%	3.0%	2.8%
Average shares outstanding	11,304	11,209	0.9%		
Net income per share	\$0.52	\$0.40	30.0%		
Dividends per share	\$0.0650	\$0.0550	18.2%		

\*Percent of sales column is calculated as a % of income before income taxes.

\*\*Measurement is not meaningful.

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CULP, INC.  
CONSOLIDATED BALANCE SHEETS  
OCTOBER 27, 1996, OCTOBER 29, 1995 AND APRIL 28, 1996

(Unaudited, Amounts in Thousands)

	Amounts October 27, 1996	October 29 1995	Increase (Decrease)		* April 28, 1996
			Dollars	Percent	
Current assets					
Cash and cash investments	\$ 744	930	(186)	(20.0)%	498
Accounts receivable	52,202	46,930	5,272	11.2 %	52,038
Inventories	52,300	49,632	2,668	5.4 %	47,395
Other current assets	3,697	3,415	282	8.3 %	4,167
Total current assets	108,943	100,907	8,036	8.0 %	104,098
Restricted investments	5,379	0	5,379		5,274
Property, plant & equipment, net	80,316	73,876	6,440	8.7 %	76,961
Goodwill	22,568	23,189	(621)	(2.7)%	22,871
Other assets	2,321	2,432	(111)	(4.6)%	2,440
Total assets	\$ 219,527	200,404	19,123	9.5 %	211,644
Current Liabilities					
Current maturities of long-term debt	\$ 7,100	11,555	(4,455)	(38.6)%	7,100
Accounts payable	26,936	30,175	(3,239)	(10.7)%	27,308
Accrued expenses	16,841	11,075	5,766	52.1 %	12,564
Income taxes payable	836	1,729	(893)	(51.6)%	197
Total current liabilities	51,713	54,534	(2,821)	(5.2)%	47,169
Long-term debt	72,891	65,137	7,754	11.9 %	74,941
Deferred income taxes	8,088	5,382	2,706	50.3 %	8,088
Total liabilities	132,692	125,053	7,639	6.1 %	130,198
Shareholders' equity	86,835	75,351	11,484	15.2 %	81,446
Total liabilities and shareholders' equity	\$ 219,527	200,404	19,123	9.5 %	211,644
Shares outstanding	11,339	11,219	120	1.1 %	11,290

Derived from audited financial statements.

CULP, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED OCTOBER 27, 1996 AND OCTOBER 29, 1995  
(Unaudited, Amounts in Thousands)

	SIX MONTHS ENDED	
	-----	
	Amounts	
	October 27, 1996	October 29 1995
	-----	-----
Net income	\$ 5,920	4,515
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	6,321	6,138
Amortization of intangible assets	444	358
Provision for deferred income taxes	0	(36)
Changes in assets and liabilities:		
Accounts receivable	(164)	(2,678)
Inventories	(4,905)	(3,861)
Other current assets	470	(221)
Other assets	(22)	(23)
Accounts payable	3,220	1,632
Accrued expenses	4,277	(457)
Income taxes payable	639	1,068
	-----	-----
Net cash provided by operating activities	16,200	6,435
	-----	-----
Capital expenditures	(9,676)	(5,090)
Purchases of restricted investments	(107)	0
Purchase of investments to fund deferred compensation liability	0	(1,286)
Proceeds from sale of restricted investments	2	795
	-----	-----
Net cash used in investing activities	(9,781)	(5,581)
	-----	-----
Proceeds from issuance of long-term debt	1,000	6,000
Principal payments on long-term debt	(3,050)	(3,050)
Change in accounts payable-capital expenditures	(3,592)	(3,707)
Dividends paid	(735)	(617)
Proceeds from sale of common stock	204	57
	-----	-----
Net cash used in financing activities	(6,173)	(1,317)
	-----	-----
Increase (decrease) in cash and cash investments	246	(463)
Cash and cash investments at beginning of period	498	1,393
	-----	-----
Cash and cash investments at end of period	\$ 744	930
	=====	=====

Culp, Inc.  
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
(Unaudited)

(Dollars in thousands, except per share data)

	Common Stock		Capital Contributed in Excess of Par Value	Retained Earnings	Total Shareholders' Equity
	Shares	Amount			
Balance, April 30, 1995	11,204,766	\$ 560	\$ 16,577	\$ 54,259	71,396
Cash dividends (\$ .11 per share)				(1,236)	(1,236)
Net income				10,980	10,980
Common stock issued in connection with stock option plan	85,534	5	301		306
Balance, April 28, 1996	11,290,300	\$ 565	\$ 16,878	\$ 64,003	81,446
Cash dividends (\$ .0325 per share)				(735)	(735)
Net income				5,920	5,920
Common stock issued in connection with stock option plan	48,277	1	203		204
Balance, October 27, 1996	11,338,577	\$ 566	\$ 17,081	\$ 69,188	86,835

1. BASIS OF PRESENTATION

The financial information included herein is unaudited; however, such information reflects all adjustments (consisting of normal recurring adjustments) which the management of the company considers necessary for a fair statement of results for the interim periods.

Certain amounts for fiscal year 1996 have been reclassified to conform with the fiscal year 1997 presentation. Such reclassifications had no effect on net income as previously reported. All such adjustments are of a normal recurring nature.

The results of operations for the six months ended October 27, 1996 are not necessarily indicative of the results to be expected for the full year.

2. ACCOUNTS RECEIVABLE

A summary of accounts receivable follows (dollars in thousands):

	October 27, 1996	April 28, 1996
Customers	\$ 53,713	\$ 53,321
Factors	-0-	71
Allowance for doubtful accounts	(1,087)	(1,016)
Reserve for returns and allowances	(424)	(338)
	\$ 52,202	\$ 52,038

3. INVENTORIES

Inventories are carried at the lower of cost of market. Cost is determined for substantially all inventories using the LIFO (last-in, first-out) method.

A summary of inventories follows (dollars in thousands):

	October 27, 1996	April 28, 1996
Raw materials	\$31,347	\$29,150
Work-in-process	3,521	5,067
Finished goods	21,920	16,708
Total inventories valued at FIFO cost	56,788	50,925
Adjustments of certain inventories to the LIFO cost method	(4,488)	(3,530)
	\$52,300	\$47,395



Culp, Inc.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited)

4. RESTRICTED INVESTMENTS. Restricted investments were purchased with proceeds from industrial revenue bond issues and are invested pending application of such proceeds to project costs or repayment of the bonds. The investments are stated at cost which approximates market value.

5. ACCOUNTS PAYABLE

A summary of accounts payable follows (dollars in thousands):

	October 27, 1996	April 28, 1996
Accounts payable-trade	\$ 24,790	\$ 21,570
Accounts payable-capital expenditures	2,146	5,738
	\$ 26,936	\$ 27,308

6. ACCRUED EXPENSES

A summary of accrued expenses follows (dollars in thousands):

	October 27, 1996	April 28, 1996
Compensation and benefits	\$ 11,447	\$ 8,153
Other	5,394	4,411
	\$ 16,841	\$ 12,564

7. LONG-TERM DEBT

A summary of long-term debt follows (dollars in thousands):

	October 27, 1996	April 28, 1996
Industrial revenue bonds and other obligations	\$ 22,191	\$ 22,241
Revolving credit line	24,300	23,300
Term loan	32,500	35,500
Subordinated note payable	1,000	1,000
	79,991	82,041
Less current maturities	(7,100)	(7,100)
	\$ 72,891	\$ 74,941

Culp, Inc.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 (unaudited)

The company has an unsecured loan agreement with two banks, which provides for a \$36,000,000 five-year term loan and a \$33,500,000 Revolving Credit Line, which also has a five-year term. The term loan requires monthly installments of \$500,000 and a final payment of \$6,500,000 on March 1, 2001. The Revolving Credit Line requires payment of an annual facility fee in advance.

The company's loan agreements require, among other things, that the company maintain certain financial ratios. At October 27, 1996, the company was in compliance with these required financial covenants.

At October 27, 1996, the company had three interest rate swap agreements in order to reduce its exposure to floating interest rates on a portion of its variable rate borrowings.

The following table summarizes certain data regarding the interest rate swaps:

notional amount	interest rate	expiration date
\$15,000,000	7.3%	April 2000
\$ 5,000,000	6.9%	June 2002
\$ 5,000,000	6.6%	July 2002

Net amounts paid under these agreements increased interest expense for the six months ended October 27, 1996 and October 29, 1995 by approximately \$158,000 and \$120,000, respectively. Management believes the risk of incurring losses resulting from the inability of the bank to fulfill its obligation under the interest rate swap agreements to be remote and that any losses incurred would be immaterial.

The estimated amount at which the company could have terminated these agreements as of October 27, 1996 is approximately \$309,000.

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8. CASH FLOW INFORMATION

Payments for interest and income taxes during the period were (dollars in thousands)

	1997	1996
Interest	\$2,411	\$ 2,870
Income taxes	2,913	1,582

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9. FOREIGN EXCHANGE FORWARD CONTRACTS

The company generally enters into foreign exchange forward contracts as a hedge against its exposure to currency fluctuations on firm commitments to purchase certain machinery and equipment and raw materials. Machinery and equipment and raw material purchases hedged by foreign exchange forward contracts are valued by using the exchange rate of the applicable foreign exchange forward contract. At October 27, 1996, the company had approximately \$1,200,000 of foreign exchange forward contracts outstanding.

CULP, INC.  
 SALES BY PRODUCT CATEGORY/BUSINESS UNIT  
 FOR THREE MONTHS AND SIX MONTHS ENDED OCTOBER 27, 1996 AND OCTOBER 29, 1995

(Amounts in thousands)

THREE MONTHS ENDED (UNAUDITED)

Product Category/Business Unit	Amounts		% Over (Under)	Percent of Total Sales	
	October 27, 1996	October 29, 1995		1997	1996
Upholstery Fabrics					
Culp Textures	\$ 24,001	22,715	5.7 %	22.8 %	25.1 %
Rossville/Chromatex	21,722	17,960	20.9 %	20.6 %	19.8 %
	45,723	40,675	12.4 %	43.5 %	44.9 %
Velvets/Prints	40,233	32,081	25.4 %	38.2 %	35.4 %
	85,956	72,756	18.1 %	81.7 %	80.2 %
Mattress Ticking					
Culp Home Fashions	19,248	17,916	7.4 %	18.3 %	19.8 %
	* \$ 105,204	90,672	16.0 %	100.0%	100.0 %

SIX MONTHS ENDED (UNAUDITED)

Product Category/Business Unit	Amounts		% Over (Under)	Percent of Total Sales	
	October 27, 1996	October 29, 1995		1997	1996
Upholstery Fabrics					
Culp Textures	\$ 44,802	40,299	11.2 %	22.9 %	24.7 %
Rossville/Chromatex	39,887	33,318	19.7 %	20.4 %	20.4 %
	84,689	73,617	15.0 %	43.3 %	45.2 %
Velvets/Prints	75,100	55,604	35.1 %	38.4 %	34.1 %
	159,789	129,221	23.7 %	81.6 %	79.3 %
Mattress Ticking					
Culp Home Fashions	35,944	33,808	6.3 %	18.4 %	20.7 %
	* \$ 195,733	163,029	20.1 %	100.0%	100.0 %

\*US. Domestic sales were \$79,304 and \$71,112 for the three months of fiscal 1997 and fiscal 1996, respectively; and \$149,860 and \$129,025 for the six months of fiscal 1997 and fiscal 1996, respectively.  
 The percentage increases in U.S. Domestic sales was 11.5% for the three months and 16.1% for the six months.

CULP, INC.  
INTERNATIONAL SALES BY GEOGRAPHIC AREA  
FOR THREE MONTHS AND SIX MONTHS ENDED OCTOBER 27, 1996 AND OCTOBER 29, 1995

(Amounts in thousands)

THREE MONTHS ENDED (UNAUDITED)					
Geographic Area	Amounts			Percent of Total Sales	
	October 27, 1996	October 29, 1995	% Over (Under)	1997	1996
North America (Excluding USA)	\$ 8,016	6,223	28.8 %	31.0 %	31.8 %
Europe	5,716	4,297	33.0 %	22.1 %	22.0 %
Middle East	5,079	3,437	47.8 %	19.6 %	17.6 %
Far East & Asia	5,019	3,731	34.5 %	19.4 %	19.1 %
South America	632	397	59.2 %	2.4 %	2.0 %
All other areas	1,438	1,475	(2.5)%	5.6 %	7.5 %
	\$ 25,900	19,560	32.4 %	100.0 %	100.0 %

SIX MONTHS ENDED (UNAUDITED)					
Geographic Area	Amounts			Percent of Total Sales	
	October 27, 1996	October 29, 1995	% Over (Under)	1997	1996
North America (Excluding USA)	\$ 14,073	10,790	30.4 %	30.7 %	31.7 %
Europe	10,483	7,482	40.1 %	22.9 %	22.0 %
Middle East	9,156	5,549	65.0 %	20.0 %	16.3 %
Far East & Asia	8,815	5,979	47.4 %	19.2 %	17.6 %
South America	999	843	18.5 %	2.2 %	2.5 %
All other areas	2,347	3,361	(30.2)%	5.1 %	9.9 %
	\$ 45,873	34,004	34.9 %	100.0 %	100.0 %

International sales were 24.6% of total sales for the three months and 23.4% of total sales for the six months.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATION

The following analysis of the financial condition and results of operations should be read in conjunction with the Financial Statements and Notes and other exhibits included elsewhere in this report.

OVERVIEW

For the three months ended October 27, 1996, net sales rose 16% to \$105.2 million compared with \$90.7 million in the year-earlier period. Net income for the quarter totaled \$3.7 million, or \$0.33 per share, compared with \$3.0 million, or \$0.27 per share, for the second quarter of fiscal 1996. The increase in sales primarily reflected higher shipments of upholstery fabrics and, to a lesser degree, increased sales of mattress ticking to both U.S.-based and international manufacturers. Business with U.S.-based customers increased 12% from a year ago while sales to customers outside the United States rose 32% for the quarter. International sales are continuing to account for an increasing percentage of the company's total sales.

THREE AND SIX MONTHS ENDED OCTOBER 27, 1996 COMPARED WITH THREE AND SIX  
MONTHS ENDED OCTOBER 29, 1995

Sales of upholstery fabrics for the second fiscal quarter increased \$13.2 million, or 18%, from a year ago. Each of the business units in this product category recorded higher sales for the quarter. Sales of mattress ticking for the quarter rose \$1.3 million, or 7%, from a year ago. International sales, consisting primarily of upholstery fabrics, increased to \$25.9 million, up 32% from the year-earlier period. As a result of this gain, international sales accounted for 24.6% of the company's sales for the second quarter and 23.4% for the first half compared with 21.6% and 20.9%, respectively, a year ago.

Gross profit for the second quarter and first half increased both in absolute dollars and as a percentage of net sales. Factors contributing to the higher profitability included the increased absorption of fixed costs as a result of the growth in sales as well as the benefit from the company's ongoing capital investment in equipment designed to lower manufacturing costs and raise productivity. During the first half, the company also began to experience an easing in the rate of increase in the cost of raw materials, and in some instances the company has realized lower costs.

Selling, general and administrative expenses have increased as a percentage of net sales thus far in fiscal 1997. Although the company is continuing to emphasize cost-containment programs, planned increases in expenses related to resources for designing new fabrics and higher selling commissions related to international sales contributed to the higher ratio of expenses to net sales. The accrual for incentive-based compensation plans through the first half was also a significant factor behind the increase in these expenses.

Net interest expense of \$1.2 million for the second quarter was down from \$1.4 million in the year-earlier period due to lower average borrowings outstanding. The effective tax rate for the quarter was down slightly from 37.8% a year ago.

#### LIQUIDITY AND CAPITAL RESOURCES

The company continues to maintain a sound financial position. Funded long- and short-term debt decreased to \$74.6 million at the close of the second quarter versus \$76.7 million a year earlier. As a percentage of total capital (funded debt plus total shareholders' equity), the company's borrowings amounted to 46.2% as of October 27, 1996 compared with 50.4% as of October 29, 1995. The company's current ratio as of October 27, 1996 was 2.1 compared with 1.9 a year earlier, and shareholders' equity increased to \$86.8 million as of October 27, 1996 compared with \$75.4 million as of October 29, 1995

Cash flow from operating activities totaled \$16.2 million for the first half of fiscal 1997. Cash from earnings (net income plus depreciation, amortization and deferred income taxes) contributed \$12.7 million. The funds from operations and financing activities were used principally to fund capital expenditures of \$9.7 million.

The company's borrowings are through financing arrangements with two banks which provide for a \$32.5 million term loan and a \$33.5 million revolving credit agreement and letters of credit to support its industrial revenue bonds. As of October 27, 1996, the company had \$9.2 million in borrowings available under the revolving credit agreement. In April 1996, the company amended its loan agreements to provide for certain less stringent financial covenants and the provision for all borrowings under the agreement to be unsecured.

The company is currently planning for capital expenditures of \$19 - \$22 million for fiscal 1997. The company believes that cash flows from operations, industrial revenue bond financings and funds available under existing credit facilities will be sufficient to fund capital expenditures and working capital requirements during the remainder of fiscal 1997.

#### INFLATION

The company has experienced generally higher costs of raw materials over the past two fiscal years. Other operating expenses, such as for manufacturing supplies and spare parts, also increased over this period. Competitive conditions have not allowed the company to fully offset the impact of these increases through higher selling prices, but margins thus far in fiscal 1997 have shown some improvement from a year ago due to higher operating efficiencies and a shift in the company's product mix toward fabrics with higher gross margins. A continuation of these trends would likely aid the company's profitability, but the net incremental effect on margins will continue to be influenced by overall competitive conditions.

#### FORWARD-LOOKING INFORMATION

The discussion in this Form 10-Q contains forward-looking statements that are inherently subject to risks and uncertainties. Factors that could influence the matters discussed in the forward-looking statements include the level of housing starts and sales of existing homes, consumer confidence and trends in disposable income. Decreases in these economic indicators could have a negative effect on the company's business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could adversely affect the company.

PART II - OTHER INFORMATION

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ITEM 1. LEGAL PROCEEDINGS

There are no legal proceedings that are required to be disclosed under this item.

ITEM 2. CHANGE IN SECURITIES

None

ITEM 3. DEFAULT UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Shareholders of the company was held in High Point, North Carolina on September 17, 1996. Of the 11,302,613 shares of common stock outstanding on the record date, 10,931,145 shares were present in person or by proxy.

At the Annual Meeting, shareholders voted on:

- a) ratifying the appointment of KPMG Peat Marwick LLP as the independent auditors of the company for the current fiscal year; and
- b) the election of three directors: Harry R. Culp, Baxter P. Freeze, and Franklin N. Saxon.

A. PROPOSAL TO RATIFY THE ELECTION OF KPMG PEAT MARWICK LLP AS INDEPENDENT AUDITORS OF THE COMPANY FOR FISCAL YEAR 1997:

For:	10,898,405
Against	687
Abstain	32,053
Broker Non-Votes	-0-

B. PROPOSAL FOR ELECTION OF DIRECTORS:

Harry R. Culp		Franklin N. Saxon	
For:	10,519,014	For:	10,523,096
Withhold Authority	412,131	Withhold Authority	408,049
Broker Non-Votes	-0-	Broker Non-Votes	-0-

Baxter P. Freeze	
For:	10,676,908
Withhold Authority	254,237
Broker Non-Votes	-0-



ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) The following exhibits are filed as part of this report or incorporated by reference:

- 3(i) Articles of Incorporation of the company, as amended, were filed as Exhibit 3(i) to the company's Form 10-Q for the quarter ended January 29, 1995, filed March 15, 1995, and are incorporated herein by reference.
- 3(ii) Restated and Amended Bylaws of the company, as amended, were filed as Exhibit 3(b) to the company's Form 10-K for the year ended April 28, 1991, filed July 25, 1991, and are incorporated herein by reference.
- 4(a) Form of Common Stock Certificate of the company was filed as Exhibit 4(a) to Amendment No. 1 to the company's registration statement No. 2-85174, filed on August 30, 1983, and is incorporated herein by reference.
- 10(a) Loan Agreement dated December 1, 1988 with Chesterfield County, South Carolina relating to Series 1988 Industrial Revenue Bonds in the principal amount of \$3,377,000 and related Letter of Credit and Reimbursement Agreement dated December 1, 1988 with First Union National Bank of North Carolina were filed as Exhibit 10(n) to the company's Form 10-K for the year ended April 29, 1989, and are incorporated herein by reference. .
- 10(b) Loan Agreement dated November 1, 1988 with the Alamance County Industrial Facilities and Pollution Control Financing Authority relating to Series A and B Industrial Revenue Refunding Bonds in the principal amount of \$7,900,000, and related Letter of Credit and Reimbursement Agreement dated November 1, 1988 with First Union National Bank of North Carolina were filed as exhibit 10(o) to the company's Form 10-K for the year ended April 29, 1990, and are incorporated herein by reference.
- 10(c) Loan Agreement dated January 5, 1990 with the with the Guilford County Industrial Facilities and Pollution Control Financing Authority, North Carolina, relating to Series 1989

Industrial Revenue Bonds in the principal amount of \$4,500,000, and related Letter of Credit and Reimbursement Agreement dated January 5, 1990 with First Union National Bank of North Carolina was filed as Exhibit 10(d) to the company's Form 10-K for the year ended April 19, 1990, filed on July 15, 1990, and is incorporated herein by reference.

- 10(d) Loan Agreement dated as of December 1, 1993 between Anderson County, South Carolina and the company relating to \$6,580,000 Anderson County, South Carolina Industrial Revenue Bonds (Culp, Inc. Project) Series 1993, and related Letter of Credit and Reimbursement Agreement dated as of December 1, 1993 by and between the company and First Union National Bank of North Carolina were filed as Exhibit 10(o) to the Company's Form 10-Q for the quarter ended January 30, 1994, filed March 16, 1994, and is incorporated herein by reference.
- 10(e) Severance Protection Agreement, dated September 21, 1989, was filed as Exhibit 10(f) to the company's Form 10-K for the year ended April 29, 1990, filed on July 25 1990, and is incorporated herein by reference.(\*)
- 10(f) Lease Agreement, dated January 19, 1990, with Phillips Interests, Inc. was filed as Exhibit 10(g) to the company's Form 10-K for the year ended April 29, 1990, filed on July 25, 1990, and is incorporated herein by reference.
- 10(g) Management Incentive Plan of the company, dated August 1986 and amended July, 1989, was filed as Exhibit 10(o) to the company's Form 10-K for the year ended May 3, 1992, filed on August 4, 1992, and is incorporated herein by reference.(\*)
- 10(h) Lease Agreement, dated September 6, 1988, with Partnership 74 was filed as Exhibit 10(h) to the company's Form 10-K for the year ended April 28, 1991, filed on July 25, 1990, and is incorporated herein by reference.
- 10(i) Amendment and Restatement of the Employees's Retirement Builder Plan of the company dated May 1, 1981 with amendments dated January 1, 1990 and January 8, 1990 were filed as Exhibit 10(p) to the company's Form 10-K for the year ended May 3, 1992, filed on August 4, 1992, and is incorporated herein by reference.(\*)

- 10(j) First Amendment of Lease Agreement dated July 27, 1992 with Partnership 74 Associates was filed as Exhibit 10(n) to the company's Form 10-K for the year ended May 2, 1993, filed on July 29, 1993, and is incorporated herein by reference.
- 10(k) Second Amendment of Lease agreement dated April 16, 1993, with Partnership 52 Associates was filed as Exhibit 10(l) to the company's Form 10-K for the year ended May 2, 1993, filed on July 29, 1993, and is incorporated herein by reference.
- 10(l) 1993 Stock Option Plan was filed as Exhibit 10(o) to the company's Form 10-K for the year ended May 2, 1993, filed on July 29, 1993, and is incorporated herein by reference. (\*)
- 10(m) First Amendment to Loan Agreement dated as of December 1, 1993 by and between The Guilford County Industrial Facilities and Pollution Control Financing Authority and the company, was filed as Exhibit 10(p) to the company's Form 10-Q, filed on March 15, 1994, and is incorporated herein by reference.
- 10(n) First Amendment to Loan Agreement dated as of December 16, 1993 by and between The Alamance County Industrial Facilities and Pollution Control Financing Authority and the company, was filed as Exhibit 10(q) to the company's Form 10-Q filed, on March 15, 1994, and is incorporated herein by reference.
- 10(o) First Amendment to Loan Agreement dated as of December 16, 1993 by and between Chesterfield County, South Carolina and the company, was filed as Exhibit 10(r) to the company's Form 10-Q, filed on March 15, 1994, and is incorporated herein by reference.
- 10(p) Amendment to Lease dated as of November 4, 1994, by and between the company and RDC, Inc. was filed as Exhibit 10(w) to the company's Form 10-Q, for the quarter ended January 29, 1995, filed on March 15, 1995, and is incorporated herein by reference.
- 10(q) Amendment to Lease Agreement dated as of December 14, 1994, by and between the company and Rossville Investments, Inc. (formerly known as A & E Leasing, Inc.) was filed as Exhibit 10(y) to the company's Form 10-Q, for the quarter ended January 29, 1995, filed on March 15, 1995, and is incorporated herein by reference.

10(r) Interest Rate Swap Agreement between company and First Union National Bank of North Carolina dated April 17, 1995, was filed as Exhibit 10(aa) to the company's Form 10-K for the year ended April 30, 1995, filed on July 26, 1995, and is incorporated herein by reference.

- 10(s) Performance-Based Stock Option Plan, dated June 21, 1994, was filed as Exhibit 10(bb) to the company's Form 10-K for the year ended April 30, 1995, filed on July 26, 1995, and is incorporated herein by reference.(\*)
- 10(t) Interest Rate Swap Agreement between company and First Union National Bank of North Carolina, dated May 31, 1995 was filed as exhibit 10(w) to the company's Form 10-Q for the quarter ended July 30, 1995, filed on September 12, 1995, and is incorporated herein by reference.
- 10(u) Interest Rate Swap Agreement between company and First Union National Bank of North Carolina, dated July 7, 1995 was filed as exhibit 10(x) to the company's Form 10-Q for the quarter ended July 30, 1995, filed on September 12, 1995, and is incorporated herein by reference.
- 10(v) Second Amendment of Lease Agreement dated June 15, 1994 with Partnership 74 Associates was filed as Exhibit 10(v) to the company's Form 10-Q for the quarter ended October 29, 1995, filed on December 12, 1995, and is incorporated herein by reference.
- 10(w) Lease Agreement dated November 1, 1993 by and between the company and Chromatex, Inc. was filed as Exhibit 10(w) to the company's Form 10-Q for the quarter ended October 29, 1995, filed on December 12, 1995, and is incorporated herein by reference.
- 10(x) Lease Agreement dated November 1, 1993 by and between the company and Chromatex Properties, Inc. was filed as Exhibit 10(x) to the company's Form 10-Q for the quarter ended October 29, 1995, filed on December 12, 1995, and is incorporated herein by reference.
- 10(y) Amendment to Lease Agreement dated May 1, 1994 by and between the company and Chromatex Properties, Inc. was filed as Exhibit 10(y) to the company's Form 10-Q for the quarter ended October 29, 1995, filed on December 12, 1995, and is incorporated herein by reference.

- 10(z) Canada-Quebec Subsidiary Agreement on Industrial Development (1991), dated January 4, 1995 was filed as Exhibit 10(z) to the company's Form 10-Q for the quarter ended October 29, 1995, filed on December 12, 1995, and is incorporated herein by reference.
- 10(aa) Loan Agreement between Chesterfield County, South Carolina and the company dated as of April 1, 1996 relating to Tax Exempt Adjustable Mode Industrial Development Bonds (Culp, Inc. Project) Series 1996 in the aggregate amount of \$6,000,000 was filed as Exhibit 10(aa) to the company's Form 10-K for the year ended April 28, 1996 on July 25, 1996, and is incorporated herein by reference.
- 10(bb) 1996 Amended and Restated Credit Agreement dated as of April 1, 1996 by and among the company, First Union National Bank of North Carolina and Wachovia Bank of North Carolina, N.A. was filed as Exhibit 10(bb) to the company's Form 10-K for the year ended April 28, 1996 on July 25, 1996, and is incorporated herein by reference.
- 27 Financial Data Schedule.

(B) REPORTS ON FORM 8-K:

The following report on Form 8-K was filed during the period covered by this report:

- (1) Form 8-K dated November 6, 1996, included under Item 5, Other Events, disclosure of the company's press release for quarterly earnings and the company's Financial Information Release relating to the financial information for the second quarter ended October 27, 1996.

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 thereunto duly authorized.

CULP, INC.

(Registrant)

Date: December 10, 1996

By: s/s Franklin N. Saxon  
Franklin N. Saxon  
Sr. Vice President and  
Chief Financial Officer

(Authorized to sign on behalf  
of the registrant and also  
signing as principal accounting  
officer)

Date: December 10, 1996

By: s/s Stephen T. Hancock  
Stephen T. Hancock  
General Accounting Manager  
(Chief Accounting Officer)



6-MOS  
APR-27-1997  
OCT-27-1996 744  
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53,713  
(1,511)  
52,300  
108,943 156,388  
(76,072)  
219,527  
51,713 0  
0 0  
566  
86,269  
219,527 195,733  
195,733 86,082  
86,082  
696  
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2,424  
9,471  
3,551  
0  
0  
0  
5,920  
0.52  
0.52