

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934

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Date of Report (Date of earliest event reported) November 18, 1999

CULP, INC.

(Exact name of registrant as specified in its charter)

North Carolina	0-12781	56-1001967
(State or other jurisdiction of incorporation)	(Commission File No.)	(IRS Employer Identification No.)

101 South Main Street  
High Point, North Carolina 27260  
(Address of principal executive offices)  
(336) 889-5161  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Item 5. Other Events

See attached Press Release (3 pages) and Financial Information Release (10 pages), both dated November 18, 1999, related to the fiscal 2000 second quarter ended October 31, 1999.

Forward Looking Information. This Report contains statements that could be deemed "forward-looking statements" within the meaning of the federal securities laws. Such statements are inherently subject to risks and uncertainties. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often characterized by qualifying words such as "expect," "believe," "estimate," "plan" and "project" and their derivatives. Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income, and general economic conditions. 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 affect the Company adversely. Because of the significant percentage of the Company's sales derived from international shipments, strengthening of the U. S. dollar against other currencies could make the Company's products less competitive on the basis of price in markets outside the United States. Additionally, economic and political instability in international areas could affect the demand for the Company's products.

SIGNATURE

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.

CULP, INC.  
(Registrant)

By: Phillip W. Wilson  
Vice President and  
Chief Financial Officer

Dated: November 18, 1999

FOR IMMEDIATE RELEASE

CULP REPORTS SECOND QUARTER NET INCOME

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EARNINGS GAIN REFLECTS CONTINUED IMPROVEMENT IN PROFITABILITY

HIGH POINT, N. C. (Nov. 18, 1999) - Culp, Inc. (NYSE: CFI) today reported results for the second quarter and first six months of its 2000 fiscal year.

For the three months ended October 31, 1999, Culp reported net sales increased to \$129.5 million compared with \$128.2 million a year ago. The company reported net income for the quarter of \$3.2 million, or \$0.27 per share diluted, compared with \$1.3 million, or \$0.10 per share diluted, in the year-earlier period.

The results for the second quarter brought net sales for the first half of fiscal 2000 to \$245.5 million compared with \$238.8 million a year ago. The company reported net income for the first half of \$4.8 million, or \$0.39 per share diluted, compared with a net loss of \$1.3 million, or \$0.10 per share diluted, in the year-earlier period.

"We had expected that the results for our second fiscal quarter would signal continued bottom-line progress for Culp," said Robert G. Culp, III, chief executive officer. "The gains not only for the quarter but also for the first half provide gratifying endorsement of the changes made over the past year to establish sustained, positive momentum in sales and achieve improved operating productivity. We are confident about the potential for further improvement and recognize the importance of maintaining these initiatives."

"An ongoing focus for Culp is developing closer working partnerships with customers. We are finding that our vertical integration is an important asset in that regard. Culp's control over more of the steps in manufacturing upholstery fabrics and ticking complements the breadth of our product lines. Our increased capacity for producing yarn is proving to be especially valuable. A majority of the yarn we produce through the Culp Yarn operations is now being used by our own fabric divisions. Although this internalization is affecting the year-to-year comparisons in net sales, having our own yarn facilities is assisting our efforts to provide manufacturers with fashionable designs that enhance the value of their furniture in the retail marketplace."

Culp added, "We are continuing to realize gains in Culp's fundamental competitive position. Industry trends appear generally favorable at this time although most retailers and manufacturers appear to be maintaining close control over inventories. This, in turn, is reducing our lead time for orders which understandably adds uncertainty to the company's results over the near term. We remain committed to the investments necessary to support our longer term expansion. Our capital expenditures for fiscal 2000 are now expected to be more than double the \$10.7 million invested during last year. These funds are being used both to modernize and expand the company's manufacturing and distribution capability.

"We are pleased that our strong financial position is enabling us to fund these capital expenditures and still maintain an ongoing stock repurchase program. During the second quarter, we invested an additional \$5.5 million to repurchase our shares. We currently have remaining authorization from the Board of Directors to invest \$3.6 million in this program. We believe that these repurchases will prove to be a sound investment of the company's capital."

Culp, Inc. is one of the world's largest marketers of upholstery fabrics for furniture and is a leading marketer of mattress ticking for bedding. The Company's fabrics are used principally in the production of residential and commercial furniture and bedding products.

CULP, INC.  
Condensed Financial Highlights  
(Unaudited)

	Three Months Ended	
	October 31, 1999	November 1, 1998
Net sales	\$ 129,542,000	\$ 128,159,000
Net income	\$ 3,160,000	\$ 1,307,000
Net income per share:		
Basic	\$ 0.27	\$ 0.10
Diluted	\$ 0.27	\$ 0.10
Average shares outstanding:		
Basic	11,749,000	12,995,000
Diluted	11,868,000	13,120,000
	Six Months Ended	
	October 31, 1999	November 1, 1998
Net sales	\$ 245,479,000	\$ 238,826,000
Net income (loss)	\$ 4,757,000	\$ (1,333,000)
Net income (loss) per share:		
Basic	\$ 0.40	\$ (0.10)
Diluted	\$ 0.39	\$ (0.10)
Average shares outstanding:		
Basic	11,906,000	12,998,000
Diluted	12,044,000	13,175,000

This release contains statements that could be deemed "forward-looking statements" within the meaning of the federal securities laws. Such statements are inherently subject to risks and uncertainties. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often characterized by qualifying words such as "expect," "believe," "estimate," "plan" and "project" and their derivatives. Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income and general economic conditions. 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 affect the company adversely. Because of the significant percentage of the company's sales derived from international shipments, strengthening of the U.S. dollar against other currencies could make the company's products less competitive on the basis of price in markets outside the United States. Additionally, economic and political instability in international areas could affect the demand for the company's products. -END-

CULP, INC. FINANCIAL INFORMATION RELEASE  
CONSOLIDATED STATEMENTS OF INCOME (LOSS)  
FOR THE THREE MONTHS AND SIX MONTHS ENDED OCTOBER 31, 1999 AND NOVEMBER 1, 1998

(Amounts in Thousands, Except for Per Share Data)

THREE MONTHS ENDED (UNAUDITED)					
	Amounts			Percent of Sales	
	October 31, 1999	November 1, 1998	% Over (Under)	2000	1999
Net sales	\$ 129,542	128,159	1.1 %	100.0 %	100.0 %
Cost of sales	105,835	107,685	(1.7)%	81.7 %	84.0 %
Gross profit	23,707	20,474	15.8 %	18.3 %	16.0 %
Selling, general and administrative expenses	16,035	15,474	3.6 %	12.4 %	12.1 %
Income from operations	7,672	5,000	53.4 %	5.9 %	3.9 %
Interest expense	2,484	2,464	0.8 %	1.9 %	1.9 %
Interest income	(16)	(19)	(15.8)%	(0.0)%	(0.0)%
Other expense (income), net	416	604	(31.1)%	0.3 %	0.5 %
Income before income taxes	4,788	1,951	145.4 %	3.7 %	1.5 %
Income taxes *	1,628	644	152.8 %	34.0 %	33.0 %
Net income	\$ 3,160	1,307	141.8 %	2.4 %	1.0 %
Net income per share	\$0.27	\$0.10	170.0 %		
Net income per share, assuming dilution	\$0.27	\$0.10	170.0 %		
Dividends per share	\$0.035	\$0.035	0.0 %		
Average shares outstanding	11,749	12,995	(9.6)%		
Average shares outstanding, assuming dilution	11,868	13,120	(9.5)%		

SIX MONTHS ENDED (UNAUDITED)					
	Amounts			Percent of Sales	
	October 31, 1999	November 1, 1998	% Over (Under)	2000	1999
Net sales	\$ 245,479	238,826	2.8 %	100.0 %	100.0 %
Cost of sales	201,360	204,741	(1.7)%	82.0 %	85.7 %
Gross profit	44,119	34,085	29.4 %	18.0 %	14.3 %
Selling, general and administrative expenses	31,073	29,947	3.8 %	12.7 %	12.5 %
Income from operations	13,046	4,138	215.3 %	5.3 %	1.7 %
Interest expense	4,900	4,825	1.6 %	2.0 %	2.0 %
Interest income	(33)	(72)	(54.2)%	(0.0)%	(0.0)%
Other expense (income), net	971	1,374	(29.3)%	0.4 %	0.6 %
Income (loss) before income taxes	7,208	(1,989)	462.4 %	2.9 %	(0.8)%
Income taxes *	2,451	(656)	473.6 %	34.0 %	33.0 %
Net income (loss)	\$ 4,757	(1,333)	456.9 %	1.9 %	(0.6)%
Net income (loss) per share	\$0.40	(\$0.10)	500.0 %		
Net income (loss) per share, assuming dilution	\$0.39	(\$0.10)	490.0 %		
Dividends per share	\$0.07	\$0.07	0.0 %		
Average shares outstanding	11,906	12,998	(8.4)%		
Average shares outstanding, assuming dilution	12,044	13,175	(8.6)%		

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

CULP, INC. FINANCIAL INFORMATION RELEASE  
CONSOLIDATED BALANCE SHEETS  
OCTOBER 31, 1999, NOVEMBER 1, 1998 AND MAY 2, 1999  
Unaudited  
(Amounts in Thousands)

	Amounts		Increase		* May 2, 1999
	October 31, 1999	November 1, 1998	(Decrease) Dollars	Percent	
<b>Current assets</b>					
Cash and cash investments	\$ 790	1,177	(387)	(32.9)%	509
Accounts receivable	69,749	72,998	(3,249)	(4.5)%	70,503
Inventories	78,234	72,392	5,842	8.1 %	67,070
Other current assets	8,865	7,230	1,635	22.6 %	9,633
<b>Total current assets</b>	<b>157,638</b>	<b>153,797</b>	<b>3,841</b>	<b>2.5 %</b>	<b>147,715</b>
Restricted investments	1,085	3,409	(2,324)	(68.2)%	3,340
Property, plant & equipment, net	124,318	126,050	(1,732)	(1.4)%	123,310
Goodwill	50,571	54,433	(3,862)	(7.1)%	51,269
Other assets	5,064	4,333	731	16.9 %	4,978
<b>Total assets</b>	<b>\$ 338,676</b>	<b>342,022</b>	<b>(3,346)</b>	<b>(1.0)%</b>	<b>330,612</b>
<b>Current liabilities</b>					
Current maturities of long-term debt \$	1,678	1,678	0	0.0 %	1,678
Accounts payable	38,427	32,640	5,787	17.7 %	25,687
Accrued expenses	22,947	17,143	5,804	33.9 %	21,026
Income taxes payable	1,786	0	1,786	100.0 %	0
<b>Total current liabilities</b>	<b>64,838</b>	<b>51,461</b>	<b>13,377</b>	<b>26.0 %</b>	<b>48,391</b>
Long-term debt	133,875	150,210	(16,335)	(10.9)%	140,312
Deferred income taxes	14,583	11,227	3,356	29.9 %	14,583
<b>Total liabilities</b>	<b>213,296</b>	<b>212,898</b>	<b>398</b>	<b>0.2 %</b>	<b>203,286</b>
Shareholders' equity	125,380	129,124	(3,744)	(2.9)%	127,326
<b>Total liabilities and shareholders' equity</b>	<b>\$ 338,676</b>	<b>342,022</b>	<b>(3,346)</b>	<b>(1.0)%</b>	<b>330,612</b>
Shares outstanding	11,320	12,995	(1,675)	(12.9) %	12,079

\* Derived from audited financial statements.

CULP, INC. FINANCIAL  
INFORMATION RELEASE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED OCTOBER 31, 1999 AND NOVEMBER 1, 1998  
Unaudited  
(Amounts in Thousands)

	SIX MONTHS ENDED	
	Amounts	
	October 31, 1999	November 1, 1998
Cash flows from operating activities:		
Net income (loss)	\$ 4,757	(1,333)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	9,516	9,198
Amortization of intangible assets	798	829
Changes in assets and liabilities:		
Accounts receivable	754	775
Inventories	(11,164)	6,202
Other current assets	768	578
Other assets	(186)	(93)
Accounts payable	7,937	(2,395)
Accrued expenses	1,921	(793)
Income taxes payable	1,786	(1,282)
Net cash provided by operating activities	16,887	11,686
Cash flows from investing activities:		
Capital expenditures	(10,524)	(6,443)
Purchases of restricted investments	(27)	(66)
Sale of restricted investments	2,282	678
Net cash used in investing activities	(8,269)	(5,831)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	5,333	2,535
Principal payments on long-term debt	(11,770)	(6,284)
Change in accounts payable-capital expenditures	4,803	(2,179)
Dividends paid	(822)	(910)
Payments to acquire common stock	(5,901)	(160)
Proceeds from common stock issued	20	8
Net cash used in financing activities	(8,337)	(6,990)
Increase (decrease) in cash and cash investments	281	(1,135)
Cash and cash investments at beginning of period	509	2,312
Cash and cash investments at end of period	\$ 790	1,177

CULP, INC. FINANCIAL INFORMATION RELEASE  
FINANCIAL ANALYSIS  
OCTOBER 31, 1999

	FISCAL 99		FISCAL 00			LTM
	Q2	Q1	Q2	Q3	Q4	
<b>INVENTORIES</b>						
Inventory turns	5.7	5.4	5.5			
<b>RECEIVABLES</b>						
Days sales in receivables	52	45	49			
Percent current & less than 30 days past due	94.9%	93.2%	96.7%			
<b>WORKING CAPITAL</b>						
Current ratio	3.0	3.1	2.4			
Working capital turnover (4)	4.4	4.4	4.4			
Operating working capital (4)	\$112,750	\$111,222	\$109,556			
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>						
Depreciation rate	8.4%	8.0%	7.8%			
Percent property, plant & equipment are depreciated	45.0%	49.0%	49.1%			
Capital expenditures	\$10,689 (1)	\$2,420	\$8,104			
<b>PROFITABILITY</b>						
Return on average total capital	4.2%	4.8%	7.3%			5.8%
Return on average equity	4.1%	5.0%	10.0%			7.2%
Net income per share	\$0.10	\$0.13	\$0.27			\$0.75
Net income per share (diluted)	\$0.10	\$0.13	\$0.27			\$0.74
<b>LEVERAGE (3)</b>						
Total liabilities/equity	164.9%	155.9%	170.1%			
Funded debt/equity	115.0%	106.3%	107.2%			
Funded debt/capital employed	53.5%	51.5%	51.7%			
Funded debt	\$148,479	\$136,222	\$134,468			
Funded debt/EBITDA (LTM) (6)	3.95	3.33	3.08			
EBITDA/Interest expense, net(LTM)	4.2	4.3	4.6			
<b>OTHER</b>						
Book value per share	\$9.94	\$10.64	\$11.08			
Employees at quarter end	4,014	4,050	3,962			
Sales per employee (annualized)	\$124,000	\$116,000	129,000			
Capital employed (3)	\$277,603	\$264,349	\$259,848			
Effective income tax rate	33.0%	34.0%	34.0%			
EBITDA (2)	\$9,649	\$9,977	\$12,412			\$43,445
EBITDA/net sales	7.5%	8.6%	9.6%			8.9%

(1) Expenditures for entire year

(2) Earnings before interest, income taxes, and depreciation & amortization.

(3) Long-term debt, funded debt and capital employed are all net of restricted investments.

(4) Working capital for this calculation is accounts receivable, inventories and accounts payable.

(5) LTM represents "Latest Twelve Months"

(6) EBITDA includes capitalized interest and pro forma amounts for acquisitions.



CULP, INC. FINANCIAL INFORMATION RELEASE  
 SALES BY SEGMENT/DIVISION  
 FOR THE THREE MONTHS AND SIX MONTHS ENDED OCTOBER 31, 1999 AND NOVEMBER 1, 1998

(Amounts in thousands)

THREE MONTHS ENDED (UNAUDITED)					
Segment/Division	Amounts			Percent of Total Sales	
	October 31, 1999	November 1, 1998	% Over (Under)	2000	1999
Upholstery Fabrics					
Culp Decorative Fabrics	\$ 56,897	59,573	(4.5)%	43.9 %	46.5 %
Culp Velvets/Prints	41,783	38,728	7.9 %	32.3 %	30.2 %
Culp Yarn	4,358	6,367	(31.6)%	3.4 %	5.0 %
	103,038	104,668	(1.6)%	79.5 %	81.7 %
Mattress Ticking					
Culp Home Fashions	26,504	23,491	12.8 %	20.5 %	18.3 %
	* \$ 129,542	128,159	1.1 %	100.0 %	100.0 %
	129,542	128,159	1.1 %	100.0 %	100.0 %

SIX MONTHS ENDED (UNAUDITED)					
Segment/Division	Amounts			Percent of Total Sales	
	October 31, 1999	November 1, 1998	% Over (Under)	2000	1999
Upholstery Fabrics					
Culp Decorative Fabrics	\$ 107,413	111,018	(3.2)%	43.8 %	46.5 %
Culp Velvets/Prints	77,992	68,722	13.5 %	31.8 %	28.8 %
Culp Yarn	8,487	12,963	(34.5)%	3.5 %	5.4 %
	193,892	192,703	0.6 %	79.0 %	80.7 %
Mattress Ticking					
Culp Home Fashions	51,587	46,123	11.8 %	21.0 %	19.3 %
	* \$ 245,479	238,826	2.8 %	100.0 %	100.0 %
	245,479	238,826	2.8 %	100.0 %	100.0 %

\* U.S. sales were \$97,216 and \$94,472 for the second quarter of fiscal 2000 and fiscal 1999, respectively; and \$189,340 and \$178,782 for the six months of fiscal 2000 and fiscal 1999, respectively. The percentage increase in U.S. sales was 2.9% for the second quarter and an increase of 5.9% for the six months.

CULP, INC. FINANCIAL INFORMATION RELEASE  
INTERNATIONAL SALES BY GEOGRAPHIC AREA  
FOR THE THREE MONTHS AND SIX MONTHS ENDED OCTOBER 31, 1999 AND NOVEMBER 1, 1998

(Amounts in thousands)

THREE MONTHS ENDED (UNAUDITED)

Geographic Area	Amounts			Percent of Total Sales	
	October 31, 1999	November 1, 1998	% Over (Under)	2000	1999
North America (Excluding USA)	\$ 9,912	8,502	16.6 %	30.7 %	25.2 %
Europe	6,069	7,223	(16.0)%	18.8 %	21.4 %
Middle East	8,960	10,060	(10.9 %)	27.7 %	29.9 %
Far East & Asia	5,357	5,435	(1.4)%	16.6 %	16.1 %
South America	630	1,238	(49.1)%	1.9 %	3.7 %
All other areas	1,398	1,229	13.8 %	4.3 %	3.6 %
	<u>\$ 32,326</u>	<u>33,687</u>	<u>(4.0)%</u>	<u>100.0 %</u>	<u>100.0 %</u>

SIX MONTHS ENDED (UNAUDITED)

Geographic Area	Amounts			Percent of Total Sales	
	October 31, 1999	November 1, 1998	% Over (Under)	2000	1999
North America (Excluding USA)	\$ 17,588	15,755	11.6 %	31.3 %	26.2 %
Europe	8,998	10,906	(17.5)%	16.0 %	18.2 %
Middle East	15,952	18,360	(13.1)%	28.4 %	30.6 %
Far East & Asia	9,666	10,303	(6.2)%	17.2 %	17.2 %
South America	1,250	2,238	(44.1)%	2.2 %	3.7 %
All other areas	2,685	2,482	8.2 %	4.8 %	4.1 %
	<u>\$ 56,139</u>	<u>60,044</u>	<u>(6.5)%</u>	<u>100.0 %</u>	<u>100.0 %</u>

International sales, and the percentage of total sales, for each of the last five fiscal years follows: fiscal 1995-\$57,971 (19%); fiscal 1996-\$77,397 (22%); fiscal 1997-\$101,571 (25%); fiscal 1998-\$137,223 (29%); and fiscal 1999-\$113,354 (23%). International sales for the second quarter represented 25.0% and 26.3% for 2000 and 1999, respectively. Year-to-date international sales represented 22.9% and 25.1% of total sales for 2000 and 1999, respectively.

Culp, Inc.  
SALES BY SEGMENT/DIVISION - TREND ANALYSIS  
1998 vs 1999 vs 2000  
Unaudited  
(Amounts in thousands)

Segment/Division	Fiscal 1998					Fiscal 1999				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
<b>Upholstery Fabrics</b>										
Culp Decorative Fabrics	39,814	56,781	53,415	60,155	210,165	51,445	59,573	50,520	60,520	222,058
Culp Velvets/Prints	38,397	43,928	44,020	45,044	171,389	29,994	38,728	34,949	40,402	144,073
Culp Yarn	-	-	761	7,115	7,876	6,596	6,367	4,088	4,462	21,513
	78,211	100,709	98,196	112,314	389,430	88,035	104,668	89,557	105,384	387,644
<b>Mattress Ticking</b>										
Culp Home Fashions	21,287	22,217	20,261	23,520	87,285	22,632	23,491	22,536	26,781	95,440
	99,498	122,926	118,457	135,834	476,715	110,667	128,159	112,093	132,165	483,084
<b>Percent increase(decrease) from prior year:</b>										
<b>Upholstery Fabrics</b>										
Culp Decorative Fabrics	2.2	24.2	35.8	37.7	25.3	29.2	4.9	(5.4)	0.6	5.7
Culp Velvets/Prints	10.1	9.2	9.0	9.9	9.5	(21.9)	(11.8)	(20.6)	(10.3)	(15.9)
Culp Yarn	-	-	100.0	100.0	100.0	100.0	100.0	437.2	(37.3)	173.1
	5.9	17.2	23.2	32.6	20.1	12.6	3.9	(8.8)	(6.2)	(0.5)
<b>Mattress Ticking</b>										
Culp Home Fashions	27.5	15.4	14.2	12.0	16.9	6.3	5.7	11.2	13.9	9.3
	9.9	16.8	21.5	28.5	19.5	11.2	4.3	(5.4)	(2.7)	1.3
<b>Overall Growth Rate</b>										
Internal (without acquisitions)	9.9	6.6	9.2	11.6	9.3	(4.6)	(0.9)	(8.5)	(2.7)	(4.1)
External	-	10.2	12.3	16.9	10.2	15.8	5.2	3.1	-	5.4
	9.9	16.8	21.5	28.5	19.5	11.2	4.3	(5.4)	(2.7)	1.3

Culp, Inc.  
 SALES BY SEGMENT/DIVISION - TREND ANALYSIS  
 1998 vs 1999 vs 2000  
 Unaudited  
 (Amounts in thousands)

Segment/Division	Fiscal 2000				TOTAL
	Q1	Q2	Q3	Q4	
-----					
Upholstery Fabrics					
Culp Decorative Fabrics	50,516	56,897			107,413
Culp Velvets/Prints	36,209	41,783			77,992
Culp Yarn	4,129	4,358			8,487
	90,854	103,038			193,892
-----					
Mattress Ticking					
Culp Home Fashions	25,083	26,504			51,587
	115,937	129,542			245,479
=====					

Segment/Division	Percent increase(decrease) from prior year:		
-----			
Upholstery Fabrics			
Culp Decorative Fabrics	(1.8)	(4.5)	(3.2)
Culp Velvets/Prints	20.7	7.9	13.5
Culp Yarn	(37.4)	(31.6)	(34.5)
	3.2	(1.6)	0.6
-----			
Mattress Ticking			
Culp Home Fashions	10.8	12.8	11.8
	4.8	1.1	2.8
=====			
Overall Growth Rate			
Internal (without acquisitions)	4.8	1.1	2.8
External	-	-	-
	4.8	1.1	2.8
=====			

CULP, INC. FINANCIAL INFORMATION RELEASE  
FINANCIAL NARRATIVE

for the three and six month periods ended October 31, 1999 and November 1, 1998

INCOME STATEMENT COMMENTS

GENERAL - For the second quarter, net sales increased 1.1% to \$129.5 million; and net income amounted to \$3.2 million, or \$0.27 per share diluted, versus \$1.3 million, or \$0.10 per share diluted, a year ago. For the six months ended October 31, 1999, net sales increased 2.8% to \$245.5 million; and net income amounted to \$4.8 million, or \$0.39 per share diluted, compared with a net loss of \$1.3 million, or \$0.10 per share diluted, in the year-earlier period.

The company's strategic plan encompasses several competitive initiatives:

Broad Product Offering - continuing to market one of the broadest product lines in upholstery fabrics and mattress ticking. Through its extensive manufacturing capabilities, the company competes in every major category except leather;

Diverse Global Customer Base - increasing its penetration into other end-use markets in addition to U.S. residential furniture, such as bedding, international, commercial furniture and juvenile furniture. The company has long-standing relationships with most major upholstery furniture manufacturers, but is not reliant on a single customer or a small group of dominant customers. No one customer accounted for more than 9% of net sales during the second quarter of fiscal 2000;

Design Innovation - continuing to invest in the design of upholstery fabrics and ticking with appealing patterns and textures. An integral component of the value Culp provides to customers is supplying fabrics that are fashionable and meet current consumer preferences. The company's principal design resources are consolidated in a single facility that provides advanced CAD systems and promotes a sharing of innovative designs among the divisions;

Vertical Integration - operating as a vertically integrated manufacturer and taking advantage of economies that can be gained by producing the raw material components that are used in the manufacture of its products; and

Additional Acquisitions - investing in selective acquisitions complementary to existing segments.

NET SALES - Compared with the second quarter of last year, upholstery fabric sales decreased 1.6% to \$103.0 million and mattress ticking sales increased 12.8% to \$26.5 million (See Sales by Segment/Division schedule on Page 5 and Sales by Segment/Division - Trend Analysis on Page 7). International sales were down 4.0% for the quarter.

During the first quarter of fiscal 1999, the company implemented a major reorganization from six business units to four divisions. This new corporate alignment grouped related operations together and was accompanied by several changes in managerial positions. The company believes that benefits of this move have included improved customer service, more effective use of design resources and increased manufacturing efficiency. Aided by these factors, the company has achieved higher sales of upholstery fabrics to U.S.-based accounts in the first half of fiscal 2000. Most of these gains have been offset by a continued decline in international sales. The trend of weakness in international sales, which the company believes has also affected other manufacturers of upholstery fabrics, has persisted since the close of fiscal 1998. During fiscal 1999, the company took steps to mitigate the impact of this industry-wide trend by significantly curtailing production schedules for certain international-targeted fabrics, introducing a new line of printed cotton upholstery fabrics and shifting its marketing focus to geographic areas where demand appeared more favorable. The company has a diversified global base of customers and is seeking to broaden that further to minimize exposure to economic uncertainties in any geographic area.

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The company benefited in the second quarter from increased sales by Culp Home Fashions (primarily mattress ticking) which has experienced a long-term pattern of expansion. Culp's growth in mattress ticking continues to be driven by the introduction of new designs and fabric constructions as well as the advantages of the company's vertical integration. In particular, the ability to manufacture the jacquard greige (or unfinished) goods that are then printed to produce mattress ticking has aided Culp in meeting faster delivery schedules and providing improved overall customer service.

**GROSS PROFIT** - Gross profit for the second quarter increased 15.8% to \$23.7 million and increased as a percentage of net sales from 16.0% to 18.3%. The increase was due principally to the actions that the company took during fiscal 1999, including a significant reduction in the capacity for manufacturing printed flock fabrics and an intense effort to reduce operating expenses and raise productivity.

**S,G&A EXPENSES** - S,G&A expenses for the second quarter increased as a percentage of sales to 12.4% from 12.1% for the year-earlier period. The increase principally reflects higher costs related to resources for the design of new fabrics and information systems, as well as other increased operating expenses intended to support a higher level of sales.

**INTEREST EXPENSE** - Interest expense of \$2.5 million for the second quarter was unchanged from a year ago even though the company had lower average borrowings outstanding. The lower level of borrowings was offset by lower capitalized interest related to capital expenditures and higher average interest rates.

**OTHER EXPENSE (INCOME), NET** - Other expense (income) totaled \$416,000 compared with \$604,000 a year ago. The decrease is principally due to higher investment income on the assets related to the nonqualified deferred compensation plan.

**INCOME TAXES** - The effective tax rate for the quarter was 34.0%, up slightly from 33.0% for the same quarter of last year.

**EBITDA** - Due principally to the increase in net income, EBITDA for the second quarter increased to \$12.4 million compared with \$9.6 million a year ago.

**BALANCE SHEET COMMENTS**

**WORKING CAPITAL** - Accounts receivable as of October 31, 1999 decreased 4.5% from the year-earlier level. Days sales outstanding decreased to 49 days at October 31, 1999 compared with 52 a year ago. Additionally, the aging of accounts receivable was 96.7% current and less than 30 days past due versus 94.9% at November 1, 1998. Inventories at the close of the second quarter increased \$5.8 million or 8.1% from November 1, 1998. Inventory turns for the second quarter were 5.5 versus 5.7 for the second quarter of fiscal 1999. The increase in inventories is primarily attributable to an increase at Culp Home Fashions in order to support the sales growth at this division. Operating working capital (comprised of accounts receivable, inventory and accounts payable) was \$109.6 million at October 31, 1999, down 2.8% from a year ago.

CULP, INC. FINANCIAL INFORMATION RELEASE  
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PROPERTY, PLANT AND EQUIPMENT - During fiscal 1999 the company reduced its capital spending to \$10.7 million compared with \$35.9 million in fiscal 1998 because of a focus on improving the results of the considerable investments made during fiscal 1997 and fiscal 1998. The company is committed to investing sufficient funds to modernize and expand its manufacturing resources and is budgeting an increase in capital spending for fiscal 2000 to \$23 million. Depreciation for fiscal 2000 is currently estimated to be approximately \$20 million.

LONG-TERM DEBT - The company's funded debt-to-capital ratio was 51.7% at October 31, 1999, compared with 53.5% at November 1, 1998 and 52.1% at May 2, 1999. Funded debt was \$134.5 million at October 31, 1999, down from \$148.5 million at November 1, 1998 and \$138.7 million at May 2, 1999. Funded debt equals long-term debt, including current maturities, less restricted investments, which represent unspent IRB funds. The decrease in funded debt from May 2, 1999 resulted primarily from an operating cash flow of \$16.9 million, an increase in accounts payable related to capital expenditures of \$4.8 million, offset by capital expenditures of \$10.5 million, repurchases of common stock of \$5.9 million and dividends paid of \$0.8 million.

STOCK REPURCHASE

In separate authorizations in June 1998, March 1999 and September 1999, the Board of Directors authorized the use of a total of \$15.0 million to repurchase the company's common stock. During fiscal 1999, the company repurchased 938,600 shares at an average price of \$5.90 per share under these authorizations. During the first half of fiscal 2000, the company repurchased 766,300 shares at an average price of \$7.70 per share.