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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 quarterly period ended August 2, 1998

Commission File No. 0-12781

CULP, INC.

(Exact name of registrant as specified in its charter)

NORTH CAROLINA	56-1001967
(State or other jurisdiction of incorporation or other organization)	(I.R.S. Employer Identification No.)
101 S. Main St., High Point, North Carolina	27261-2686
(Address of principal executive offices)	(zip code)

(336) 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 August 2, 1998: 12,995,021
Par Value: $.05

INDEX TO FORM 10-Q
For the period ended August 2, 1998

Part I - Financial Information.

Part II - Other Information

Item 1. Financial Statements

CULP, INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FOR THREE MONTHS ENDED AUGUST 2, 1998 AND AUGUST 3, 1997

(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Sales	
	August 2, 1998	August 3, 1997	% Over (Under)	1999	1998
Net sales	$ 110,667	99,498	11.2 %	100.0 %	100.0 %
Cost of sales	97,056	82,765	17.3 %	87.7 %	83.2 %
Gross profit	13,611	16,733	(18.7) %	12.3 %	16.8 %
Selling, general and administrative expenses	14,473	10,916	32.6 %	13.1 %	11.0 %
Income (loss) from operations	(862)	5,817	(114.8) %	(0.8)%	5.8 %
Interest expense	2,361	1,280	84.5 %	2.1 %	1.3 %
Interest income	(53)	(90)	(41.1) %	(0.0)%	(0.1)%
Other expense (income), net	770	242	218.2 %	0.7 %	0.2 %
Income (loss) before income taxes	(3,940)	4,385	(189.9) %	(3.6)%	4.4 %
Income taxes *	(1,300)	1,535	(184.7) %	33.0 %	35.0 %
Net income (loss)	$ (2,640)	2,850	(192.6) %	(2.4)%	2.9 %
Net income (loss) per share	($0.20)	$0.23	(187.0) %		
Net income (loss) per share, assuming dilution	($0.20)	$0.22	(190.9) %		
Dividends per share	$0.0350	$0.0350	0.0 %		
Average shares outstanding	13,000	12,631	2.9 %		
Average shares outstanding, assuming dilution	13,203	12,929	2.1 %		

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

CULP, INC.
CONSOLIDATED BALANCE SHEETS
AUGUST 2, 1998, AUGUST 3, 1997 AND MAY 3, 1998
Unaudited
(Amounts in Thousands)

	Amounts		Increase (Decrease)		*
	August 2, 1998	August 3, 1997	Dollars	Percent	May 3, 1998
Current assets					
Cash and cash investments	$ 1,520	1,843	(323)	(17.5) %	2,312
Accounts receivable	63,833	54,086	9,747	18.0 %	73,773
Inventories	79,358	60,715	18,643	30.7 %	78,594
Other current assets	7,511	6,126	1,385	22.6 %	7,808
Total current assets	152,222	122,770	29,452	24.0 %	162,487
Restricted investments	4,074	8,186	(4,112)	(50.2) %	4,021
Property, plant & equipment, net	127,287	97,128	30,159	31.1 %	128,805
Goodwill	54,798	22,111	32,687	147.8 %	55,162
Other assets	4,317	3,124	1,193	38.2 %	4,340
Total assets	$ 342,698	253,319	89,379	35.3 %	354,815
Current liabilities					
Current maturities of long-term debt	$ 3,250	100	3,150	3,150.0 %	3,325
Accounts payable	31,710	20,154	11,556	57.3 %	37,214
Accrued expenses	13,856	11,972	1,884	15.7 %	17,936
Income taxes payable	0	1,575	(1,575)	(100.0)%	1,282
Total current liabilities	48,816	33,801	15,015	44.4 %	59,757
Long-term debt	154,383	96,016	58,367	60.8 %	152,312
Deferred income taxes	11,227	9,965	1,262	12.7 %	11,227
Total liabilities	214,426	139,782	74,644	53.4 %	223,296
Shareholders' equity	128,272	113,537	14,735	13.0 %	131,519
Total liabilities and shareholders' equity	$ 342,698	253,319	89,379	35.3 %	354,815
Shares outstanding	12,995	12,650	345	2.7 %	13,007

* Derived from audited financial statements.

CULP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED AUGUST 2, 1998 AND AUGUST 3, 1997
Unaudited
(Amounts in Thousands)

	THREE MONTHS ENDED	
	Amounts	
	August 2, 1998	August 3, 1997
Cash flows from operating activities:		
Net income (loss)	$ (2,640)	2,850
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	4,376	3,256
Amortization of intangible assets	398	181
Changes in assets and liabilities:		
Accounts receivable	9,940	2,605
Inventories	(764)	(7,252)
Other current assets	297	(676)
Other assets	(11)	(147)
Accounts payable	(3,017)	(5,852)
Accrued expenses	(4,080)	(2,923)
Income taxes payable	(1,282)	(5)
Net cash provided by (used in) operating activities	3,217	(7,963)
Cash flows from investing activities:		
Capital expenditures	(2,858)	(9,153)
Purchases of restricted investments	(53)	(8,590)
Sale of restricted investments	0	11,422
Net cash used in investing activities	(2,911)	(6,321)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	2,071	19,500
Principal payments on long-term debt	(75)	(25)
Change in accounts payable-capital expenditures	(2,487)	(3,897)
Dividends paid	(455)	(443)
Common stock issued (purchased)	(152)	162
Net cash provided by (used in)financing activities	(1,098)	15,297
Increase (decrease) in cash and cash investments	(792)	1,013
Cash and cash investments at beginning of period	2,312	830
Cash and cash investments at end of period	$ 1,520	1,843

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 27, 1997	12,608,759	$ 630	$ 33,899	$ 76,260	$ 110,789
Cash dividends ($0.14 per share)				(1,786)	(1,786)
Net income				15,513	15,513
Common stock issued in connection with stock option plans	114,051	6	997		1,003
Common stock issued in connection with acquisition of Artee Industries,Incorporated's assets	284,211	14	5,386		5,400
Stock options issued in connection with acquisition of Phillips' assets			600		600
Balance, May 3, 1998	13,007,021	650	40,882	89,987	131,519
Cash dividends ($0.035 per share)				(455)	(455)
Net loss				(2,640)	(2,640)
Common stock issued in connection with stock option plans	1,000		8		8
Common stock purchased	(13,000)		(41)	(119)	(160)
Balance, August 2, 1998	12,995,021	$ 650	$ 40,849	$ 86,773	$ 128,272

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

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Culp, Inc. and subsidiary, include all adjustments, consisting only of normal, recurring adjustments and accruals, which are, in the opinion of management, necessary for fair presentation of the results of operations and financial position. Results of operations for interim periods may not be indicative of future results. The unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements, which are incorporated by reference in the company's annual report on Form 10-K filed with the Securities and Exchange Commission on July 31, 1998 for the fiscal year ended May 3, 1998. The three-month period ended August 2, 1998 includes the results of Phillips, Wetumpka and Artee which were acquired on August 5, 1997, December 30, 1997 and February 2, 1998, respectively.

2. Accounts Receivable

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

	August 2, 1998	May 3, 1998
Customers	$ 65,295	$ 75,695
Allowance for doubtful accounts	(816)	(1,244)
Reserve for returns and allowances	(646)	(678)
	$ 63,833	$ 73,773

3. Inventories

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

A summary of inventories follows (dollars in thousands):

	August 2, 1998	May 3, 1998
Raw materials	$ 47,829	$ 45,319
Work-in-process	6,395	6,608
Finished goods	30,527	31,017
Total inventories valued at FIFO cost	84,751	82,944
Adjustments of certain inventories to the LIFO cost method	(2,364)	(2,364)
Adjustments of certain inventories to market	(3,029)	(1,986)
	$ 79,358	$ 78,594

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):

	August 2, 1998	May 3, 1998
Accounts payable-trade	$ 31,323	$ 34,340
Accounts payable-capital expenditures	387	2,874
	$ 31,710	$ 37,214

6. Accrued Expenses

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

	August 2, 1998	May 3, 1998
Compensation and benefits	$ 8,819	$ 12,212
Other	5,037	5,724
	$ 13,856	$ 17,936

7. Long-Term Debt

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

	August 2, 1998	May 3, 1998
Senior unsecured notes	$ 75,000	$ 75,000
Industrial revenue bonds and other obligations	34,712	34,787
Revolving credit facility	36,000	30,000
Revolving line of credit	2,071	6,000
Obligations to sellers	9,850	9,850
	157,633	155,637
Less current maturities	(3,250)	(3,325)
	$ 154,383	$ 152,312

On April 2, 1998, the company completed the sale of $75,000,000 of senior unsecured notes (the "Notes") in a private placement to insurance companies. The Notes have a fixed coupon rate of 6.76% and an average term of 10 years. The principal payments become due from March 2006 to March 2010 with interest payable semi-annually.

The company's revolving credit agreement (the "Credit Agreement") provides an unsecured multi-currency revolving credit facility, which expires in April 2002, with a syndicate of banks in the United States. The Credit Agreement provides for a revolving loan commitment of $88,000,000. The agreement requires payment of a quarterly facility fee in advance.

The company's $6,000,000 revolving line of credit expires on August 31, 1999. However, the line of credit will automatically be extended for an additional three-month period on each November 30, February 28, May 31 and August 31 unless the bank notifies the company that the line of credit will not be extended.

The industrial revenue bonds (IRBs) are generally due in balloon maturities which occur at various dates from 2006 to 2013. The IRBs are collateralized by restricted investments of $4,074,000 and letters of credit for the outstanding balance of the IRBs and certain interest payments due thereunder.

The company's loan agreements require, among other things, that the company maintain compliance with certain financial ratios. At August 2, 1998, the company was in compliance with these required financial covenants.

At August 2, 1998, the company had three interest rate swap agreements with a bank 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:

notational 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

The estimated amount at which the company could terminate these agreements as of August 2, 1998 is approximately $459,000. Net amounts paid under these agreements increased interest expense by approximately $59,000 in 1999 and $60,000 in 1998. 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.

8. Cash Flow Information

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

	1999	1998
Interest	$ 1,231	$ 1,231
Income taxes	1,637	445

9. Foreign Exchange Forward Contracts

The company generally enters into foreign exchange forward and option contracts as a hedge against its exposure to currency fluctuations on firm commitments to purchase certain machinery and equipment and raw materials and certain anticipated Canadian dollar expenses of the company's Canadian subsidiary. The company had no outstanding foreign exchange forward and option contracts as of August 2, 1998.

10. Net Income (Loss) Per Share

The following table reconciles the numerators and denominators of net income (loss) per share and net income (loss) per share, assuming dilution for the three-month periods ended August 2, 1998 and August 3, 1997:

	THREE MONTHS ENDED					
	August 2, 1998			August 3, 1997		
(Amounts in thousands, except per share data)	(Loss) (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income (loss) per share	($2,640)	13,000	($0.20)	$2,850	12,631	$0.23
Effect of dilutive securities: Options	-	203		-	298	
Net income (loss) per share, assuming dilution	($2,640)	13,203	($0.20)	$2,850	12,929	$0.22

11. New Accounting Standards

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures About Segments of an Enterprise and Related Information," effective for periods beginning after December 15, 1997. The purpose of this standard is to disclose disaggregated information which provides information about the operating segments an enterprise engages in, consistent with the way management reviews financial information to make decisions about the enterprise's operating matters. The company will comply with the requirements of this standard for fiscal year end 1999.

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued. This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The provisions of SFAS No. 133 are effective for financial statements beginning after June 15, 1999, although early adoption is allowed. The company has not determined the financial impact of adopting this SFAS and has not determined if it will adopt its provisions prior to its effective date.

CULP, INC.
SALES BY PRODUCT CATEGORY/BUSINESS UNIT
FOR THREE MONTHS ENDED AUGUST 2, 1998 AND AUGUST 3, 1997

(Amounts in thousands)

Product Category/Business Unit	THREE MONTHS ENDED (UNAUDITED) Amounts August 2, 1998	August 3, 1997	% Over (Under)	Percent of Total Sales 1999	1998
Upholstery Fabrics					
Culp Decorative Fabrics	$ 51,445	39,814	29.2 %	46.5 %	40.0 %
Culp Velvets/Prints	29,994	38,397	(21.9)%	27.1 %	38.6 %
	81,439	78,211	4.1 %	73.6 %	78.6 %
Mattress Ticking					
Culp Home Fashions	22,632	21,287	6.3 %	20.5 %	21.4 %
Yarn					
Culp Yarn	6,596	0	100.0 %	6.0 %	0.0 %
	* $ 110,667	99,498	11.2 %	100.0%	100.0 %

* U.S. sales were $84,310 and $74,407 for the first three months of fiscal 1999 and fiscal 1998, respectively. The percentage increase in U.S. sales was 13.3% for the three months.

CULP, INC.
INTERNATIONAL SALES BY GEOGRAPHIC AREA
FOR THREE MONTHS ENDED AUGUST 2, 1998 AND AUGUST 3, 1997

(Amounts in thousands)

Geographic Area	THREE MONTHS ENDED (UNAUDITED) Amounts August 2, 1998	August 3, 1997	% Over (Under)	Percent of Total Sales 1999	1998
North America (Excluding USA)	$ 7,253	7,044	3.0 %	27.5 %	28.1 %
Europe	3,683	4,440	(17.0)%	14.0 %	17.7 %
Middle East	8,300	6,564	26.4 %	31.5 %	26.2 %
Far East & Asia	4,868	5,464	(10.9)%	18.5 %	21.8 %
South America	1,000	339	195.0 %	3.8 %	1.4 %
All other areas	1,253	1,240	1.0 %	4.8 %	4.9 %
	$ 26,357	25,091	5.0 %	100.0 %	100.0 %

International sales, and the percentage of total sales, for each of the last seven fiscal years follows: fiscal 1992-$ 37,913 (20%); fiscal 1993-$ 41,471 (21%); fiscal 1994-$ 44,038 (18%); fiscal 1995-$ 57,971 (19%); fiscal 1996-$77,397 (22%); fiscal 1997-$ 101,571 (25%); and fiscal 1998-$ 137,223 (29%).

International sales for the current quarter represented 23.8% and 25.2% for 1999 and 1998, respectively.

Certain amounts for fiscal year 1998 have been reclassified to conform with the fiscal year 1999 presentation.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 2.

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 August 2, 1998, net sales rose 11.2% to $110.7 million compared with $99.5 million in the year-earlier period. The net loss for the quarter totaled ($2.6) million, or ($0.20) per share, compared with net income of $2.9 million, or $0.23 per share, for the first quarter of fiscal 1998. Sales increased due to sales of $15.7 million from Phillips Mills and Artee, which were acquired in fiscal 1998, offset by a decline in sales of certain products for the Culp Velvets/Prints division that are primarily marketed internationally. During the quarter, demand for Culp Velvets/Prints products being shipped directly or indirectly into the emerging markets of Russia and other former Soviet countries, India and Eastern Europe experienced a pronounced slowdown. All of these areas are generally experiencing very weak economic conditions which, in turn, have affected demand for furniture and other home furnishings. This decline in international sales was offset by increased sales of other products into other regions, principally the Middle East, and from international sales related to Phillips Mills. Excluding the contribution from acquired operations, sales of upholstery fabrics to US-based manufacturers were down 5.5% for the quarter from a year ago. This portion of the company's business has been generally soft throughout fiscal 1998 and into the beginning of fiscal 1999. Demand for the company's products is dependent on the various factors which affect consumer purchases of upholstered furniture and bedding including housing starts and sales of existing homes, the level of consumer confidence, prevailing interest rates for home mortgages and the availability of consumer credit.

Three Months Ended August 2, 1998 Compared with Three Months Ended August 3, 1997

Net Sales. Net sales for the first quarter increased by $11.2 million, or 11.2%, compared with the year-earlier period. The company's sales of upholstery fabrics increased $3.2 million, or 4.1%, compared with the prior year. Phillips Mills, which was acquired on August 5, 1997, contributed $9.1 million in incremental net sales for the quarter. The decline in net sales, excluding that incremental contribution, was due primarily to the results of Culp Velvets/Prints, which has experienced a material slowdown in international shipments, especially to areas such as Russia which have encountered significant economic difficulties. Sales from the Culp Decorative Fabrics business unit were up slightly from a year ago excluding the benefit of Phillips Mills. Sales from the Culp Home Fashions unit, which principally consists of mattress ticking and bedding products, rose 6.3% from a year ago. International sales, consisting primarily of upholstery fabrics, increased to $26.4 million, up 5.0% from a year ago. International shipments accounted for 23.8% of the company's sales for the first quarter, down from 25.2% a year ago. During the first quarter, demand for fabrics marketed by Culp Velvets/Prints slowed markedly in certain international regions that had been primary export areas for the company. This slowdown, which the company believes is industry-wide and linked to economic difficulties in these areas, is expected to affect the company's results into the second half of fiscal 1999.

Gross Profit and Cost of Sales. Gross profit for the first quarter decreased by $3.1 million and amounted to 12.3% of net sales compared with 16.8% a year ago. The company was affected by an under absorption of fixed costs as a result of the decline in sales in certain business units, especially in those product categories where international sales represented a significant portion of sales. Competitive pressures were also responsible for lower margins in other product categories. The year-to-year comparisons were influenced by having one less week in the period versus a year ago. The cost of raw materials continues to remain relatively stable. The significant slowdown in international sales of certain fabrics, combined with other competitive issues, will likely lead to lower gross profit compared with the prior year into the second half of fiscal 1999.

Selling, general and administrative expenses. Selling, general and administrative expenses increased as a percentage of net sales to 13.1% compared with 11.0% a year ago. As noted above, the company was affected by less than expected sales in certain product categories. Compared with a year ago, the company is incurring higher expenses related to expanded resources for designing and sampling fabrics with new patterns and textures and higher costs for marketing programs.

Interest Expense. Net interest expense for the first quarter of $2.3 million was up from $1.2 million a year ago due principally to borrowings related to the acquisitions of Phillips Mills and Artee. The company has also incurred higher borrowings from a year ago to finance capital expenditures and additional working capital requirements.

Other Expense. Other expense increased to $770,000 for the first quarter compared with $242,000 for the year-earlier period, principally due to the amortization of goodwill associated with the acquisitions of Phillips Mills and Artee and to the writeoff of certain fixed assets.

Income Taxes. The effective tax rate for the first quarter was 33.0% compared with 35.0% in the year-earlier period.

Net Income (Loss) Per Share. The net loss per share for the first quarter totaled ($0.20) compared with net income per share of $0.23 a year ago.

Liquidity and Capital Resources

Liquidity. Cash and cash investments were $1.5 million as of August 2, 1998, compared with $2.3 million at the end of fiscal 1998. Funded debt (long-term debt, including current maturities, less restricted investments) increased to $153.6 million at the close of the first quarter, up from $87.9 million as of August 3, 1997 and $151.6 million at the end of fiscal 1998. As a percentage of total capital (funded debt plus total shareholders' equity), the company's borrowings amounted to 54.5% as of August 2, 1998, compared with 43.6% as of August 3, 1997 and 53.5% at the end of fiscal 1998. The company's working capital as of August 2, 1998 was $103.4 million compared with $102.7 million at the close of fiscal 1998.

Because of seasonal factors, the company typically generates the majority of its cash from operating activities during the second fiscal half. Cash of $3.2 million was provided by operating activities during the first quarter, consisting of $2.1 million from earnings (net loss plus depreciation and amortization) and $1.1 million from changes in working capital. Capital expenditures during the first quarter totaled $2.9 million. Financing activities used $1.1 million in cash, consisting of a $2.5 million decrease in accounts payable-capital expenditures, $0.5 million of dividends paid, $0.2 million for purchase of common stock, and offset by $2.1 million in proceeds from issuance of long-term debt.

Financing Arrangements. As of August 2, 1998, the company had outstanding balances of $36 million under a $88 million syndicated five-year, unsecured, multi-currency revolving credit facility. The company also has $75 million of senior unsecured notes ("Notes") with insurance companies. The Notes have a fixed coupon rate of 6.76% and an average term of 10 years. In addition, the company has a total of $34.7 million in outstanding industrial revenue bonds ("IRBs") which have been used to finance capital expenditures. The IRBs are collateralized by restricted investments of $4.1 million as of August 2, 1998 and letters of credit for the outstanding balance of the IRBs and certain interest payments due thereunder.

In July 1998, the company amended the syndicated revolving credit facility to decrease the facility from $100 million to $88 million and amend certain covenants. As of August 2, 1998, the company was in compliance with the required financial covenants of its loan agreements. If the company experiences continued losses or substantially lower earnings compared to prior comparable periods, the financial results could cause the company to be out of compliance with the financial covenants under its revolving credit facility. The company intends to work with its lenders under the revolving credit facility in order to amend covenants or make other arrangements to prevent a default from occurring under this facility.

As of August 2, 1998, the company had three interest rate swap agreements to reduce its exposure to floating interest rates on a $25 million notional amount. The effect of these contracts is to "fix" the interest rate payable on $25 million of the company's bank borrowings at a weighted average rate of 7.1%. The company also enters into foreign exchange forward and option contracts to hedge against currency fluctuations with respect to firm commitments to purchase certain machinery, equipment, raw materials and certain anticipated Canadian dollar expenses of the company's Canadian subsidiary.

Capital Expenditures. The company maintains an ongoing program of capital expenditures designed to increase capacity as needed, enhance manufacturing efficiencies through modernization and increase the company's vertical integration. The company anticipates spending $10-$15 million in fiscal 1999. The company believes that cash flows from operations and funds available under existing credit facilities will be sufficient to fund capital expenditures and working capital requirements for the foreseeable future.

Seasonality

The company's business is slightly seasonal, with increased sales during the company's second and fourth fiscal quarters. This seasonality results from one-week closings of the company's manufacturing facilities, and the facilities of most of its customers in the United States, during the first and third quarters for the holiday weeks including July 4th and Christmas.

New Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board ("FASB") issued

Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures About Segments of an Enterprise and Related Information," effective for periods beginning after December 15, 1997. The purpose of this standard is to disclose disaggregated information which provides information about the operating segments an enterprise engages in, consistent with the way management reviews financial information to make decisions about the enterprise's operating matters. The company will comply with the requirements of this standard for fiscal year end 1999.

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued. This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The provisions of SFAS No. 133 are effective for financial statements beginning after June 15, 1999, although early adoption is allowed. The company has not determined the financial impact of adopting this SFAS and has not determined if it will adopt its provisions prior to its effective date.

Year 2000 Considerations

Management has developed a plan to modify the company's information technology to recognize the year 2000. The plan has three distinct areas of focus - traditional information systems, technology used in support areas, and preparedness of suppliers and customers.

The initiative for traditional information systems started as far back as 1992 and has substantially completed the assessment, required changes and testing of the company's operational systems (order entry, billing, sales, finished goods) and financial systems (payroll, human resources, accounts payable, accounts receivable, general ledger, fixed assets). Currently the company is focused on the remaining systems that support the company's manufacturing processes and plans to be substantially complete by May 1, 1999.

The second area of focus has been an assessment of non-traditional information technology which includes the electronics in equipment such as telephone switches and manufacturing equipment. A plan, targeted to be substantially complete by December 31, 1998, has been formed to evaluate all these components at every location, to be followed during 1999 with installation and testing of required changes.

The third area of focus is to communicate with suppliers and vendors to understand their level of compliance and assure a constant flow of materials to support business plans. Communication to date has shown a high level of awareness and planning by these parties.

Formal contingency plans will not be formulated until the company has identified specific areas where there is a substantial risk of year 2000 problems occurring, and no such areas are identified as of this date.

The plan is being administered by a team of internal staff and management and the cost of this initiative, principally represented by internal resources, is not expected to be material to the company's results of operations or financial position. This project is not expected to have a significant effect on the company's operations, though no assurance can be given in this regard.

Forward-Looking Information

The company's quarterly report on Form 10-Q 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. In addition, 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, and economic and political instability in international areas could affect the demand for the company's products.

Part II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

The following exhibits are filed as part of this report or incorporated by reference. Management contracts, compensatory plans, and arrangements are marked with an asterisk (*).

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.

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 was filed as Exhibit 10(n) to the Company's Form 10-K for the year ended April 29, 1989, and is 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, was filed as exhibit 10(o) to the Company's Form 10-K for the year ended April 29, 1990, and is incorporated herein by reference.

10(c) Loan Agreement dated January 5, 1990 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, 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, was 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) Form of 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, 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 Employee'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 principal 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, and is incorporated herein by reference.

10(bb) Loan Agreement between the Alamance County Industrial Facilities and Pollution Control Financing Authority, North Carolina and the Company, dated December 1, 1996, relating to Tax Exempt Adjustable Mode Industrial Development Revenue Bonds, (Culp, Inc. Project Series 1996) in the aggregate amount of $6,000,000 was filed as Exhibit 10(cc) to the Company's Form 10-Q for the quarter ended January 26, 1997, and is incorporated herein by reference.

10(cc) Loan Agreement between Luzerne County, Pennsylvania and the Company, dated as of December 1, 1996, relating to Tax-Exempt Adjustable Mode Industrial Development Revenue Bonds (Culp, Inc. Project) Series 1996 in the aggregate principal amount of $3,500,000 was filed as Exhibit 10(dd) to the Company's Form 10-Q for the quarter ended January 26, 1997, and is incorporated herein by reference.

10(dd) Second Amendment to Lease Agreement between Chromatex Properties, Inc. and the Company, dated April 17, 1997 was filed as Exhibit 10(dd) to the Company's Form 10-K for the year ended April 27, 1997, and is incorporated herein by reference.

10(ee) Lease Agreement between Joseph E. Proctor (doing business as JEPCO) and the Company, dated April 21, 1997 was filed as Exhibit 10(ee) to the Company's Form 10-K for the year ended April 27, 1997, and is incorporated herein by reference.

10(ff) $125,000,000 Revolving Loan Facility dated April 23, 1997 by and among the Company and Wachovia Bank of Georgia, N.A., as agent, and First Union National Bank of North Carolina, as documentation agent was filed as Exhibit 10(ff) to the Company's Form 10-K for the year ended April 27, 1997, and is incorporated herein by reference.

10(gg) Revolving Line of Credit for $4,000,000 dated April 23, 1997 by and between the Company and

Wachovia Bank of North Carolina, N.A. was filed as Exhibit 10(gg) to the Company's Form 10-K for the year ended April 27, 1997, and is incorporated herein by reference.

10(hh) Reimbursement and Security Agreement between Culp, Inc. and Wachovia Bank of North Carolina, N.A., dated as of April 1, 1997, relating to $3,337,000 Principal Amount, Chesterfield County, South Carolina Industrial Revenue Bonds (Culp, Inc. Project) Series 1988 was filed as Exhibit 10(hh) to the Company's Form 10-K for the year ended April 27, 1997, and is incorporated herein by reference.

Additionally, there are Reimbursement and Security Agreements between Culp, Inc. and Wachovia Bank of North Carolina, N.A., dated as of April 1, 1997 in the following amounts and with the following facilities:

$7,900,000 Principal Amount, Alamance County Industrial Facilities and Pollution Control Financing Authority Industrial Revenue Refunding Bonds (Culp, Inc. Project) Series A and B.

$4,500,000 Principal Amount, Guilford County Industrial Facilities and Pollution Control Financing Authority Industrial Development Revenue Bonds (Culp, Inc. Project) Series 1989.

$6,580,000 Principal Amount, Anderson County South Carolina Industrial Revenue Bonds (Culp, Inc. Project) Series 1993.

$6,000,000 Principal Amount, Chesterfield County, South Carolina Tax-Exempt Adjustable Mode Industrial Development Revenue Bonds (Culp, Inc. Project) Series 1996.

$6,000,000 Principal Amount, The Alamance County Industrial Facilities and Pollution Control Financing Authority Tax-exempt Adjustable Mode Industrial Development Revenue Bonds (Culp, Inc. Project) Series 1996.

$3,500,000 Principal Amount, Luzerne County Industrial Development Authority Tax-Exempt Adjustable Mode Industrial Development Revenue Bonds (Culp, Inc. Project) Series 1996.

10(ii) Loan Agreement and Reimbursement and Security Agreement dated July 1, 1997 with the Robeson County Industrial Facilities and Pollution Control Financing Authority relating to the issuance of Tax-Exempt Adjustable Mode Industrial Development Revenue Bonds (Culp, Inc. Project), Series 1997 in the aggregate principal amount of $8,500,000 was filed as Exhibit 10(ii) to the Company's Form 10-Q for the quarter ended August 3, 1997, and is incorporated herein by reference.

10(jj) Asset Purchase Agreement dated as of August 4, 1997 by and between Culp, Inc., Phillips Weaving Mills, Inc., Phillips Printing Mills, Inc., Phillips Velvet Mills, Inc., Phillips Mills, Inc., Phillips Property Company, LLC, Phillips Industries, Inc. and S. Davis Phillips was filed as Exhibit (10jj) to the Company's Form 10-Q for the quarter ended November 2, 1997, and is incorporated herein by reference.

10(kk) Asset Purchase Agreement dated as of October 14, 1997 among Culp, Inc., Artee Industries, Incorporated, Robert T. Davis, Robert L. Davis, Trustee u/a dated 8/25/94, Robert L. Davis, Louis W. Davis, Kelly D. England, J. Marshall Bradley, Frankie S. Bradley and Mickey R. Bradley was filed as Exhibit 10(kk) to the Company's Form 10-Q for the quarter ended November 2, 1997, and is incorporated herein by reference.

10(ll) Form of Note Purchase Agreement (providing for the issuance by Culp, Inc. of its $20 million 6.76% Series A Senior Notes due 3/15/08 and its $55 million 6.76% Series B Senior Notes due 3/15/10), each dated March 4, 1998, between Culp,

Inc. and each of the following:
1. Connecticut General Life Insurance Company;
2. The Mutual Life Insurance Company of New York;
3. United of Omaha Life Insurance Company;
4. Mutual of Omaha Insurance Company;
5. The Prudential Insurance Company of America;
6. Allstate Life Insurance Company;
7. Life Insurance Company of North America; and
8. CIGNA Property and Casualty Insurance Company

This agreement was filed as Exhibit 10(ll) to the Company's Form 10-K for the year ended May 3, 1998, and is incorporated herein by reference.

10(mm)	First Amendment to Credit Agreement dated July 22, 1998 among Culp, Inc., Wachovia Bank, N.A., as agent, First Union National Bank, as documentation agent, and Wachovia Bank, N.A., First Union National Bank, SunTrust Bank, Atlanta, and Cooperatieve Centrale Raiffeisen-Boerenleeenbank B.A., Rabobank Nederland, New York Branch.
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 August 20, 1998, 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 first quarter ended August 2, 1998.

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 thereunto duly authorized.

CULP, INC.
(Registrant)

Date: September 16, 1998 By: s/s Phillip W. Wilson
Phillip W. Wilson
Vice President and Chief
Financial and Accounting Officer

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

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "First Amendment") is dated as of the 22nd day of July, 1998 among CULP, INC. (the "Borrower"), WACHOVIA BANK, N.A. (successor by merger to Wachovia Bank of Georgia, N.A.), as Agent (the "Agent"), FIRST UNION NATIONAL BANK (successor by merger to First Union National Bank of North Carolina), as Documentation Agent and WACHOVIA BANK, N.A.(successor by merger to Wachovia Bank of North Carolina, N.A.), FIRST UNION NATIONAL BANK, SUNTRUST BANK, ATLANTA, and COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEEENBANK B.A., "RABOBANK NEDERLAND", NEW YORK BRANCH (collectively, the "Banks");

W I T N E S S E T H:

WHEREAS, the Borrower, the Agent, the Documentation Agent and the Banks executed and delivered that certain Credit Agreement, dated as of April 23, 1997 (the "Credit Agreement");

WHEREAS, the Borrower has requested and the Agent, the Documentation Agent and the Banks have agreed to a certain amendment to the Credit Agreement, subject to the terms and conditions hereof;

NOW, THEREFORE, for and in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which hereby is acknowledged by the parties hereto, the Borrower, the Agent, the Documentation Agent and the Banks hereby covenant and agree as follows:

1. Definitions. Unless otherwise specifically defined herein, each term used herein which is defined in the Credit Agreement shall have the meaning assigned to such term in the Credit Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Credit Agreement shall from and after the date hereof refer to the Credit Agreement as amended hereby.

2. Amendment to Section 1.01. Section 1.01 of the Credit Agreement hereby is amended by deleting the definition of "Commitment" and substituting therefor the following:

"Commitment" means, for each Bank, the amount set forth opposite the name of such Bank on the signature page of this First Amendment.

3. Amendment to Section 1.01. Section 1.01 of the Credit Agreement hereby is amended by deleting the definition of "Commitment Reduction Date".

4. Amendment to Section 2.02. Section 2.02(a) of the Credit Agreement hereby is amended by deleting the proviso at the end of clause (iv) thereof.

5. Amendment to Section 2.06(a). Section 2.06(a) of the Credit Agreement hereby is amended by deleting it in its entirety and substituting the following therefor:

(a) "Applicable Margin" means:

(i) for the period commencing on the Closing Date to and including the first Performance Pricing Determination Date, (x) for any Base Rate Loan, 0.00%, and (y) for any Euro-Dollar Loan or Foreign Currency Loan, 0.275%; and

(ii) from and after the first Performance Pricing Determination Date until the end of Fiscal Year 1999, (x) for any Base Rate Loan, 0.00% and (y) for each Euro-Dollar Loan, the percentage determined on each Performance Pricing Determination Date by reference to the table set forth below as to such type of Loan and the Debt/EBITDA Ratio for the quarterly or annual period ending immediately prior to such Performance Pricing Determination Date.

Debt/EBITDA Ratio	Applicable Margin
< 1.0 to 1.0	0.25%
> 1.0 to 1.0 but < 2.0 to 1.0	0.275%
> 2.0 to 1.0 but	

< 2.5 to 1.0	0.30%
> 2.5 to 1.0 but < 3.0 to 1.0	0.3625%
> 3.0 to 1.0 but < 3.5 to 1.0	0.55%
> 3.5 to 1.0	0.75%

and, (iii) from and after the beginning of Fiscal Year 2000, (x) for any Base Rate Loan, 0.00% and (y) for each Euro-Dollar Loan, the percentage determined on each Performance Pricing Determination Date by reference to the table set forth below as to such type of Loan and the Debt/EBITDA Ratio for the quarterly or annual period ending immediately prior to such Performance Pricing Determination Date.

Debt/EBITDA Ratio	Applicable Margin
< 1.0 to 1.0	0.25%
> 1.0 to 1.0 but < 2.0 to 1.0	0.275%
> 2.0 to 1.0 but < 2.5 to 1.0	0.30%
> 2.5 to 1.0 but < 3.0 to 1.0	0.3625%
> 3.0 to 1.0	0.55%

In determining interest for purposes of this Section 2.06 and fees for purposes of Section 2.07, the Borrower and the Banks shall refer to the Borrower's most recent consolidated quarterly and annual (as the case may be) financial statements delivered pursuant to Section 5.01(a) or (b), as the case may be. If such financial statements require a change in interest pursuant to this Section 2.06 or fees pursuant to Section 2.07, the Borrower shall deliver to the Agent, along with such financial statements, a notice to that effect, which notice shall set forth in reasonable detail the calculations supporting the required change. The "Performance Pricing Determination Date" is the date which is the last date on which such financial statements are permitted to be delivered pursuant to Section 5.01(a) or (b), as applicable. Any such required change in interest and fees shall become effective on such Performance Pricing Determination Date, and shall be in effect until the next Performance Pricing Determination Date, provided that: (x) for Fixed Rate Loans, changes in interest shall only be effective for Interest Periods commencing on or after the Performance Pricing Determination Date; and (y) no fees or interest shall be decreased pursuant to this Section 2.06 or Section 2.07 if a Default is in existence on the Performance Pricing Determination Date.

6. Amendment to Section 2.09. Section 2.09 of the Credit Agreement hereby is amended by deleting it in its entirety and substituting the following therefor:

SECTION 2.09. Termination of Commitments. The Commitments shall terminate on the Termination Date and any Loans then outstanding (together with accrued interest thereon) shall be due and payable on such date.

7. Amendment to Section 5.21. Section 5.21 of the Credit Agreement hereby is amended by deleting it in its entirety and substituting the following therefor:

SECTION 5.21. Debt/EBITDA Ratio. The Debt/EBITDA Ratio will at the end of each Fiscal Month (i) during Fiscal Year 1999, be less than 4.0 to 1.0, and (ii) thereafter, be less than 3.5 to 1.0.

8. Amendment to Section 5.22. Section 5.22 of the Credit Agreement hereby is amended by deleting it in its entirety and substituting the following therefor:

SECTION 5.22. Acquisitions. Neither the Borrower nor any Subsidiary shall make any Acquisitions after the Closing Date, except that the Borrower may make any Acquisition which is (i) of stock or assets of a Person in substantially similar lines of business to that of the Borrower and its Subsidiaries and (ii) in an aggregate amount for any single Acquisition or series of related Acquisitions which does not exceed $50,000,000.

9. Amendment to Exhibit F. Exhibit F to the Credit Agreement hereby is amended by deleting paragraph 7 thereof and substituting the following paragraph 7 therefor:

7. Debt/EBITDA Ratio (Section 5.21)

The Debt/EBITDA Ratio will at the end of each Fiscal Month (i) during Fiscal Year 1999, be less than 4.0 to 1.0, and (ii) thereafter, be less than 3.5 to 1.0.

(a) Total Debt	$
(b) EBITDA - Schedule 1	$
(c) Actual ratio of (a) to (b)	to 1.0
Maximum ratio	< ___ to 1.0
	[<3.5 to 1.0]
	[<4.0 to 1.0]

10. Assignment of Loans. Rabobank Nederland hereby sells and assigns to each of the other Banks, and each other Bank hereby purchases, a pro rata (with respect to its Commitments) interest in all of Rabobank Nederland's rights and obligations under the Credit Agreement as of the date hereof as more specifically set forth on Schedule 1 attached hereto.

11. Restatement of Representations and Warranties. The Borrower hereby restates and renews each and every representation and warranty heretofore made by it in the Credit Agreement and the other Loan Documents as fully as if made on the date hereof and with specific reference to this First Amendment and all other loan documents executed and/or delivered in connection herewith.

12. Effect of Amendment. Except as set forth expressly hereinabove, all terms of the Credit Agreement and the other Loan Documents shall be and remain in full force and effect, and shall constitute the legal, valid, binding and enforceable obligations of the Borrower. The amendments contained herein shall be deemed to have prospective application only, unless otherwise specifically stated herein.

13. Ratification. The Borrower hereby restates, ratifies and reaffirms each and every term, covenant and condition set forth in the Credit Agreement and the other Loan Documents effective as of the date hereof.

14. Counterparts. This First Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, and delivered by facsimile transmission, each of which when so executed and delivered (including by facsimile transmission) shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same instrument.

15. Section References. Section titles and references used in this First Amendment shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto evidenced hereby.

16. No Default. To induce the Agent and the Banks to enter into this First Amendment and to continue to make advances pursuant to the Credit Agreement, the Borrower hereby acknowledges and agrees that, as of the date hereof, and after giving effect to the terms hereof, there exists (i)-no Default or Event of Default and (ii)-no right of offset, defense, counterclaim, claim or objection in favor of the Borrower arising out of or with respect to any of the Loans or other obligations of the Borrower owed to the Banks under the Credit Agreement.

17. Further Assurances. The Borrower agrees to take such further actions as the Agent shall reasonably request in connection herewith to evidence the amendments herein contained to the Borrower.

18. Governing Law. This First Amendment shall be governed by and construed and interpreted in accordance with, the laws of the State of Georgia.

19. Conditions Precedent. This First Amendment shall become effective only upon execution and delivery of this First Amendment by the Borrower, the Agent and each Bank.

IN WITNESS WHEREOF, the Borrower, the Agent and each of the Banks whose signature appears below has caused this First Amendment to be duly executed, under seal, by its duly authorized officer as of the day and year first above written.

CULP, INC.,
as Borrower (SEAL)

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

COMMITMENT:

$33,600,000

WACHOVIA BANK, N.A. (successor by merger to Wachovia Bank of Georgia, N.A. and Wachovia Bank North Carolina, N.A.), as Agent and as a Bank (SEAL)

By: David G. Black
Title:

COOPERATIEVE CENTRALE
RAIFFEISEN BOERENLEEENBANK
B.A., "RABOBANK NEDERLAND",
NEW YORK BRANCH,
as a Bank (SEAL)

By: Theodore W. Cox
Title: Vice President

By: W. Jeffrey Vollack
Title: Senior Credit Officer
Senior Vice President

$30,400,000

FIRST UNION NATIONAL BANK
(successor by merger to
First Union National Bank
of North Carolina),
as Documentation Agent and
as a Bank (SEAL)

By: G. Mendel Lay, Jr.
Title: Senior Vice President

$24,000,000

SUNTRUST BANK, ATLANTA,
as a Bank (SEAL)

By: Bradley J. Staples
Title: Senior Vice President

Schedule 1

Prior Syndicated Loans Outstanding:

Wachovia Bank, N.A.	$8,400,000
First Union National Bank	$7,600,000
Suntrust Bank, Atlanta	$6,000,000
Rabobank Nederland	$3,000,000

Syndicated Loans Purchased from Rabobank Nederland:

Wachovia Bank, N.A.	$1,145,454.55
First Union National Bank	$1,036,363.64
Suntrust Bank, Atlanta	$ 818,181.81

Current Syndicated Loan Balances:

Wachovia Bank, N.A.	$9,545,454.55
First Union National Bank	$8,636,363.64
Suntrust Bank, Atlanta	$6,818,181.81

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Culp, Inc.
1,000

3-MOS
MAY-02-1999
MAY-04-1998
AUG-02-1998
1,520
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65,295
(1,462)
79,358
152,222
226,375
(99,088)
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127,622
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97,056
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(1,300)
(2,640)
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(2,640)
(.20)
(.20)