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 January 28, 2001

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 January 28, 2001: 11,211,158
Par Value: $.05

INDEX TO FORM 10-Q
For the period ended January 28, 2001

Item 1: Financial Statements

CULP, INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FOR THE THREE MONTHS AND NINE MONTHS ENDED JANUARY 28, 2001 AND JANUARY 30, 2000

(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Sales	
	January 28, 2001	January 30, 2000	% Over (Under)	2001	2000
Net sales	$ 95,880	113,181	(15.3) %	100.0 %	100.0 %
Cost of sales	86,047	94,712	(9.1) %	89.7 %	83.7 %
Gross profit	9,833	18,469	(46.8) %	10.3 %	16.3 %
Selling, general and administrative expenses	12,480	13,949	(10.5) %	13.0 %	12.3 %
Restructuring expense	2,504	0	100.0 %	2.6 %	0.0 %
Income (loss) from operations	(5,151)	4,520	(214.0) %	(5.4)%	4.0 %
Interest expense	2,222	2,366	(6.1) %	2.3 %	2.1 %
Interest income	(18)	(8)	125.0 %	(0.0)%	(0.0)%
Other expense (income), net	811	229	254.1 %	0.8 %	0.2 %
Income (loss) before income taxes	(8,166)	1,933	(522.5) %	(8.5)%	1.7 %
Income taxes *	(2,696)	501	(638.1) %	33.0 %	25.9 %
Net income (loss)	$ (5,470)	1,432	(482.0) %	(5.7)%	1.3 %
Net income (loss) per share	($0.49)	$0.13	(476.9) %		
Net income (loss) per share, assuming dilution	($0.49)	$0.13	(476.9) %		
Dividends per share	$0.035	$0.035	0.0 %		
Average shares outstanding	11,211	11,296	(0.8) %		
Average shares outstanding, assuming dilution	11,211	11,389	(1.6) %		

	NINE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Sales	
	January 28, 2001	January 30, 2000	% Over (Under)	2001	2000
Net sales	$ 308,739	358,660	(13.9) %	100.0 %	100.0 %
Cost of sales	267,845	296,072	(9.5) %	86.8 %	82.5 %
Gross profit	40,894	62,588	(34.7) %	13.2 %	17.5 %
Selling, general and administrative expenses	39,749	45,022	(11.7) %	12.9 %	12.6 %
Restructuring expense	2,504	0	100.0 %	0.8 %	0.0 %
Income (loss) from operations	(1,359)	17,566	(107.7) %	(0.4)%	4.9 %
Interest expense	6,830	7,266	(6.0) %	2.2 %	2.0 %
Interest income	(40)	(41)	(2.4) %	(0.0)%	(0.0)%
Other expense (income), net	2,127	1,200	77.3 %	0.7 %	0.3 %
Income (loss) before income taxes	(10,276)	9,141	(212.4) %	(3.3)%	2.5 %
Income taxes *	(3,392)	2,952	(214.9) %	33.0 %	32.3 %
Net income (loss)	$ (6,884)	6,189	(211.2) %	(2.2)%	1.7 %
Net income (loss) per share	($0.61)	$0.53	(215.1) %		
Net income (loss) per share, assuming dilution	($0.61)	$0.52	(217.3) %		
Dividends per share	$0.105	$0.105	0.0 %		
Average shares outstanding	11,209	11,703	(4.2) %		
Average shares outstanding, assuming dilution	11,209	11,816	(5.1) %		

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

CULP, INC.
CONSOLIDATED BALANCE SHEETS
JANUARY 28, 2001, JANUARY 30, 2000 AND APRIL 30, 2000
Unaudited
(Amounts in Thousands)

	Amounts		Increase (Decrease)		(1)(2)
	January 28, 2001	(2)January 30, 2000	Dollars	Percent	April 30, 2000
Current assets					
Cash and cash investments	$ 292	568	(276)	(48.6) %	1,007
Accounts receivable	54,474	65,788	(11,314)	(17.2) %	75,223
Inventories	67,156	80,874	(13,718)	(17.0) %	74,471
Other current assets	13,706	9,016	4,690	52.0 %	10,349
Total current assets	135,628	156,246	(20,618)	(13.2) %	161,050
Restricted investments	0	1,047	(1,047)	(100.0) %	0
Property, plant & equipment, net	116,207	123,303	(7,096)	(5.8) %	126,407
Goodwill	48,827	50,222	(1,395)	(2.8) %	49,873
Other assets	2,256	6,490	(4,234)	(65.2) %	6,650
Total assets	$ 302,918	337,308	(34,390)	(10.2) %	343,980
Current liabilities					
Current maturities of long-term debt	$ 2,159	1,678	481	28.7 %	1,678
Accounts payable	27,084	35,347	(8,263)	(23.4) %	37,287
Accrued expenses	15,417	20,878	(5,461)	(26.2) %	22,108
Income taxes payable	0	903	(903)	(100.0) %	0
Total current liabilities	44,660	58,806	(14,146)	(24.1) %	61,073
Long-term debt	119,213	137,052	(17,839)	(13.0) %	135,808
Deferred income taxes	17,459	14,583	2,876	19.7 %	17,459
Total liabilities	181,332	210,441	(29,109)	(13.8) %	214,340
Shareholders' equity	121,586	126,867	(5,281)	(4.2) %	129,640
Total liabilities and shareholders' equity	$ 302,918	337,308	(34,390)	(10.2) %	343,980
Shares outstanding	11,211	11,216	(5)	(0.0) %	11,209

(1) Derived from audited financial statements.
(2) As restated (see note 13 to the consolidated financial statements)

CULP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JANUARY 28, 2001 AND JANUARY 30, 2000
Unaudited
(Amounts in Thousands)

	NINE MONTHS ENDED	
	Amounts	
	January 28, 2001	January 30, 2000
Cash flows from operating activities:		
Net income (loss)	$ (6,884)	6,189
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	14,781	14,481
Amortization of intangible assets	1,196	1,197
Amortization of deferred compensation	303	180
Restructuring expense	2,504	0
Changes in assets and liabilities:		
Accounts receivable	20,749	4,715
Inventories	7,315	(13,804)
Other current assets	(3,357)	617
Other assets	226	(560)
Accounts payable	(4,536)	4,619
Accrued expenses	(8,076)	(328)
Income taxes payable	0	903
Net cash provided by operating activities	24,221	18,209
Cash flows from investing activities:		
Capital expenditures	(6,532)	(14,474)
Purchases of restricted investments	0	(35)
Sale of investments related to deferred compensation plan	4,547	0
Sale of restricted investments	0	2,328
Net cash used in investing activities	(1,985)	(12,181)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	564	8,510
Principal payments on long-term debt	(16,678)	(11,770)
Change in accounts payable-capital expenditures	(5,667)	5,041
Dividends paid	(1,177)	(1,218)
Payments to acquire common stock	0	(6,552)
Proceeds from common stock issued	7	20
Net cash used in financing activities	(22,951)	(5,969)
Increase (decrease) in cash and cash investments	(715)	59
Cash and cash investments at beginning of period	1,007	509
Cash and cash investments at end of period	$ 292	568

CULP, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

(Dollars in thousands, except share and per share data)

	Common Stock Shares	Common Stock Amount	Capital Contributed in Excess of Par Value	Retained Earnings	Total Shareholders' Equity
Balance, May 2, 1999 (1)	12,079,171	$ 604	$ 37,966	$ 89,858	$ 128,428
Cash dividends ($0.14 per share)				(1,611)	(1,611)
Net income				9,380	9,380
Common stock issued in connection with stock option plans	13,813	1	78		79
Common stock purchased	(884,264)	(45)	(2,778)	(3,813)	(6,636)
Balance, April 30, 2000 (1)	11,208,720	560	35,266	93,814	129,640
Cash dividends ($0.105 per share)				(1,177)	(1,177)
Net loss				(6,884)	(6,884)
Common stock issued in connection with stock option plans	2,438	1	6		7
Balance, January 28, 2001	11,211,158	$ 561	$ 35,272	$ 85,753	$ 121,586

(1) As restated (see note 13 to the consolidated financial statements)

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, which are, in the opinion of management, necessary for fair presentation of the results of operations and financial position. During the quarter, a $3.2 million non-cash restructuring charge was recorded (see note 12 to the financial statements). All other adjustments are of a normal recurring nature except as disclosed in note 13 to the financial statements. 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 included in the company's annual report on Form 10-K filed with the Securities and Exchange Commission for the fiscal year ended April 30, 2000.

2. Accounts Receivable

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

	January 28, 2001	April 30, 2000
Customers	$ 57,109	$ 77,981
Allowance for doubtful accounts	(1,501)	(1,477)
Reserve for returns and allowances	(1,134)	(1,281)
	$ 54,474	$ 75,223

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):

	January 28, 2001	April 30, 2000
Raw materials	$ 35,953	$ 43,661
Work-in-process	5,056	5,970
Finished goods	27,040	25,733
Total inventories valued at FIFO cost	68,049	75,364
Adjustments of certain inventories to the LIFO cost method	(893)	(893)
	$ 67,156	$ 74,471

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):

	January 28, 2001	April 30, 2000
Accounts payable-trade	$ 21,943	$ 26,479
Accounts payable-capital expenditures	5,141	10,808
	$ 27,084	$ 37,287

6. Accrued Expenses

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

	January 28, 2001	April 30, 2000
Compensation and benefits	$ 6,513	$ 14,748
Other	8,904	7,360
	$ 15,417	$ 22,108

7. Long-Term Debt

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

	January 28, 2001	April 30, 2000
Senior unsecured notes	$ 75,000	$ 75,000
Industrial revenue bonds and other obligations	33,016	32,452
Revolving credit facility	10,000	25,000
Obligations to sellers	3,356	5,034
	121,372	137,486
Less current maturities	(2,159)	(1,678)
	$ 119,213	$ 135,808

The senior unsecured notes have a fixed coupon rate of 6.76% and an average remaining term of 8 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 a 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 $25,000,000. The agreement requires payment of a quarterly facility fee. In January 2001, the company amended the Credit Agreement to amend certain covenants. Additionally, the amendment increased the interest rate from LIBOR plus 1.10% to 1.60% to LIBOR plus 2.50% to 4.25%. The specified pricing matrix is based on the company's debt to EBITDA ratio, as defined by the agreement. The amended agreement also limits capital expenditures and restricts dividends and common stock repurchases. On borrowings outstanding at January 28, 2001, the interest rate was 9.74% (LIBOR plus 4.00%).

The company's $6,000,000 revolving line of credit expires on February 28, 2002. However, the line of credit will automatically be extended for an additional three-month period on each May 31, August 31, November 30 and February 28 unless the bank notifies the company that the line of credit will not be extended. At January 28, 2001, no borrowings were outstanding under the revolving line of credit.

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 letters of credit for the outstanding balance of the IRBs and certain interest payments due thereunder. The January 2001 amendment to the Credit Agreement also increased the letter of credit fees to a range from 2.50% to 4.25%, based on the company's debt to EBITDA ratio. The letter of credit fee percentage as of January 28, 2001 was 4.00%.

The company's loan agreements require, among other things, that the company maintain compliance with certain financial ratios. At January 28, 2001, the company was in compliance with these amended financial covenants.

At January 28, 2001, the company had two 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:

notional amount	interest rate	expiration date
$ 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 January 28, 2001 is approximately $140,000. Net amounts received/paid under interest rate swap agreements decreased interest expense by approximately $26,000 for the nine months of fiscal 2001 and increased interest expense by approximately $216,000 for the nine months of fiscal 2000. 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):

	2001	2000
Interest	$ 5,650	$ 6,202
Income taxes, net of $29 and $1,826 in refunds in 2001 and 2000, respectively	319	1,398

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 and anticipated transactions to purchase certain machinery and equipment and raw materials. The company had approximately $16,161,000 of outstanding foreign exchange forward contracts as of January 28, 2001.

10. Net Income (Loss) Per Share

The following tables reconcile the numerators and denominators of net income (loss) per share and net income (loss) per share, assuming dilution for the three and nine months ended January 28, 2001 and January 30, 2000:

	THREE MONTHS ENDED					
	January 28, 2001			January 30, 2000		
(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	($5,470)	11,211	($0.49)	$1,432	11,296	$0.13
Effect of dilutive securities: Options	-	-		-	93	
Net income (loss) per share, assuming dilution	($5,470)	11,211	($0.49)	$1,432	11,389	$0.13

	NINE MONTHS ENDED					
	January 28, 2001			January 30, 2000		
(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	($6,884)	11,209	($0.61)	$6,189	11,703	$0.53
Effect of dilutive securities: Options	-	-		-	113	
Net income (loss) per share, assuming dilution	($6,884)	11,209	($0.61)	$6,189	11,816	$0.52

11. Segment Information

The company's operations are classified into two business segments: upholstery fabrics and mattress ticking. The upholstery fabrics segment principally manufactures and sells woven jacquards and dobbies, wet and heat-transfer prints, and woven and tufted velvets primarily to residential and commercial (contract) furniture manufacturers. The mattress ticking segment principally manufactures and sells woven jacquards, heat-transfer prints and pigment prints to bedding manufacturers.

The company internally manages and reports selling, general and administrative expenses, interest expense, interest income, other expense and income taxes on a total company basis. Thus, profit by business segment represents gross profit. In addition, the company internally manages and reports cash and cash investments, accounts receivable, other current assets, restricted investments, property, plant and equipment, goodwill and other assets on a total company basis. Thus, identifiable assets by business segment represent inventories.

Sales and gross profit for the company's operating segments for the three months ended January 28, 2001 and January 30, 2000 are as follows:

(dollars in thousands):

	January 28, 2001	January 30, 2000
Net sales		
Upholstery Fabrics	$ 72,297	$ 87,978
Mattress Ticking	23,583	25,203
	$ 95,880	$ 113,181
Gross Profit		
Upholstery Fabrics	$ 4,158	$ 11,951
Mattress Ticking	5,675	6,518
	$ 9,833	$ 18,469

Sales and gross profit for the company's operating segments for the nine months ended January 28, 2001 and January 30, 2000 are as follows:

(dollars in thousands):

	January 28, 2001	January 30, 2000
Net sales		
Upholstery Fabrics	$ 230,222	$ 281,870
Mattress Ticking	78,517	76,790
	$ 308,739	$ 358,660
Gross Profit		
Upholstery Fabrics	$ 21,426	$ 43,558
Mattress Ticking	19,468	19,030
	$ 40,894	$ 62,588

Inventories for the company's operating segments as of January 28, 2001 and January 30, 2000 are as follows:

(dollars in thousands):

	January 28, 2001	January 30, 2000
Inventories		
Upholstery Fabrics	$ 49,954	$ 65,788
Mattress Ticking	17,202	15,086
	$ 67,156	$ 80,874

12. Restructuring

To reduce costs and improve efficiency, the company is streamlining corporate structure, consolidating manufacturing operations and closing certain facilities. In fiscal 2001, the company recorded a restructuring charge of $3.2 million in the third quarter. A portion of this restructuring charge ($0.7 million) has been classified as a component of cost of sales.

The restructuring charge consisted of $1.4 million for the write-down of fixed assets to net realizable value, $0.7 million for employee termination benefits, $0.7 million for losses on inventory write-downs which has been classified as a component of cost of sales, and $0.4 million for lease termination costs and other contractual obligations.

Subsequent to January 28, 2001, the company announced additional plans for consolidating manufacturing operations and a facility closure. As a result, the company currently expects additional restructuring charges and special costs of approximately $3 million to be reflected primarily in the results for the fourth quarter of fiscal 2001.

13. Restatement

During January 2001, the company terminated the nonqualified deferred compensation plan covering officers and certain other associates. As a result, the company surrendered the life insurance contracts related to the nonqualified plan in order to pay the participants. The proceeds from those life insurance contracts resulted in an amount greater than had previously been recorded by the company which was attributable to gains that occurred in 1999 and 1998. In order to properly reflect these gains, the company restated its financial statements and certain disclosures previously reported in its financial statements as of April 30, 2000 and January 30, 2000. The effect of the correction for these gains increased other assets and retained earnings by $1,102,000 in the consolidated balance sheets as of April 30, 2000 and January 30, 2000, respectively.

CULP, INC.
SALES BY SEGMENT/DIVISION
FOR THE THREE MONTHS AND NINE MONTHS ENDED JANUARY 28, 2001 AND JANUARY 30, 2000

(Amounts in thousands)

THREE MONTHS ENDED (UNAUDITED)

Segment/Division	Amounts January 28, 2001	Amounts January 30, 2000	% Over (Under)	Percent of Total Sales 2001	Percent of Total Sales 2000
Upholstery Fabrics					
Culp Decorative Fabrics $	40,955	49,654	(17.5) %	42.7 %	43.9 %
Culp Velvets/Prints	28,631	34,050	(15.9) %	29.9 %	30.1 %
Culp Yarn	2,711	4,274	(36.6) %	2.8 %	3.8 %
	72,297	87,978	(17.8) %	75.4 %	77.7 %
Mattress Ticking					
Culp Home Fashions	23,583	25,203	(6.4) %	24.6 %	22.3 %
* $	95,880	113,181	(15.3) %	100.0 %	100.0 %

NINE MONTHS ENDED (UNAUDITED)

Segment/Division	Amounts January 28, 2001	Amounts January 30, 2000	% Over (Under)	Percent of Total Sales 2001	Percent of Total Sales 2000
Upholstery Fabrics					
Culp Decorative Fabrics $	129,280	157,067	(17.7) %	41.9 %	43.8 %
Culp Velvets/Prints	90,778	112,042	(19.0) %	29.4 %	31.2 %
Culp Yarn	10,164	12,761	(20.4) %	3.3 %	3.6 %
	230,222	281,870	(18.3) %	74.6 %	78.6 %
Mattress Ticking					
Culp Home Fashions	78,517	76,790	2.2 %	25.4 %	21.4 %
* $	308,739	358,660	(13.9) %	100.0 %	100.0 %

* U.S. sales were $77,360 and $86,359 for the third quarter of fiscal 2001 and fiscal 2000, respectively; and $246,672 and $275,699 for the nine months of fiscal 2001 and fiscal 2000, respectively. The percentage decrease in U.S. sales was 10.4% for the third quarter and a decrease of 10.5% for the nine months.

CULP, INC.
INTERNATIONAL SALES BY GEOGRAPHIC AREA
FOR THE THREE MONTHS AND NINE MONTHS ENDED JANUARY 28, 2001 AND JANUARY 30, 2000

(Amounts in thousands)

	THREE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Total Sales	
Geographic Area	January 28, 2001	January 30, 2000	% Over (Under)	2001	2000
North America (Excluding USA)	$ 8,226	8,476	(2.9)%	44.4 %	31.6 %
Europe	1,669	4,698	(64.5)%	9.0 %	17.5 %
Middle East	3,924	8,140	(51.8)%	21.2 %	30.3 %
Far East & Asia	4,277	4,422	(3.3)%	23.1 %	16.5 %
South America	147	523	(71.9)%	0.8 %	1.9 %
All other areas	277	563	(50.8)%	1.5 %	2.1 %
	$ 18,520	26,822	(31.0)%	100.0 %	100.0 %

	NINE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Total Sales	
Geographic Area	January 28, 2001	January 30, 2000	% Over (Under)	2001	2000
North America (Excluding USA)	$ 26,177	26,064	0.4 %	42.2 %	31.4 %
Europe	4,928	13,696	(64.0)%	7.9 %	16.5 %
Middle East	14,456	24,092	(40.0)%	23.3 %	29.0 %
Far East & Asia	13,103	14,088	(7.0)%	21.1 %	17.0 %
South America	732	1,773	(58.7)%	1.2 %	2.1 %
All other areas	2,671	3,248	(17.8)%	4.3 %	3.9 %
	$ 62,067	82,961	(25.2)%	100.0 %	100.0 %

International sales, and the percentage of total sales, for each of the last five fiscal years follows: fiscal 1996-$77,397 (22%); fiscal 1997-$101,571 (25%); fiscal 1998-$137,223 (29%); fiscal 1999-$113,354 (23%); and fiscal 2000-$111,104 (23%). International sales for the third quarter represented 19.3% and 23.7% for 2001 and 2000, respectively. Year-to-date international sales represented 20.1% and 23.1% of total sales for 2001 and 2000, respectively.

Item 2.

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

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

Culp is one of the largest integrated marketers in the world for upholstery fabrics for furniture and is one of the leading global producers of mattress fabrics (or ticking). The company's fabrics are used primarily in the production of residential and commercial upholstered furniture and bedding products, including sofas, recliners, chairs, love seats, sectionals, sofa-beds, office seating and mattress sets. Although Culp markets fabrics at most price levels, the company emphasizes fabrics that have broad appeal in the promotional and popular-priced categories of furniture and bedding.

Culp's worldwide leadership as a marketer of upholstery fabrics and mattress ticking has been achieved through internal expansion and the integration of strategic acquisitions.

The company's operating segments are upholstery fabrics and mattress ticking, with related divisions organized within those segments. In upholstery fabrics, Culp Decorative Fabrics markets jacquard and dobby woven fabrics for residential and commercial furniture. Culp Velvets/Prints markets a broad range of printed and velvet fabrics used primarily for residential and juvenile furniture. Culp Yarn manufactures specialty filling yarn that is used by Culp and also marketed to outside customers. In mattress ticking, Culp Home Fashions markets a broad array of fabrics used by bedding manufacturers.

Three and Nine Months ended January 28, 2001 compared with Three and Nine Months ended January 30, 2000

Net Sales. Net sales for the third quarter of fiscal 2001 decreased by 15.3% to $95.9 million. Sales of upholstery fabrics decreased 17.8% to $72.3 million, and sales of mattress ticking decreased 6.4% to $23.6 million. Net sales for the first nine months of fiscal 2001 decreased by $49.9 million, or 13.9%, compared with the year-earlier period. The company's sales of upholstery fabrics decreased $51.6 million, or 18.3%, for the first nine months compared with the prior year. Conversely, the company's sales of mattress ticking increased $1.7 million, or 2.2%, for the first nine months compared with the prior year. International sales were down 31.0% and 25.2% for the quarter and nine months, respectively. Key factors influencing the year-to-year comparisons for the third quarter and the first nine months were continued weakness in consumer spending on home furnishings, especially in the promotional price category, and an adverse impact on exports from the strength in the U.S. dollar compared with a year ago. The slowdown in industry-wide demand also led to a decline in sales at Culp Home Fashions (primarily mattress ticking) for the third quarter. Culp's sales of mattress ticking were up 2.2% for the first nine months.

The fourth fiscal quarter of the year is historically a strong period for the company's sales. Based on current trends, however, the company does not expect to report a profit for the fourth quarter, including restructuring and special costs, and for fiscal 2001 as a whole.

Gross Profit and Cost of Sales. Gross profit declined 46.8% for the third quarter versus a year ago and decreased as a percentage of net sales from 16.3% to 10.3%. For the first nine months, gross profit decreased 34.7% to $40.9 million and decreased as a percentage of net sales from 17.5% to 13.2%. The decline was due principally to lower sales volume for the period which led to unfavorable cost variances in the company's upholstery fabrics operation. The company has taken steps to lower expenses by consolidating certain operations and reducing personnel, but these actions were not sufficient to offset the impact of the significantly lower sales.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the third quarter increased as a percentage of sales from 12.3% to 13.0%. For the first nine months, these expenses increased as a percentage of sales to 12.9% versus 12.6% for the prior year. The dollar amount of these expenses declined 10.5% and 11.7% for the quarter and nine months, respectively, reflecting the company's actions to reduce expenses, but the lower-than-expected sales caused the increase in these costs as a percentage of sales.

Restructuring Expense. During the third quarter, the company initiated a restructuring plan intended to lower costs, increase efficiency and position the company to operate profitably within the current environment of reduced demand. The plan involves the consolidation of certain manufacturing capacity, the closure of some facilities and an extensive reduction in selling, general and administrative expenses. The company also recognized certain inventory write-downs as part of this initiative. The total charge from the restructuring, cost reduction and inventory write-down initiatives is expected to exceed $6.0 million, about half of which should represent non-cash items. The company recognized $3.2 million of restructuring charges and special costs in the third quarter, and most of the balance is expected to be reflected in results for the fourth fiscal period. The company expects to realize annualized cost reductions of at least $12 million when these steps are fully implemented.

Interest Expense. Interest expense of $2.2 million and $6.8 million for the third quarter and first nine months, respectively, was down $0.1 million and $0.4 million, respectively, from a year ago due to lower average borrowings. Based on the terms of the amended credit facility, the company expects interest expense to be higher in the next few quarters even with lower average borrowings.

Other Expense. Other expense increased to $0.8 million and $2.1 million for the third quarter and first nine months of 2001, respectively, versus $0.2 million and $1.2 million, respectively, for the year-earlier periods. These increases were principally due to lower investment income on assets related to the nonqualified deferred compensation plan. This plan was terminated during the third quarter, as discussed below.

Income Taxes. The effective tax rate for the first nine months of fiscal 2001 was 33.0%, up slightly from 32.3% for the year-earlier period.

Net Income (Loss) Per Share. Net loss per share for the third quarter of fiscal 2001 totaled ($0.49) per share diluted (based on 11,211,000 average shares outstanding during the period) compared with net income of $0.13 per share diluted (based on 11,389,000 average shares outstanding during the period) a year ago. For the first nine months, the company reported a net loss of ($0.61) per share diluted (based on 11,209,000 average shares outstanding during the period) compared with net income of $0.52 per share diluted (based on 11,816,000 average shares outstanding during the period) in the prior year.

Liquidity and Capital Resources

Liquidity. Cash and cash investments were $0.3 million as of January 28, 2001, compared with $0.6 million at January 30, 2000, and $1.0 million at the end of fiscal 2000. Funded debt (long-term debt, including current maturities, less restricted investments) was $121.4 million at January 28, 2001, compared with $137.7 million at January 30, 2000 and $137.5 million at April 30, 2000. As a percentage of total capital (funded debt plus total stockholders' equity), the company's borrowings amounted to 50.0% at January 28, 2001, compared with 52.0% at January 30, 2000 and 51.5% at April 30, 2000. The company's working capital as of January 28, 2001 was $91.0 million, compared with $97.4 million as of January 30, 2000, and $100.0 million at the close of fiscal 2000.

The company's cash flow from operations was $24.2 million for the first nine months of fiscal 2001, consisting of $11.9 million from operations (net loss plus depreciation, amortization and restructuring expense) plus $12.3 million from the decrease in working capital. The decrease in working capital was primarily due to a $20.7 million decrease in accounts receivable and a $7.3 million decrease in inventories offset by a $8.1 million decrease in accrued expenses, a $4.5 million decrease in accounts payable and a $3.4 million increase in other current assets.

In separate authorizations in June 1998, March 1999, September 1999 and December 1999, the board of directors of the company authorized the use of a total of $20.0 million to repurchase the company's common stock. Over the past two fiscal years, the company has invested $12.2 million to repurchase a total of 1.8 million shares. No purchases were made during the first nine months of fiscal 2001, and under the terms of its amended credit facility, the company is currently restricted from any stock repurchases.

Financing Arrangements. Culp has outstanding $75 million of senior unsecured notes with a fixed coupon rate of 6.76% and an average remaining term of eight years.

Culp has a $25 million syndicated, multi-currency revolving credit facility. The facility, which expires in April 2002, requires quarterly payments of interest on all outstanding borrowings and a quarterly facility fee. In January 2001, the company amended the credit facility to amend certain covenants. The amendment also increased the interest rate from LIBOR plus 1.10% to 1.60% to LIBOR plus 2.50% to 4.25%. The specified pricing matrix is based on the company's debt to EBITDA ratio, as defined by the facility. The amended facility also limits capital expenditures and prohibits dividends and common stock repurchases at this time. As of January 28, 2001, the company had outstanding balances of $10 million under the credit facility.

The company also has a total of $33.0 million in currently outstanding industrial revenue bonds ("IRBs") which have been used to finance capital expenditures. The IRBs are collateralized by letters of credit for the outstanding balance of the IRBs and certain interest payments due thereunder. The January 2001 amendment to the credit facility also increased the letter of credit fees to a range from 2.50% to 4.25%, based on the company's debt to EBITDA ratio. The letter of credit fee percentage as of January 28, 2001 was 4.00%.

The company's loan agreements require, among other things, that the company maintain compliance with certain financial ratios. As of January 28, 2001, the company was in compliance with these amended financial covenants.

As of January 28, 2001, the company had two interest rate swap agreements to reduce its exposure to floating interest rates on a $10 million notional amount. The effect of these contracts is to "fix" the interest rate payable on $10 million of the company's variable rate borrowings at a weighted average rate of 6.8%. The company also enters into foreign exchange forward and option contracts to hedge against currency fluctuations with respect to firm commitments and anticipated transactions to purchase certain machinery, equipment and raw materials. The company had approximately $16.2 million of outstanding foreign exchange forward contracts as of January 28, 2001.

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. Capital expenditures for the first nine months of fiscal 2001 totaled $6.5 million compared with $14.5 million in the year-earlier period. The company plans for total capital spending for fiscal 2001 and 2002 to be approximately $8 million and $4 million, respectively.

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.

Restatement

During January 2001, the company terminated the nonqualified deferred compensation plan covering officers and certain other associates. As a result, the company surrendered the life insurance contracts related to the nonqualified plan in order to pay the participants. The proceeds from those life insurance contracts resulted in an amount greater than had previously been recorded by the company which was attributable to gains that occurred in 1999 and 1998. In order to properly reflect these gains, the company restated its financial statements and certain disclosures previously reported in its financial statements as of April 30, 2000 and January 30, 2000. The effect of the correction for these gains increased other assets and retained earnings by $1,102,000 in the consolidated balance sheets as of April 30, 2000 and January 30, 2000, respectively.

Inflation

The cost of certain of the company's raw materials, principally fibers from petroleum derivatives, and utility/energy costs have increased somewhat; but overall operating expenses are remaining generally stable. Factors that reasonably can be expected to influence margins in the future include changes in raw material prices, trends in other operating costs and overall competitive conditions.

Seasonality

The company's business is slightly seasonal, with relatively stronger sales during the 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.

Forward-Looking Information

The company's quarterly report on Form 10-Q contains statements that may be deemed "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. 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.

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." As amended, this new standard is effective for fiscal years beginning after June 15, 2000, which will be effective for the company's fiscal year 2002. This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The company has not determined the financial impact of adopting this SFAS.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The company is exposed to market risk from changes in interest rates on debt and foreign currency exchange rates. The company's market risk sensitive instruments are not entered into for trading purposes. The company has not experienced any significant changes in market risk since January 28, 2001.

The company's exposure to interest rate risk consists of floating rate debt based on the London Interbank Offered Rate plus an adjustable margin under the company's revolving credit agreement and variable rate debt in connection with the industrial revenue bonds. To lower or limit overall borrowing costs, the company enters into interest rate swap agreements to modify the interest characteristics of portions of its outstanding debt. The agreements entitle the company to receive or pay to the counterparty (a major bank), on a quarterly basis, the amounts, if any, by which the company's interest payments covered by swap agreements differ from those of the counterparty. These amounts are recorded as adjustments to interest expense. The fair value of the swap agreements and changes in fair value resulting from changes in market interest rates are not recognized in the consolidated financial statements. The annual impact on the company's results of operations of a 100 basis point interest rate increase on the January 28, 2001 outstanding balance of the variable rate debt would be approximately $410,000 irrespective of any swaps associated with this debt.

The company's exposure to fluctuations in foreign currency exchange rates is due primarily to a foreign subsidiary domiciled in Canada and purchases of certain machinery, equipment and raw materials in foreign currencies. The company's Canadian subsidiary uses the United States dollar as its functional currency. The company generally does not use financial derivative instruments to hedge foreign currency exchange rate risks associated with the Canadian subsidiary. However, the company generally enters into foreign exchange forward and option contracts as a hedge against its exposure to currency fluctuations on firm commitments and anticipated transactions to purchase certain machinery, equipment and raw materials. The Canadian subsidiary is not material to the company's consolidated results of operations; therefore, a 10% change in the exchange rate at January 28, 2001 would not have a significant impact on the company's results of operations or financial position. In addition, the company had approximately $16.2 million of outstanding foreign exchange forward contracts as of January 28, 2001. As a result, any change in exchange rates would not have a significant impact on the company's results of operations or financial position as the foreign exchange forward contracts have "fixed" the exchange rate with respect to these purchase commitments and anticipated transactions.

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.

3(iii) Articles of Amendment of Culp, Inc. dated October 5, 1999 for the purpose of amending its Restated Charter to fix the designation, preferences, limitations and relative rights of a series of its Preferred Stock. The Articles of Amendment of Culp, Inc. were filed as Exhibit 3(iii) to the Company's Form 10-Q for the quarter ended October 31, 1999, filed December 15, 1999, 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 29, 1990, filed on July 25, 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, as lenders. This amendment was filed as Exhibit 10(mm) to the Company's Form 10-Q for the quarter ended August 2, 1998, and is incorporated herein by reference.

10(nn) Second Amendment to Credit Agreement dated October 26, 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, and SunTrust Bank, Atlanta, as lenders. This amendment was filed as Exhibit 10(nn) to the Company's Form 10-Q for the quarter ended November 1, 1998, and is incorporated herein by reference.

10(oo) Rights Agreement, dated as of October 8, 1999, between Culp, Inc. and EquiServe Trust Company, N.A., as Rights Agent, including the form of Articles of Amendment with respect to the Series A Participating Preferred Stock included as Exhibit A to the Rights Agreement, the forms of Rights Certificate included as Exhibit B to the Rights Agreement, and the form of Summary of Rights included as Exhibit C to the Rights Agreement. The Rights Agreement was filed as Exhibit 99.1 to the Company's Form 8-K dated October 12, 1999, and is incorporated herein by reference.

10(pp) Third Amendment to Credit Agreement dated April 28, 2000, 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, and Suntrust Bank, as lenders. This amendment was filed as Exhibit 10(pp) to the Company's Form 10-K for the year ended April 30, 2000, and is incorporated herein by reference.

10(qq) Fourth Amendment to Credit Agreement dated July 30, 2000, 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, and Suntrust Bank, as lenders. This amendment was filed as Exhibit 10(qq) to the Company's Form 10-Q for the quarter ended July 30, 2000, and is incorporated herein by reference.

10(rr) Amendments to 1993 Stock Option Agreement dated September 26, 2000. This amendment was filed as Exhibit 10(rr) to the Company's Form 10-Q for the quarter ended October 29, 2000, and is incorporated herein by reference. (*)

10(ss) Fifth Amendment to Credit Agreement dated January 26, 2001, 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, and Suntrust Bank, as lenders.

10(tt) Second Amendment to Reimbursement and Security Agreements dated January 26, 2001, made by and between Culp, Inc. and Wachovia Bank, N.A.

(b) Reports on Form 8-K:

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

(1) Form 8-K dated November 15, 2000, included under Item 5, Other Events, the Company's press release for quarterly earnings and the Financial Information Release relating to certain financial information for the quarter ended October 29, 2000.

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: March 14, 2001

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)

Exhibit 10(ss)

FIFTH AMENDMENT TO CREDIT AGREEMENT
(With SunTrust Secured Tranche)

THIS FIFTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is dated as of January 26, 2001 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 (the "Documentation Agent"), and WACHOVIA BANK, N.A., FIRST UNION NATIONAL BANK and SUNTRUST BANK (formerly known as SunTrust Bank, Atlanta)(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, as amended by First Amendment to Credit Agreement dated as of July 22, 1998, Second Amendment to Credit Agreement dated as of October 26, 1998, Third Amendment to Credit Agreement dated as of April 28, 2000, and Fourth Amendment to Credit Agreement dated as of July 30, 2000 (as so amended, the "Credit Agreement"); and

WHEREAS, the Borrower has requested, and the Agent, the Documentation Agent and the Banks have agreed to certain amendments 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. Amendments to Section-1.01. (a) The following new definitions are hereby added to Section 1.01 of the Credit Agreement in alphabetical order as follows:

"Capital Expenditures" means for any period the sum of all capital expenditures incurred during such period by the Borrower and its Consolidated Subsidiaries, as determined in accordance with GAAP.

"Consolidated Net Worth" has the meaning set forth in the Borrower's Note Purchase Agreement dated as of March 4, 1998, relating to the Borrower's 6.76% Series A Notes due March 15, 2008, and 6.76% Series B Notes due March 15, 2010.

"Restricted Payment" means (i) any dividend or other distribution on any shares of the Borrower's Capital Stock (except dividends payable solely in shares of its Capital Stock) or (ii) any payment on account of the purchase, redemption, retirement or acquisition of (a) any shares of the Borrower's Capital Stock (except shares acquired upon the conversion thereof into other shares of its Capital Stock) or (b) any option, warrant or other right to acquire shares of the Borrower's Capital Stock.

(b) The following definition contained in Section 1.01 of the Credit Agreement is amended by deleting it in its entirety and substituting the following therefor, in alphabetical order:

"EBITDA" means at any time the sum of the following, determined on a consolidated basis for the Borrower and its Consolidated Subsidiaries, at the end of each Fiscal Quarter, for the Fiscal Quarter just ended and the 3 immediately preceding Fiscal Quarters (and with respect to any Acquisition which is made during such 4 Fiscal Quarter period, the Consolidated Subsidiary acquired in such Acquisition shall be included as if it had been a Consolidated Subsidiary prior to the commencement of such 3 Fiscal Quarter period): (i) Consolidated Net Income; plus (ii) Consolidated Net Interest Expense; plus (iii) taxes on income; plus (iv) depreciation; plus (v) amortization; plus (vi) cash charges described on Schedule 1.01(E) attached hereto and made a part hereof not exceeding $3,400,000 in the aggregate through the first Fiscal Quarter of Fiscal Year 2002, and other non-cash charges.

Schedule 1.01(E) described in the foregoing amended definition of EBITDA is attached to the Credit Agreement in the form of Schedule 1.01(E) attached to this Amendment and made a part hereof.

3. 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 January 26, 2001 to the first Performance Pricing Determination Date after January 26, 2001, (x) for any Base Rate Loan, 1.35%, and (y) for any Euro-Dollar Loan or Foreign Currency Loan, 4.00%; and

(ii) from and after the first Performance Pricing Determination Date after January 26, 2001, (x) for any Base Rate Loan, 1.35% and (y) for each Euro-Dollar Loan or Foreign Currency 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
<= 3.0 to 1.0	2.50%
> 3.0 to 1.0 but <= 3.5 to 1.0	3.00%
> 3.5 to 1.0 but <= 4.0 to 1.0	3.50%
> 4.0 to 1.0 but <= 4.5 to 1.0	4.00%
> 4.50 to 1.0	4.25%

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.

4. Amendment to Section 2.07(a). Section 2.07(a) of the Credit Agreement hereby is amended by deleting it in its entirety and substituting the following therefor:

(a) The Borrower shall pay to the Agent, for the ratable account of each Bank, a facility fee, calculated in the manner provided in the last paragraph of Section 2.06(a)(ii), on the aggregate amount of such Bank's Commitment (without taking into account the amount of the outstanding Loans made by such Bank), at a rate per annum equal to: (i) for the period commencing on January 26, 2001 to and including the first Performance Pricing Determination Date occurring after January 26, 2001, .500%; and (ii) from and after the first Performance Pricing Determination Date occurring after January 26, 2001, the percentage determined on each Performance Pricing Determination Date by reference to the table set forth below and the Debt/EBITDA Ratio for the quarterly or annual period ending immediately prior to such Performance Pricing Determination Date:

Debt/EBITDA Ratio	Facility Fee
<= 3.0 to 1.0	.375%
> 3.0 to 1.0 but <= 3.5 to 1.0	.375%
> 3.5 to 1.0 but <= 4.0 to 1.0	.375%
> 4.0 to 1.0 but <= 4.5 to 1.0	.500%
> 4.50 to 1.0	.500%

Such facility fees shall accrue from and including January 26, 2001 to (but excluding the Termination Date) and shall be payable on each March 31, June 30, September 30 and December 31 and on the Termination Date.

5. Amendment to Section 5.17. Clause (l) and the proviso contained at the end of Section 5.17 of the Credit Agreement hereby are amended by deleting them in their entirety and substituting the following therefor:

(l) Liens not otherwise permitted by the foregoing paragraphs of this Section securing Debt (other than indebtedness represented by the Notes), and Debt of Subsidiaries not otherwise permitted by paragraph (j), in an aggregate principal amount at any time outstanding not to exceed 15% of Consolidated Net Worth.

Provided the sum of (A) the aggregate amount of Debt secured by Liens permitted by the foregoing paragraphs (a) through (h) and (l), plus (B) Debt of Subsidiaries permitted by paragraph (l), shall not at any time exceed an aggregate amount equal to 15% of Consolidated Net Worth.

6. Amendment to Section 5.19. Section 5.19 of the Credit Agreement hereby is amended by deleting it in its entirety and substituting the following therefor:

> SECTION 5.19. Interest and Leases Coverage. At the end of each Fiscal Quarter, the Interest and Leases Coverage Ratio shall not have been less than: (i) for the period from and including the third Fiscal Quarter of Fiscal Year 2000 through and including the second Fiscal Quarter of Fiscal Year 2002, 1.75 to 1.0; (ii) for the period after the second Fiscal Quarter of Fiscal Year 2002 through and including the third Fiscal Quarter of Fiscal Year 2002, 2.00 to 1.0; and (iii) at all times thereafter, 2.25 to 1.0.

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. At the end of each Fiscal Month, the Debt/EBITDA Ratio shall be less than (i) for the period from and including the third Fiscal Quarter of Fiscal Year 2000 through and including the fourth Fiscal Quarter of Fiscal Year 2001, 4.90 to 1.0; (ii) for the period after the fourth Fiscal Quarter of Fiscal Year 2001 through and including the first Fiscal Quarter of Fiscal Year 2002, 4.60 to 1.0; (iii) for the period after the first Fiscal Quarter of Fiscal Year 2002 through and including the second Fiscal Quarter of Fiscal Year 2002, 4.30 to 1.0; (iv) for the period after the second Fiscal Quarter of Fiscal Year 2002 through and including the third Fiscal Quarter of Fiscal Year 2002, 3.90 to 1.0; (v) for the period after the third Fiscal Quarter of Fiscal Year 2002 through and including the fourth Fiscal Quarter of Fiscal Year 2002, 3.65 to 1.0; and (vi) for each period thereafter, 3.50 to 1.0.

8. New Section 5.23. A new Section 5.23 is hereby added to the Credit Agreement as follows:

> SECTION 5.23. Restricted Payments. The Borrower will not declare or make any Restricted Payment at any time at which the Debt/EBITDA Ratio for the prior Fiscal Month is equal to or greater than 3.00 to 1.00.

9. New Section 5.24. A new Section 5.24 is hereby added to the Credit Agreement as follows:

> SECTION 5.24. Capital Expenditures. Capital Expenditures will not exceed (i) for the period from and including the third Fiscal Quarter of Fiscal Year 2000 through and including the fourth Fiscal Quarter of Fiscal Year 2001, $1,500,000; (ii) for the period after the fourth Fiscal Quarter of Fiscal Year 2001 through and including the fourth Fiscal Quarter of Fiscal Year 2002, $4,000,000; and (iii) for each Fiscal Year thereafter, an amount not exceeding 50% of the Borrower's depreciation for such period determined in accordance with GAAP.

10. 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, except to the extent that any representation or warranty related to an earlier specified date, and with specific reference to this Amendment and all other loan documents executed and/or delivered in connection herewith.

11. 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.

12. 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.

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

14. Section References. Section titles and references used in this 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.

15. No Default. To induce the Agent, the Documentation Agent and the Banks to enter into this 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.

16. 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.

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

18. Conditions Precedent. This Amendment shall become effective only upon (i) execution and delivery of this Amendment by each of the parties hereto, (ii) payment to the Agent of a fully-earned and non-refundable fee in an aggregate amount equal to $115,000, payable to the Banks on a pro rata basis with respect to their Commitments, (iii) pursuant to Section 2.08, the Borrower shall have delivered to the Agent an irrevocable notice of reduction of the Unused Commitments, on a pro rata basis, to an aggregate amount not exceeding $25,000,000, effective simultaneously with the execution and delivery of this Amendment, and (iv) Borrower shall have delivered to the Agent an irrevocable notice of reduction of the Unused Commitments, on a pro rata basis, to an aggregate amount not exceeding $20,000,000, effective January 31, 2002. A default by the Borrower under this Amendment shall be an Event of Default under the Credit Agreement.

19. Restructuring of the Loans and Collateral Security. The Borrower agrees on or before March 23, 2001, to (a) execute and deliver (i) an amendment reasonably satisfactory to the Banks in all respects with respect to the Credit Agreement whereby (A) a portion of the Loans held by SunTrust Bank outstanding on such date equal to $998,634 is converted into a term loan held solely by SunTrust Bank (the "SunTrust Term Loan"), and (B) under its Commitment, SunTrust will not be obligated to fund its pro rata share of Loans until SunTrust Bank's pro rata share of all the outstanding Loans (after giving effect to any requested Loan) is greater than $998,634; and (ii) new Notes reflecting such amendment and evidencing such SunTrust Term Loan and the other Notes held by SunTrust Bank, (b) execute and deliver in favor of the Agent, for the benefit of SunTrust Bank and the issuers of letters of credit (the "LC Issuers") securing the payment of the Borrower's industrial revenue bonds (such bonds being referred to herein as the "Bonds") issued as (1) Chesterfield County, South Carolina Industrial Revenue Bonds (Series 1996) in the original principal amount of $3,377,000, (2) Alamance County, South Carolina Industrial Facilities and Pollution Control Financing Authority Industrial Revenue Refunding Bonds (Series A and B) in the original principal amount of $7,900,000, and (3) Robeson County, South Carolina Industrial Facilities and Pollution Control Financing Authority Industrial Development Revenue Bonds (Series 1997) in the original principal amount of $8,500,000, a security agreement whereby the Borrower grants the Agent a first priority and only security interest in and to the Borrower's accounts receivable and general intangibles to secure the SunTrust Term Loan and the Borrower's reimbursement obligations to the LC Issuers with respect to the Bonds, along with UCC financing statements reasonably requested by the Agent in connection therewith (the Borrower agreeing to reimburse the Agent for any recording fees, taxes and other expenses incurred in connection with the perfection of the Agent's security interest); (c) an opinion of Robinson, Bradshaw & Hinson, counsel for the Borrower, substantially in the form of Exhibit B to the Credit Agreement and opining (i) that, as of the date of execution and delivery of such security agreement, the Credit Agreement as amended and such security agreement do not conflict with any material agreement to which the Borrower is a party, including, without limitation, that certain Note Purchase Agreement dated as of March 4, 1998, (ii) as to the perfection of the security interests created by such security agreement, and (iii) as to such additional matters relating to the transactions contemplated hereby as the Agent or any Bank may reasonably request; (d) a certificate substantially in the form of Exhibit G to the Credit Agreement, signed by a principal financial officer of the Borrower, to the effect that (i) no Default has occurred and is continuing on the date of such amendment and security agreement, and (ii) the representations and warranties of the Borrower contained in Article IV of the Credit Agreement are true on and as of such date; (e) a certificate of the Borrower, signed by the Secretary or an Assistant Secretary of the Borrower substantially in the form of Exhibit H to the Credit Agreement, certifying as to the names, true signatures and incumbency of the officer or officers of the Borrower authorized to execute and deliver such amendment, security agreement and UCC financing statements, and certified copies of the following items: (i) the Borrower's Certificate of Incorporation, (ii) the Borrower's Bylaws, (iii) a certificate of the Secretary of State of the State of North Carolina as to the existence of the Borrower as a North Carolina corporation, and (iv) the action taken by the Board of Directors of the Borrower authorizing the Borrower's execution, delivery and performance of such amendment, the security agreement and such UCC financing statements; and (f) to take such further actions as the Agent shall reasonably request in connection therewith. The failure of the Borrower to perform its obligations under this paragraph 19, time being of the essence, shall constitute an Event of Default under the Credit Agreement.

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

CULP, INC.,
(SEAL)
as Borrower

By: ___________________________________
Title:

WACHOVIA BANK, N.A.,
as Agent and as a
Bank (SEAL)

By: ___________________________________
Title:

FIRST UNION NATIONAL BANK,
as Documentation Agent and as a Bank(SEAL)

By: ___________________________________
Title:

SUNTRUST BANK,
as a Bank (SEAL)

By: ___________________________________
Title:

Exhibit 10(tt)

SECOND AMENDMENT TO REIMBURSEMENT AND SECURITY AGREEMENTS

THIS SECOND AMENDMENT TO REIMBURSEMENTI AND SECURITY AGREEMENTS, dated January 26, 2001 (this "Amendment"), is made by and between Culp, Inc., a North Carolina corporation ("Company"), and Wachovia Bank, N.A., a national banking association (the "Bank"). This Amendment amends the Reimbursement Agreements defined below. All capitalized terms not otherwise defined in this Amendment shall have the meanings assigned to them in the Reimbursement Agreements.

RECITALS

A. The Company and the Bank are parties to seven separate Reimbursement and Security Agreements (as amended by that First Amendment thereto dated as of November 14, 2000, collectively, the "Reimbursement Agreements"), each dated as of April 1, 1997 (except for item (vii) which is dated as of July 1, 1997), with respect to (i) $3,377,000 original principal amount Chesterfield County South Carolina Industrial Revenue Bonds (Series 1988); (ii) $6,000,000 original principal amount Chesterfield County, South Carolina Industrial Revenue Bonds (Series 1996); (iii) $6,580,000 original principal amount Anderson County, South Carolina Industrial Revenue Bonds (Series 1993); (iv) $4,500,000 original principal amount Guilford County Industrial Facilities and Pollution Control Financing Authority Industrial Development Revenue Bonds (Series 1989); (v) $7,900,000 original principal amount Alamance County Industrial Facilities and Pollution Control Financing Authority Industrial Revenue Refunding Bonds (Series A and B); (vi) $3,500,000 original principal amount Luzerne County Industrial Development Revenue Bonds (Series 1996); and (vii) $8,500,000 original principal amount Robeson County Industrial Facilities and Pollution Control Financing Authority Industrial Development Revenue Bonds (Series 1997).

B. The Company has requested in connection with Section 8.1(f) of the Reimbursement Agreements that the Bank consent to that certain Fifth Amendment (the "Fifth Amendment") executed and delivered simultaneously herewith with respect to that certain Credit Agreement, dated April 23, 1997, between the Company, and the Bank has so agreed, subject to the terms and conditions set forth in this Amendment.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Bank hereby agree as follows:

CONSENT

1.1 Consent to Fifth Amendment. The Bank hereby consents to the execution and delivery of the Fifth Amendment and agrees that by virtue of the amendments set forth in the Fifth Amendment no Event of Default has occurred under Section 8.1(f) of the Reimbursement Agreements with respect to the provisions amended in such Fifth Amendment.

AMENDMENTS

Each Reimbursement Agreement is hereby amended as follows:

2.1 Amendment of Definition of Fee Percentage. The definition of "Fee Percentage" contained in Section-1.1 of each Reimbursement Agreement is hereby deleted in its entirety and is replaced with the following:

"Fee Percentage" means the percentage determined on each applicable Payment Date by reference to the table set forth below and the Debt/EBITDA Ratio for the quarterly or annual period ending immediately prior to such Payment Date:

Debt/EBITDA Ratio	Fee Percentage
<=3.00 to 1.00	2.50%
>3.00 to 1.00 but <=3.50 to 1.00	3.00%
>3.50 to 1.00 but <=4.00 to 1.00	3.50%
>4.00 to 1.00 but <=4.50 to 1.00	4.00%
>4.50 to 1.00	4.25%

2.3 References to "Credit Agreement". The Company hereby agrees that references to the "Credit Agreement" in each of the Reimbursement Agreements shall include the Credit Agreement as in effect immediately prior to any termination or replacement thereof, as if such termination or replacement had not occurred, and for the purposes of Section 8.1(f) of each Reimbursement Agreement the Credit Agreement shall be deemed to have survived such termination or replacement, the Credit Agreement being incorporated herein by reference.

2.4 Effect of Amendment. The Company hereby reaffirms and ratifies all of its Reimbursement Obligations under each of the Reimbursement Agreements. Except as expressly amended hereby, each such document shall continue in full force and effect in accordance with the provisions thereof on the date hereof. This Amendment is intended to supplement each Reimbursement Agreement, and is not intended to be and shall not be construed as a substitution or novation of the original indebtedness evidenced by the Reimbursement Agreements, which shall remain in full force and effect; and this Agreement does not extinguish the outstanding indebtedness evidenced by the Reimbursement Agreements.

REPRESENTATIONS AND WARRANTIES

The Company hereby represents and warrants that:

3.1 Authorization. The execution, performance and delivery of this Amendment are within the corporate powers of the Company and have been duly authorized by all necessary corporate action of the Company and this Amendment has been validly executed and delivered by the Company

3.2 Compliance with Reimbursement Agreements. The Company is in compliance with all terms and provisions set forth in the Reimbursement Agreements to be observed or performed by it, and no Event of Default, nor any event that upon notice, lapse of time, or both, would constitute an Event of Default, has occurred and is continuing.

GENERAL

4.1 Full Force and Effect. This Amendment is limited as specified and shall not constitute a modification, acceptance or waiver of any provision of the Reimbursement Agreements except as expressly stated herein. Except as expressly amended hereby, the Reimbursement Agreements shall remain in full force and effect in accordance with the provisions thereof on the date hereof.

4.2 Applicable Law. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the internal laws and judicial decisions of the State of North Carolina.

4.3 Expenses and Fees. The Company agrees to pay all out-of-pocket expenses incurred by the Bank in connection with the preparation, execution and delivery of this Amendment, including, without limitation, all reasonable attorney's fees.

4.4 Headings. The headings contained in this Amendment are for the purpose of reference only and shall not affect the construction hereof.

4.5. Collateral Security. The Company agrees on or before March 23, 2001, to (a) execute and deliver in favor of the Bank a security agreement whereby the Company grants the Bank a first priority and only security interest in and to the Company's accounts receivable and general intangibles to secure the Company's Reimbursement Obligations under the Reimbursement Agreements described in clauses (i), (v) and (vii) in paragraph A of the Recitals to this Amendment (the "Secured Reimbursement Obligations") and whereby the Company agrees that it may not voluntarily prepay the bonds with respect to the Secured Reimbursement Obligations until all other bonds that are not secured are prepaid, along with UCC financing statements reasonably requested by the Banks in connection therewith (the Company agreeing to reimburse the Bank for any recording fees, taxes and other expenses incurred in connection with the perfection of the Bank's security interest); (b) an opinion of counsel for the Company, substantially in the form of opinions previously delivered to the Bank and opining (i) that, as of the date of execution and delivery of such security agreement, the Reimbursement Agreements as amended and such security agreement do not conflict with any material agreement to which the Company is a party, including, without limitation, that certain Note Purchase Agreement dated as of March 4, 1998, (ii) as to the perfection of the security interests created by such security agreement, and (iii) as to such additional matters relating to the transactions contemplated hereby as the Bank may reasonably request; (c) a certificate signed by a principal financial officer of the Company, to the effect that (i) no Default or Event of Default has occurred and is continuing on the date of such security agreement, and (ii) the representations and warranties of the Company contained in the Reimbursement Agreements are true on and as of such date; (d) a certificate of the Company, signed by the Secretary or an Assistant Secretary of the Company certifying as to the names, true signatures and incumbency of the officer or officers of the Company authorized to execute and deliver this Amendment and such security agreement and UCC financing statements, and certified copies of the following items: (i) the Company's Certificate of Incorporation, (ii) the Company's Bylaws, (iii) a certificate of the Secretary of State of the State of North Carolina as to the existence of the Company as a North Carolina corporation, and (iv) the action taken by the Board of Directors of the Company authorizing the Company's execution, delivery and performance of this Amendment, the security agreement and such UCC financing statements; and (e) to take such further actions as the Bank shall reasonably request in connection therewith. The failure of the Company to perform its obligations under this Section 4.5, time being of the essence, shall constitute an Event of Default under the Reimbursement Agreements.

4.6 Conditions Precedent. This Amendment shall become effective only upon (i) execution and delivery of this Amendment by each of the parties hereto, and (ii) payment to the Bank of a fully-earned and non-refundable amendment fee equal to $135,000.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed in their corporate names by their duly authorized corporate officers as of the date first above written.

CULP, INC.

By: ______________________________
Name: ______________________________
Title: ______________________________

WACHOVIA BANK, N.A.

By: ______________________________
Name: ______________________________
Title: ______________________________