

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-8

**REGISTRATION STATEMENT
 UNDER
 THE SECURITIES ACT OF 1933**

CULP, INC.

(Exact name of registrant, as specified in its charter)

North Carolina
 (State or other jurisdiction of
 incorporation or organization)

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

101 South Main Street
 Post Office Box 2686
 High Point, North Carolina 27261-2686
 (Address of principal executive officers)

Culp, Inc.
 2002 Stock Option Plan
 (Full title of the plan)

FRANKLIN N. SAXON
 Executive Vice President and Chief Financial Officer

Culp, Inc.
 101 South Main Street
 Post Office Box 2686
 High Point, North Carolina 27261-2686
 (Name and address of agent for service)

(336) 889-5161
 (Telephone number, including area code, of agent for service)

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, \$.05 par value (including options under the Culp, Inc. 2002 Stock Option Plan and including associated rights to purchase Series A Participating Preferred Stock) (3)	1,000,000(1)	\$9.175(2)	\$9,175,000(2)	\$844.10

- (1) Pursuant to Rule 416 under the Securities Act of 1933, as amended, this registration statement also relates to an indeterminate number of additional shares of common stock issuable with respect to the shares registered hereunder in the event of a stock split, stock dividend or other similar transaction.
- (2) In accordance with Rule 457(h)(1) of Regulation C, the price for the shares is computed on the basis of the average high and low prices for Common Shares on December 10, 2002, as reported on the New York Stock Exchange.
- (3) Each share of Common Stock of the Company has one attached right to purchase Series A Participating Preferred Stock under the Rights Agreement dated as of October 8, 1999 between Culp, Inc. and Equiserve Trust Company, N.A., as Rights Agent.

**PART II INFORMATION REQUIRED IN THE
REGISTRATION STATEMENT**

Item 3. Incorporation of Documents by Reference.

The following documents filed with the Securities and Exchange Commission by Culp, Inc. (the "Company") are incorporated by reference into this registration statement:

- (a) The Company's Annual Report on Form 10-K for the fiscal year ended April 28, 2002, as amended;
- (b) All other reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") since the end of its latest fiscal year, as amended; and
- (c) The description of the Common Stock, par value \$.05 per share ("Common Stock") of the Company set forth in the Company's registration statements filed pursuant to Section 12 of the Exchange Act and any amendment or report filed for the purpose of updating such descriptions.

All documents subsequently filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the filing of a post-effective amendment which indicates that all securities offered hereunder have been sold or which deregisters all of such securities then remaining unsold shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of filing of such documents.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document (which also is or is deemed to be incorporated by reference herein) modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 6. Indemnification of Directors and Officers.

Section 55-2-02 of the North Carolina Business Corporation Act (the "North Carolina Corporation Act") enables a North Carolina corporation in its articles of incorporation to eliminate or limit, with certain exceptions, the personal liability of a director for monetary damages for breach of duty as a director. No such provision is effective to eliminate or limit a director's liability for (i) acts or omissions that the director at the time of the breach knew or believed to be clearly in conflict with the best interests of the corporation, (ii) improper distributions described in Section 55-8-33 of the North Carolina Corporation Act, (iii) any transaction from which the director derived an improper personal benefit, or (iv) acts or omissions occurring prior to the date the exculpatory provision became effective. The Company's Articles of Incorporation limit the personal liability of its directors to the fullest extent permitted by the North Carolina Corporation Act.

Sections 55-8-50 through 55-8-58 of the North Carolina Corporation Act permit a corporation to indemnify its directors, officers, employees or agents under either or both a statutory or nonstatutory scheme of indemnification. Under the statutory scheme, a corporation may, with certain exceptions, indemnify a director, officer, employee or agent of the corporation who was, is or is threatened to be made, a party to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative, or investigative, because of the fact that such person was a director, officer, agent or employee of the corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. This indemnity may include the obligation to pay any judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan) and reasonable expenses incurred in connection with a proceeding (including counsel fees), but no such indemnification may be granted unless such director, officer, agent or employee (i) conducted himself in good faith, (ii) reasonably believed (1) that any action taken in his official capacity with the corporation was in the best interest of the corporation or (2) that in all other cases his

conduct at least was not opposed to the corporation's best interest, and (iii) in the case of any criminal proceeding, had no reasonable cause to believe his conduct was unlawful. Whether a director has met the requisite standard of conduct for the type of indemnification set forth above is determined by the board of directors, a committee of directors, special legal counsel or the shareholders in accordance with Section 55-8-55 of the North Carolina Corporation Act. A corporation may not indemnify a director under the statutory scheme in connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation or in connection with a proceeding in which a director was adjudged liable on the basis of having received an improper personal benefit.

In addition to, and notwithstanding the conditions and limitations on indemnification described above under the statutory scheme, Section 55-8-57 of the North Carolina Corporation Act permits a corporation to indemnify or agree to indemnify any of its directors, officers, employees or agents against liability and expenses (including attorneys' fees) in any proceeding (including proceedings brought by or on behalf of the corporation) arising out of their status as such or their activities in such capacities, except for any liabilities or expenses incurred on account of activities that were, at the time taken, known or believed by the person seeking indemnification to be clearly in conflict with the best interests of the corporation. Because the Company's Bylaws provide for indemnification of directors to the fullest extent permitted under the North Carolina Corporation Act, the Company may indemnify its directors in accordance with either the statutory or the nonstatutory standard.

Sections 55-8-52 and 55-8-56 of the North Carolina Corporation Act require a corporation, unless its articles of incorporation provide otherwise, to indemnify a director or officer who has been wholly successful on the merits or otherwise in the defense of any proceeding to which such director or officer was a party because he is or was a director or officer of the corporation. Unless prohibited by the articles of incorporation, a director or officer also may make application and obtain court-ordered indemnification if the court determines that such director or officer is fairly and reasonably entitled to such indemnification as provided in Section 55-8-54 and 55-8-56 of the North Carolina Corporation Act.

Additionally, Section 55-8-57 of the North Carolina Corporation Act authorizes a corporation to purchase and maintain insurance on behalf of an individual who is or was a director, officer, employee or agent of the corporation against certain liabilities incurred by such persons, whether or not the corporation is otherwise authorized by the North Carolina Corporation Act to indemnify such party. The Company's directors and officers are currently covered under the directors' and officers' insurance policies maintained by the Company that will indemnify such persons against certain liabilities arising from acts or omissions in the discharge of their duties.

Item 8. Exhibits.

Exhibit Number	Description
4.1	Culp, Inc. 2002 Stock Option Plan
4.2	Articles of Incorporation of the Company, as amended (incorporated by reference to Exhibit 3(i) of the Company's Quarterly Report on Form 10-Q for the period ended July 28, 2002)
4.3	Restated and Amended Bylaws of the Company, as amended (incorporated by reference to Exhibit 3(ii) of the Company's Quarterly Report on Form 10-Q for the period ended July 29, 2001)
4.4	Rights Agreement, dated as of October 18, 1999, between the Company 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 (incorporated by reference to Exhibit 99.1 to the Company's Form 8-K dated October 12, 1999)

Exhibit Number	Description
5	Opinion of Robinson, Bradshaw & Hinson, P.A. with respect to the validity of the shares being offered
23.1	Consent of Robinson, Bradshaw & Hinson, P.A. (contained in Exhibit 5)
23.2	Consent of KPMG LLP
24.1	Power of Attorney of Harry R. Culp, dated December 10, 2002
24.2	Power of Attorney of H. Bruce English, dated December 10, 2002
24.3	Power of Attorney of Patrick B. Flavin, dated December 10, 2002
24.4	Power of Attorney of Kenneth W. McAllister, dated December 10, 2002
24.5	Power of Attorney of Patrick H. Norton, dated December 10, 2002
24.6	Power of Attorney of Albert L. Prillaman, dated December 10, 2002

Item 9. Undertakings.

The Company hereby undertakes as follows:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.
- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment to this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;
- (3) To remove from registration, by means of a post-effective amendment, any of the securities being registered that remain unsold at the termination of the offering;
- (4) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the Company's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and
- (5) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in such Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Company certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of High Point, State of North Carolina on this 10th day of December, 2002.

CULP, INC.

By: -s- ROBERT G. CULP, III

Robert G. Culp, III
Chairman of the Board of Directors and Chief
Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
-s- ROBERT G. CULP, III Robert G. Culp, III	Chairman of the Board of Directors and Chief Executive Officer	December 10, 2002
-s- HOWARD L. DUNN, JR. Howard L. Dunn, Jr.	President, Chief Operating Officer and Director	December 10, 2002
-s- FRANKLIN N. SAXON Franklin N. Saxon	Executive Vice President, Chief Financial Officer, Treasurer, President of the Culp Velvets/Prints Division and Director (Principal Financial and Accounting Officer)	December 10, 2002
-s- HARRY R. CULP* Harry R. Culp	Director	December 10, 2002
-s- H. BRUCE ENGLISH* H. Bruce English	Director	December 10, 2002
-s- PATRICK B. FLAVIN* Patrick B. Flavin	Director	December 10, 2002
-s- KENNETH W. McALLISTER* Kenneth W. McAllister	Director	December 10, 2002
-s- PATRICK H. NORTON* Patrick H. Norton	Director	December 10, 2002
-s- ALBERT L. PRILLAMAN* Albert L. Prillaman	Director	December 10, 2002

*By: -s- FRANKLIN N. SAXON

(Franklin N. Saxon, Attorney-in-Fact)

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CULP, INC.
2002 STOCK OPTION PLAN

ARTICLE I

GENERAL PROVISIONS

1.1 Purpose of the Plan. This Plan is intended to promote the interests of the Company by giving eligible persons who provide services to the Company the opportunity to acquire a proprietary interest, or otherwise increase their proprietary interest, in the Company as an incentive to continue their employment or service. Capitalized terms used in the Plan shall have the meanings given to them in **Appendix A** attached hereto.

1.2 Administration of the Plan.

(a) The Plan shall be administered by the Board; provided, however, that any or all administrative functions otherwise exercisable by the Board may be delegated to the Committee. Members of the Committee shall serve for such period of time as the Board may determine and shall be subject to removal by the Board at any time. The Board also may, at any time, terminate the functions of the Committee and reassume all powers and authority previously delegated to the Committee. The Board or the Committee, as the Plan Administrator, shall have full power and authority (subject to the provisions of the Plan) to establish such rules and regulations as it may deem appropriate for the proper administration of the Plan and to make such determinations under, and issue such interpretations of, the Plan and any outstanding Options thereunder as it may deem necessary or advisable. Decisions of the Plan Administrator shall be final and binding on all parties who have an interest in the Plan or any Option issued hereunder.

(b) Subject to the terms of the Plan, the Plan Administrator shall have full power and authority to determine which eligible persons will receive Option grants, the time or times when such grants will be made, the number of shares to be covered by each grant, the status of each Option as either an Incentive Option or a Non-Qualified Option, the time or times when each Option is exercisable, the vesting schedule (if any) applicable to granted Options, the maximum term for which an Option shall remain outstanding, and all other terms and conditions of an Option granted under the Plan.

1.3 Eligibility. Only Employees are eligible to receive grants of Incentive Options. The persons eligible to receive grants of Non-Qualified Options are (a) Employees, (b) non-employee members of the Board or the board of directors of any Parent or Subsidiary, and (c) consultants and other independent advisors who provide services to the Company (or any Parent or Subsidiary). Additionally, the maximum number of shares of Common Stock that may be covered by an Option granted to any one individual shall be 50,000 shares during any one calendar year period.

1.4 Stock Subject to the Plan. The stock issuable under the Plan shall be shares of authorized but unissued Common Stock. The maximum number of shares of Common Stock that may be issued under the Plan shall not exceed 1,000,0000 shares, and all such shares shall be available for issuance pursuant to the grant of Incentive Options. Shares of Common Stock subject to outstanding Options shall be available for subsequent issuance under the Plan to the extent any Options expire or terminate for any reason prior to their exercise in full.

1.5 Adjustments in Common Stock. Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other similar change, the Plan Administrator shall cause appropriate adjustments to be made to (a) the maximum number and/or class of securities issuable under the Plan and (b) the number and/or class of securities and the exercise price per share in effect under each outstanding Option, in order to prevent the dilution or enlargement of benefits thereunder. The adjustments determined by the Plan Administrator shall be final, binding and conclusive.

ARTICLE II

OPTION GRANT PROGRAM

2.1 Grant of Options Generally. Each Option granted under this Plan shall have such terms and conditions as approved by the Plan Administrator. Subject to the provisions of this Plan, each Option shall be evidenced by one or more documents in the form approved by the Plan Administrator, and no grant shall be effective unless and until both the Company and the person to whom the Option is being granted shall have executed such documents as required by the Plan Administrator.

2.2 Exercise Price. The exercise price per share of each Option shall be fixed by the Plan Administrator and, subject to the terms and conditions set forth herein, may be equal to or greater than the Fair Market Value per share of Common Stock on the Option grant date.

2.3 Vesting, Exercise and Term of Options. Each Option shall vest and be exercisable at such time or times and for such number of shares as shall be determined by the Plan Administrator and set forth in the documents evidencing the Option grant. No Option, however, shall have a term in excess of ten (10) years from the Option grant date.

2.4 Exercise Procedures.

(a) Subject to **Section 2.7**, an Option may be exercised only by the Optionee to whom such Option was granted under the Plan. An Option shall be exercisable at such time or times as set forth herein and in the documents evidencing the grant of the Option. Notwithstanding anything in the Plan to the contrary, the Plan Administrator, in its sole discretion, may at any time and from time to time accelerate the date for exercising all or any part of an Option. In no event, however, may an Option be exercised after the expiration of its fixed term.

(b) Each Option granted under the Plan shall be deemed exercised when the holder thereof (i) shall indicate the decision to do so in writing delivered to the Company, (ii) shall at the same time tender to the Company payment in full of the exercise price for the shares for which the Option is exercised in accordance with **Section 2.4(c)**, (iii) shall tender to the Company in accordance with the Plan Administrator's instructions payment in full of all federal and state withholding or other employment taxes applicable to the taxable income, if any, of the holder resulting from such exercise, (iv) shall execute an option exercise agreement in form and substance satisfactory to the Plan Administrator, and (v) shall comply with such other requirements as the Plan Administrator may establish.

(c) In connection with the exercise of any Option, the Optionee shall pay the exercise price to the Company in cash, by check, or in such other manner as permitted by the Plan Administrator, which may include the surrender of shares of Common Stock or other unexercised Options held by the Optionee. Notwithstanding the foregoing, should the Common Stock be registered under Section 12 of the Exchange Act at the time an Option is exercised, then the exercise price may also be paid as follows:

(i) in shares of Common Stock held for the requisite period necessary to avoid a charge to the Company's earnings for financial reporting purposes and valued at Fair Market Value on the exercise date, or

(ii) through a special sale and remittance procedure pursuant to which the Optionee shall concurrently provide irrevocable instructions (A) to a Company-designated brokerage firm to effect the immediate sale of the purchased shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased shares and (B) to the Company to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale.

(d) An Option granted under the Plan may be exercised for any lesser number of shares than the full amount for which it could be exercised. Such a partial exercise shall not affect the right to exercise the Option for the remaining shares from time to time in accordance with the Plan and the documents evidencing the grant of the Option.

2.5 Effect of Termination of Service. The following provisions shall govern the exercise of Options held by an Optionee at the time of such Optionee's cessation of Service or death:

(a) should the Optionee cease to remain in Service for any reason other than death, Permanent Disability or Misconduct, then the Optionee shall have a period of three (3) months following the date of cessation of Service or such longer period determined by the Plan Administrator, in its sole discretion, to exercise each outstanding Option held by such Optionee;

(b) should the Optionee's Service terminate by reason of Permanent Disability, then the Optionee shall have a period of twelve (12) months following the date of cessation of Service or such longer period determined by the Plan Administrator, in its sole discretion, to exercise each outstanding Option held by such Optionee;

(c) if the Optionee dies while holding an outstanding Option, then the personal representative of his or her estate or the Person or Persons to whom the Option is transferred pursuant to the Optionee's will or the laws of inheritance shall have twelve (12) months following the date of cessation of Service or such longer period determined by the Plan Administrator, in its sole discretion, to exercise each outstanding Option held by the Optionee;

(d) should the Optionee's Service be terminated for Misconduct, then all outstanding Options held by the Optionee shall terminate immediately and cease to remain outstanding, regardless of whether any Options have vested; and

(e) during the applicable post-Service exercise period, an Option may be exercised only if it has vested and for no more than the aggregate number of shares for which the vested Option is exercisable on the date of the Optionee's cessation of Service. The Option shall, immediately upon the Optionee's cessation of Service, terminate and cease to be outstanding with respect to any and all Option shares for

which the Option is not otherwise exercisable at that time. Upon the expiration of the applicable exercise period or (if earlier) upon the expiration of the Option term, the Option shall terminate and cease to be outstanding.

2.6 Stockholder Rights. The holder of an Option shall have no stockholder rights with respect to the shares subject to the Option until such Person shall have exercised the Option in accordance with **Section 2.4** and become the record holder of the purchased shares. Each Person who validly exercises an Option and is issued shares of Common Stock by the Company shall be subject to all of the terms and conditions set forth in the applicable purchase agreement to be executed by such person upon exercise.

2.7 Transferability of Options.

(a) Except as set forth in **Section 2.7(b)**, Options may be transferred only by will or the laws of inheritance upon the death of an Optionee. Otherwise, no Option may be assigned, pledged, hypothecated or transferred in any manner. Upon any attempt to assign, pledge, hypothecate or transfer an Option, such Option shall immediately be cancelled and terminated.

(b) The Plan Administrator, may, in its sole discretion, permit a Non-Qualified Option to be assigned in whole or in part during the Optionee's lifetime as a gift to (i) one or more members of the Optionee's immediate family, (ii) a trust in which Optionee and/or one or more of such family members hold more than fifty percent (50%) of the beneficial interest, or (iii) an entity in which more than fifty percent (50%) of the voting interests are owned by the Optionee and/or one or more of such family members. The terms applicable to the assigned Non-Qualified Option shall be the same as those in effect for such Option immediately prior to the assignment, as more fully set forth herein and in the documents evidencing the grant of the Option.

2.8 Incentive Options. All Incentive Options shall be subject to the terms set forth in this **Section 2.8**. Options that are not specifically designated as Incentive Options in the documentation evidencing the grant of such Options, or that are specifically designated as Non-Qualified Options, shall not be subject to the terms of this **Section 2.8**.

(a) Eligibility. Incentive Options may be granted only to Employees.

(b) Exercise Price. An Incentive Option's exercise price per share of Common Stock shall not be less than one hundred percent (100%) of the Fair Market Value per share of Common Stock on the date such Option is granted.

(c) Dollar Limitation. The aggregate Fair Market Value of the shares of Common Stock (determined as of the respective date or dates of grant) for which one or more Incentive Options granted to any Employee under the Plan (or any other option plan of the Company or any Parent or Subsidiary) may for the first time become exercisable during any one calendar year shall not exceed One Hundred Thousand Dollars (\$100,000). To the extent an Employee holds two or more Incentive Options which become exercisable for the first time in the same calendar year, the foregoing limitation on the exercisability of such Incentive Options shall be applied on the basis of the order in which such Options are granted.

(d) Ten Percent (10%) Stockholder. If an Employee to whom an Incentive Option is granted is a Ten Percent (10%) Stockholder, then the Incentive Option's exercise price per share of Common Stock shall not be less than one hundred ten percent (110%) of the Fair Market Value per share of Common

Stock on the Option grant date, and the Incentive Option's term shall not exceed five years from the date of grant.

2.9 Change of Control Transactions.

(a) The Plan Administrator may, in its sole and absolute discretion, determine that any outstanding Option shall become fully exercisable on an accelerated basis immediately prior to a Change of Control, notwithstanding the fact that any portion of such Option shall not have vested.

(b) Unless otherwise determined by the Plan Administrator, (i) upon consummation of a Change of Control in which the Company is not the surviving entity, all outstanding Options, to the extent not exercised, shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof), and (ii) upon consummation of a Change of Control in which the Company is the surviving entity, all outstanding Options, to the extent not exercised, shall remain outstanding in full force and effect on the same terms and conditions.

(c) The Plan Administrator shall have the discretion at any time to provide for the immediate termination of any consent, repurchase or first refusal rights of the Company with respect to the shares subject to those Options upon the occurrence of a Change of Control, whether or not the Options are to be assumed by any successor corporation (or parent thereof).

(d) In the event that any Option shall survive and remain outstanding after a Change of Control, the Plan Administrator shall have full power and authority at any time to structure or amend an Option so that it will automatically vest on an accelerated basis should the Optionee's Service terminate by reason of an Involuntary Termination within a designated period following the effective date of the Change of Control.

(e) The portion of any Incentive Option accelerated in connection with a Change of Control shall remain exercisable as an Incentive Option only to the extent the applicable One Hundred Thousand Dollars (\$100,000) limitation is not exceeded. To the extent such dollar limitation is exceeded, the accelerated portion of an Option shall be exercisable as a Non-Qualified Option and shall be treated as such under the federal tax laws.

(f) The grant of Options under the Plan shall in no way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, enter into a share exchange, dissolve, liquidate or sell or transfer all or any part of its business or assets.

ARTICLE III

MISCELLANEOUS

3.1 Compliance with Securities Laws. The Plan Administrator shall take such action as may be necessary to cause the administration of this Plan, including the grant of Options and the issuance of shares of Common Stock pursuant to the exercise thereof, to be made in compliance with all federal and state securities laws.

3.2 Effective Date and Term.

(a) The Plan shall become effective when adopted by the Board, but no Option granted under the Plan may be exercised, and no shares shall be issued pursuant to the exercise of any Options, until the Plan is approved by the Company's stockholders. Additionally, no Incentive Option shall be deemed to have been granted unless and until this Plan is approved by the Company's stockholders. If such stockholder approval is not obtained within twelve (12) months after the date of the Board's adoption of the Plan, then all Options previously granted under the Plan shall terminate and cease to be outstanding, and no further Options shall be granted and no shares shall be issued pursuant to the exercise of any Options.

(b) No further Options may be granted under the Plan upon the earlier of (a) the expiration of the ten (10)-year period from the date the Plan is adopted by the Board, (b) the date on which all shares available for issuance under the Plan shall have been issued or (c) the termination of all outstanding Options in connection with an Change of Control in which the Company is not the surviving entity or otherwise. All Options outstanding upon the expiration of the ten (10)-year period referenced in subclause (a) above shall continue to have full force and effect in accordance with the provisions of the documents evidencing the grant of such Options.

3.3 Amendment of the Plan. The Board shall have complete and exclusive power and authority to amend or modify the Plan in any or all respects. However, no such amendment or modification shall adversely affect any rights and obligations in respect of any outstanding Options unless the holder thereof consents to such amendment or modification. In addition, certain amendments may require stockholder approval pursuant to applicable laws or regulations.

3.4 Governing Law. This Plan shall be governed and construed in accordance with the laws of the State of North Carolina.

3.5 Severability. If any provision of this Plan or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Plan and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

3.6 Section Titles. The headings herein are inserted as a matter of convenience only and do not define, limit or describe the scope of this Plan or the intent of the provisions hereof.

3.7 No Employment or Service Rights. Nothing in the Plan shall confer upon any Optionee the right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining such person) or of the Optionee, which rights are hereby expressly reserved by each, to terminate such person's Service at any time for any reason, with or without cause.

3.8 Notices. Any notice required to be given or delivered to the Company under the Plan shall be in writing addressed to the Company at its principal corporate offices. Any notice required to be given to an Optionee shall be in writing and addressed to the address indicated on the option agreement executed by the Optionee in connection with an Option grant. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

APPENDIX A**Defined Terms**

The following terms shall have the following meanings under the Plan:

“Board” means the Board of Directors of the Company.

“Code” means the Internal Revenue Code of 1986, as amended.

“Committee” means the Company’s compensation committee or a committee of one or more Board members appointed by the Board to exercise one or more administrative functions under the Plan.

“Common Stock” means the common stock, \$0.05 par value, of the Company.

“Company” means Culp, Inc., a North Carolina corporation, and any successor corporation to all or substantially all the assets or voting stock of Culp, Inc. that shall by appropriate action adopt the Plan.

A “Change of Control” shall be deemed to have occurred on:

(a) the date on which any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company or any entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Common Stock, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of shares representing more than 40% of the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors of the Company; or

(b) the date on which (i) the Company merges with any other entity, (ii) the Company enters into a statutory share exchange with another entity, or (iii) the Company conveys, transfers or leases all or substantially all of its assets to any person; provided, however, that in the case of subclauses (i) and (ii), a Change of Control shall not be deemed to have occurred if the stockholders of the Company immediately before such transaction own, directly or indirectly immediately following such transaction, more than 60% of the combined voting power of the outstanding securities of the corporation resulting from such transaction in substantially the same proportions as their ownership of securities immediately before such transaction.

“Employee” means an individual who is in the employ of the Company (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

“Exercise Date” means the date on which the Company shall have received written notice of the exercise of an Option.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Fair Market Value” per share of Common Stock on any relevant date shall be the average closing selling price per share of Common Stock for the ten (10) business days preceding the date in question on

the Stock Exchange determined by the Plan Administrator to be the primary market for the Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange.

“Incentive Option” means an Option that satisfies the requirements of Section 422 of the Code.

“Involuntary Termination” means the termination of the Service of any individual by reason of:

(i) such individual’s involuntary dismissal or discharge by the Company (or any successor corporation or any Parent or Subsidiary, as applicable) for reasons other than Misconduct, or

(ii) such individual’s voluntary resignation following (A) a change in his or her position with the Company (or any successor corporation or any Parent or Subsidiary, as applicable) which materially reduces his or her duties and responsibilities or the level of management to which he or she reports, (B) a reduction in his or her level of compensation (including base salary, fringe benefits and target bonuses under any corporate-performance based bonus or incentive programs) by more than fifteen percent (15%) or (C) a relocation of such individual’s place of employment by more than fifty (50) miles, provided and only if such change, reduction or relocation is effected without the individual’s consent; provided, however, that at the time of such resignation, the Company (or any successor corporation or any Parent or Subsidiary, as applicable) would not have reason to terminate such individual’s employment for Misconduct.

“Misconduct” means (i) the commission of any act of fraud, embezzlement or dishonesty by a person against the Company (or any successor corporation or any Parent or Subsidiary, as applicable), (ii) any unauthorized use or disclosure by such person of confidential information or trade secrets of the Company (or any successor corporation or any Parent or Subsidiary, as applicable), (iii) intoxication with alcohol or drugs while conducting employer business during regular business hours, (iv) a conviction of, or a plea of guilty or *nolo contendere* by, such person for a criminal felony conviction, (v) the continued failure or inability of such person to fulfill the essential functions of his or her employment, or (vi) any other misconduct by such person that causes or would reasonably be expected to cause material harm to the business of the Company (or any successor corporation or any Parent or Subsidiary, as applicable), as reasonably determined in good faith by the Board.

“Non-Qualified Option” means an Option that does not satisfy the requirements of Section 422 of the Code.

“Option” means an Incentive Stock Option or Non-Qualified Option granted under the Plan.

“Optionee” means any person to whom an Option is granted under the Plan.

“Parent” means any corporation or limited liability company (other than the Company) in an unbroken chain of entities ending with the Company, provided each entity in the unbroken chain (other than the Company) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all equity interests in one of the other entities in such chain.

“Permanent Disability” means the inability of a person to perform the essential functions of the person’s duties as an Employee by reason of any medically determinable physical or mental impairment that is expected to result in such person’s death or has lasted or can be expected to last for a period of six (6) consecutive months or more, as reasonably determined by the Board.

“Plan” means the Culp, Inc. 2002 Stock Option Plan, as set forth herein.

“Plan Administrator” means either the Board or the Committee acting in its capacity as administrator of the Plan.

“Service” means the provision of services to the Company (or any Parent or Subsidiary) by a person in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor, except to the extent otherwise specifically provided in the documents evidencing the Option grant or stock issuance.

“Stock Exchange” means either the American Stock Exchange or the New York Stock Exchange.

“Subsidiary” means any corporation or limited liability company with respect to which the company owns, directly or indirectly, stock or other equity interests possessing fifty percent (50%) or more of the total combined voting power of all classes of equity.

“Ten Percent (10%) Stockholder” means the owner of stock (as determined under Section 424(d) of the Code) possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company (or any Parent or Subsidiary).

Robinson, Bradshaw & Hinson, P.A.
Attorneys at Law

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Telephone (803) 325-2900
Fax (803) 325-2929

December 12, 2002

Culp, Inc.
101 South Main Street
Post Office Box 2686
High Point, North Carolina 27261-2686

Re: Registration Statement on Form S-8 of Culp, Inc.

Ladies and Gentlemen:

We have served as counsel to Culp, Inc., a North Carolina corporation (the "Company"), in connection with the preparation by the Company of a registration statement on Form S-8 (the "Registration Statement") for filing with the Securities and Exchange Commission under the Securities Act of 1933, as amended, relating to the offer and sale of up to 1,000,000 shares of the Company's common stock, \$.05 par value per share (the "Shares"), to be issued by the Company pursuant to the Culp, Inc. 2002 Stock Option Plan (the "Plan"), and associated rights to purchase Series A Participating Preferred Stock of the Company (the "Rights") issued pursuant to a Rights Agreement, dated as of October 8, 1999 (the "Rights Agreement") between the Company and Equiserve Trust Company, N.A., as Rights Agent.

We have examined the Plan, the Rights Agreement, the Articles of Incorporation of the Company and the amendments thereto listed as exhibits to the Registration Statement (the "Charter"), the Restated and Amended Bylaws of the Company listed as an exhibit to the Registration Statement (the "Bylaws"), and such other corporate and other documents and records and certificates of public officials as we have deemed necessary or appropriate for the purposes of this opinion.

We have assumed (i) the authority and genuineness of all signatures, (ii) the legal capacity of all natural persons, (iii) the authenticity of all documents submitted to us as originals, and (iv) the conformity to authentic original documents of all documents submitted to us as certified, conformed or photostatic copies.

Based upon the foregoing, and subject to the qualifications and limitations set forth herein, we are of the opinion that:

1. The Shares, if and when originally issued and sold by the Company pursuant to the terms and conditions of the Plan, and upon payment of the consideration, if any, payable therefor pursuant to the Plan, will be legally issued, fully paid and nonassessable and will represent validly authorized and outstanding shares of common stock of the Company.

2. The Rights associated with the Shares, if and when originally issued by the Company pursuant to the terms and conditions of the Rights Agreement, will be validly issued, fully paid and nonassessable, and will be valid and binding obligations of the Company.

We have assumed that the Company and those officers and employees that may receive options to purchase Shares under the Plan will have complied with the relevant requirements of the Plan and that all prescribed filings with regulatory authorities, including any stock exchanges having jurisdiction, will be effected in accordance with their respective requirements and that the approvals of such regulatory authorities, including any stock exchanges having jurisdiction, will have been granted prior to the issuance of any of the Shares or Rights.

The opinions expressed herein are contingent upon the Registration Statement becoming effective under the Securities Act of 1933 and the Charter, Bylaws and Rights Agreement not being further amended prior to the issuance of the Shares or Rights.

The foregoing opinions are limited to the laws of the State of North Carolina, and we express no opinion with respect to the laws of any other state or jurisdiction.

We hereby consent to the filing of a copy of this opinion as an exhibit to the Registration Statement.

Very truly yours,

ROBINSON, BRADSHAW & HINSON, P.A.

- -s- Robinson, Bradshaw & Hinson, P.A.

INDEPENDENT AUDITORS' CONSENT

To the Board of Directors
Culp, Inc.:

We consent to the use of our report dated May 31, 2002, with respect to the consolidated balance sheets of Culp, Inc. and subsidiary as of April 28, 2002 and April 29, 2001, and the related consolidated statements of income (loss), shareholders' equity and cash flows for each of the years in the three-year period ended April 28, 2002, incorporated herein by reference.

KPMG LLP

Greensboro, North Carolina
December 12, 2002

POWER OF ATTORNEY

THE UNDERSIGNED director of Culp, Inc. (the "Company") hereby appoints Franklin N. Saxon and Kathy J. Hardy and each of them singly, as the undersigned's lawful agent and attorney-in-fact, with full power of substitution and resubstitution, for and on behalf and in the name of the undersigned, to execute and file with the Securities and Exchange Commission (the "Commission") (i) a registration statement on Form S-8 pursuant to the Securities Act of 1933, as amended (the "Act"), for the purpose of registering 1,000,000 shares of the Company's common stock, \$.05 par value per share ("Common Stock"), to be issued upon the exercise of options granted under the Culp, Inc. 2002 Stock Option Plan (the "Plan") and the associated rights to purchase preferred stock ("Rights") to be issued upon the exercise of such options pursuant to the Rights Agreement, dated as of October 8, 1999 (the "Rights Agreement") between the Company and Equiserve Trust Company, N.A., as Rights Agent, (ii) any and all amendments, including post-effective amendments, and exhibits to such registration statements, and (iii) any and all applications or other documents to be filed with the Commission or otherwise pertaining to such registration statements or amendments, with full power and authority to take or cause to be taken all other actions that in the judgment of such appointed person(s) may be necessary or appropriate to effect the registration under the Act of the shares of the Company's Common Stock offered or to be offered pursuant to the Plan and the associated Rights.

EXECUTED on the 10th day of December, 2002.

- -s- Harry R. Culp

Harry R. Culp

POWER OF ATTORNEY

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EXECUTED on the 10th day of December, 2002.

- -s- H. Bruce English

H. Bruce English

POWER OF ATTORNEY

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EXECUTED on the 10th day of December, 2002.

- -s- Patrick B. Flavin

Patrick B. Flavin

POWER OF ATTORNEY

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EXECUTED on the 10th day of December, 2002.

- -s- Kenneth W. McAllister

Kenneth W. McAllister

POWER OF ATTORNEY

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EXECUTED on the 10th day of December, 2002.

- -s- Patrick H. Norton

Patrick H. Norton

POWER OF ATTORNEY

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EXECUTED on the 10th day of December, 2002.

- -s- Albert L. Prillaman

Albert L. Prillaman