UNITED STATES

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 October 31, 2004

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES X NO

Indicate the number of shares outstanding of each issuer's classes of common stock, as of the latest practical date:

Common shares outstanding at October 31, 2004: 11,550,009
Par Value: $.05

INDEX TO FORM 10-Q
FOR THE PERIOD ENDED OCTOBER 31, 2004

Item 1: Financial Statements

CULP, INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FOR THE THREE MONTHS AND SIX MONTHS ENDED OCTOBER 31, 2004 AND NOVEMBER 2, 2003
UNAUDITED
(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED				
	Amounts			Percent of Sales	
	October 31, 2004	November 2, 2003	% Over (Under)	October 31, 2004	November 2, 2003
Net sales	$ 75,406	82,731	(8.9)%	100.0 %	100.0 %
Cost of sales	65,839	65,993	(0.2)%	87.3 %	79.8 %
Gross profit	9,567	16,738	(42.8)%	12.7 %	20.2 %
Selling, general and administrative expenses	8,838	10,296	(14.2)%	11.7 %	12.4 %
Goodwill impairment	5,126	0	100.0 %	6.8 %	0.0 %
Restructuring expense	1,292	0	100.0 %	1.7 %	0.0 %
Income (loss) from operations	(5,689)	6,442	(188.3)%	(7.5)%	7.8 %
Interest expense	937	1,509	(37.9)%	1.2 %	1.8 %
Interest income	(29)	(121)	(76.0)%	(0.0)%	(0.1)%
Other expense	173	62	179.0 %	0.2 %	0.1 %
Income (loss) before income taxes	(6,770)	4,992	(235.6)%	(9.0)%	6.0 %
Income taxes *	(2,577)	1,846	(239.6)%	38.1 %	37.0 %
Net income (loss)	$ (4,193)	3,146	(233.3)%	(5.6)%	3.8 %
Net income (loss) per share, basic	$ (0.36)	0.27	(233.3)%		
Net income (loss) per share, diluted	$ (0.36)	0.27	(233.3)%		
Average shares outstanding, basic	11,549	11,524	0.2 %		
Average shares outstanding, diluted	11,549	11,774	(1.9)%		

	SIX MONTHS ENDED				
	Amounts			Percent of Sales	
	October 31, 2004	November 2, 2003	% Over (Under)	October 31, 2004	November 2, 2003
Net sales	$ 143,255	156,407	(8.4)%	100.0 %	100.0 %
Cost of sales	125,013	128,191	(2.5)%	87.3 %	82.0 %
Gross profit	18,242	28,216	(35.3)%	12.7 %	18.0 %
Selling, general and administrative expenses	18,118	20,812	(12.9)%	12.6 %	13.3 %
Goodwill impairment	5,126	0	100.0 %	3.6 %	0.0 %
Restructuring expense	1,154	0	100.0 %	0.8 %	0.0 %
Income (loss) from operations	(6,156)	7,404	(183.1)%	(4.3)%	4.7 %
Interest expense	1,877	3,006	(37.6)%	1.3 %	1.9 %
Interest income	(56)	(243)	(77.0)%	(0.0)%	(0.2)%
Other expense	387	301	28.6 %	0.3 %	0.2 %
Income (loss) before income taxes	(8,364)	4,340	(292.7)%	(5.8)%	2.8 %
Income taxes *	(3,119)	1,605	(294.3)%	37.3 %	37.0 %
Net income (loss)	$ (5,245)	2,735	(291.8)%	(3.7)%	1.7 %
Net income (loss) per share, basic	$ (0.45)	0.24	(287.5)%		
Net income (loss) per share, diluted	$ (0.45)	0.23	(295.7)%		
Average shares outstanding, basic	11,548	11,519	0.3 %		
Average shares outstanding, diluted	11,548	11,718	(1.5)%		

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

See accompanying notes to consolidated financial statements.

CULP, INC.
CONSOLIDATED BALANCE SHEETS
OCTOBER 31, 2004, NOVEMBER 2, 2003, AND MAY 2, 2004
UNAUDITED
(Amounts in Thousands)

	Amount		Increase (Decrease)		
	October 31, 2004	November 2, 2003	Dollars	Percent	* May 2, 2004
Current assets:					
Cash and cash equivalents	$ 16,505	16,623	(118)	(0.7)%	14,568
Short-term investments	0	15,134	(15,134)	(100.0)%	0
Accounts receivable	26,590	31,342	(4,752)	(15.2)%	30,719
Inventories	48,528	53,848	(5,320)	(9.9)%	49,045
Deferred income taxes	4,980	12,303	(7,323)	(59.5)%	9,256
Other current assets	3,100	3,211	(111)	(3.5)%	1,634
Total current assets	99,703	132,461	(32,758)	(24.7)%	105,222
Property, plant & equipment, net	76,062	81,219	(5,157)	(6.3)%	77,770
Goodwill	4,114	9,240	(5,126)	(55.5)%	9,240
Deferred income taxes	834	0	834	100.0 %	0
Other assets	1,327	1,892	(565)	(29.9)%	1,496
Total assets	$ 182,040	224,812	(42,772)	(19.0)%	193,728
Current liabilities:					
Current maturities of long-term debt	$ 594	539	55	10.2 %	528
Accounts payable	15,192	23,928	(8,736)	(36.5)%	15,323
Accrued expenses	11,962	13,522	(1,560)	(11.5)%	13,028
Accrued restructuring costs	5,458	6,712	(1,254)	(18.7)%	4,968
Income taxes payable	0	1,578	(1,578)	100.0 %	1,850
Total current liabilities	33,206	46,279	(13,073)	(28.2)%	35,697
Long-term debt, less current maturities	50,569	76,077	(25,508)	(33.5)%	50,502
Deferred income taxes	0	3,851	(3,851)	(100.0)%	4,138
Total liabilities	83,775	126,207	(42,432)	(33.6)%	90,337
Shareholders' equity	98,265	98,605	(340)	(0.3)%	103,391
Total liabilities and shareholders' equity	$ 182,040	224,812	(42,772)	(19.0)%	193,728
Shares outstanding	11,550	11,529	21	0.2 %	11,547

* Derived from audited financial statements.

See accompanying notes to consolidated financial statements.

CULP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED OCTOBER 31, 2004 AND NOVEMBER 2, 2003
UNAUDITED
(Amounts in Thousands)

	Six Months Ended	
	Amounts	
	October 31, 2004	November 2, 2003
Cash flows from operating activities:		
Net income (loss)	$ (5,245)	2,735
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	6,900	6,883
Amortization of other assets	70	91
Stock-based compensation	104	105
Goodwill impairment	5,126	0
Deferred income taxes	(696)	0
Restructuring expense	1,154	0
Changes in assets and liabilities:		
Accounts receivable	4,129	917
Inventories	517	(4,296)
Other current assets	(1,466)	(7)
Other assets	153	252
Accounts payable	1,228	5,121
Accrued expenses	(1,066)	(549)
Accrued restructuring	(440)	(1,031)
Income taxes payable	(1,850)	1,229
Net cash provided by operating activities	8,618	11,450
Cash flows from investing activities:		
Capital expenditures	(5,556)	(2,954)
Purchases of short-term investments	0	(5,147)
Net cash used in investing activities	(5,556)	(8,101)
Cash flows from financing activities:		
Payments on vendor-financed capital expenditures	(1,273)	(1,254)
Proceeds from issuance of long-term debt	133	116
Proceeds from common stock issued	15	57
Net cash used in financing activities	(1,125)	(1,081)
Increase in cash and cash equivalents	1,937	2,268
Cash and cash equivalents at beginning of period	14,568	14,355
Cash and cash equivalents at end of period	$ 16,505	16,623

See accompanying notes to consolidated financial statements.

CULP, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
UNAUDITED

(Dollars in thousands, except share data)

	Common Stock Shares	Common Stock Amount	Capital Contributed in Excess of Par Value	Unearned Compensation	Retained Earnings	Total Shareholders' Equity
Balance, April 27, 2003	11,515,459	$ 576	39,749	(559)	55,999	$ 95,765
Net income					7,220	7,220
Stock-based compensation				210		210
Common stock issued in connection with stock option plans	31,175	2	194			196
Balance, May 2, 2004	11,546,634	$ 578	39,943	(349)	63,219	$ 103,391
Net loss					(5,245)	(5,245)
Stock-based compensation				104		104
Common stock issued in connection with stock option plans	3,375	0	15			15
Balance, October 31, 2004	11,550,009	$ 578	39,958	(245)	57,974	$ 98,265

See accompanying notes to consolidated financial statements.

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Culp, Inc. and subsidiaries (the "company") include all adjustments, which are, in the opinion of management, necessary for fair presentation of the results of operations and financial position. All of these adjustments are of a normal recurring nature except as disclosed in notes 9 and 13 to the consolidated 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 on July 16, 2004 for the fiscal year ended May 2, 2004. Certain items in the fiscal 2004 consolidated financial statements have been reclassified to conform with the current presentation.

The company's six months ended October 31, 2004 and November 2, 2003 represent 26 and 27 week periods, respectively.

2. STOCK-BASED COMPENSATION

Compensation costs related to employee stock option plans are recognized utilizing the intrinsic value-based method prescribed by APB No. 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES, and related Interpretations. The company has adopted the disclosure requirements of SFAS No. 123, ACCOUNTING FOR STOCK- BASED COMPENSATION, as amended by SFAS No. 148. Accordingly, compensation cost is recorded over the vesting period of the options based upon the difference in option price and fair market price at the date of grant, if any.

The following table illustrates the effect on net income (loss) and income (loss) per share if the company had applied the fair value recognition provisions of SFAS No. 123, as amended by SFAS No. 148, for the three months ended October 31, 2004 and November 2, 2003.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)	October 31, 2004	November 2, 2003
Net income (loss), as reported	$ (4,193)	$ 3,146
Add: Total stock-based employeecompensation expense included in net income, net of tax	32	33
Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards, net of tax	(155)	(145)
Pro forma net income (loss)	$ (4,316)	$ 3,034
Income (loss) per share:		
Basic - as reported	$ (0.36)	$ 0.27
Basic - pro forma	(0.37)	0.26
Diluted - as reported	(0.36)	0.27
Diluted - pro forma	(0.37)	0.26

The following table illustrates the effect on net income (loss) and income (loss) per share if the company had applied the fair value recognition provisions of SFAS No. 123, as amended by SFAS No. 148, for the six months ended October 31, 2004 and November 2, 2003.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)	October 31, 2004	November 2, 2003
Net income (loss), as reported	$ (5,245)	$ 2,735
Add: Total stock-based employee compensation expense included in net income, net of tax	67	66
Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards, net of tax	(277)	(240)
Pro forma net income (loss)	$ (5,455)	$ 2,561
Income (loss) per share:		
Basic - as reported	$ (0.45)	$ 0.24
Basic - pro forma	(0.47)	0.22
Diluted - as reported	(0.45)	0.23
Diluted - pro forma	(0.47)	0.22

3. ACCOUNTS RECEIVABLE

A summary of accounts receivable follows:

(DOLLARS IN THOUSANDS)	October 31, 2004	May 2, 2004
Customers	$ 28,579	$ 33,064
Allowance for doubtful accounts	(1,119)	(1,442)
Reserve for returns and allowances	(870)	(903)
	$ 26,590	$ 30,719

A summary of the activity in the allowance for doubtful accounts follows:

	Six months ended	
(DOLLARS IN THOUSANDS)	October 31, 2004	November 2, 2003
Beginning balance	$ (1,442)	$ (1,558)
Provision for bad debt expense	282	(162)
Net write-offs	41	134
Ending balance	$ (1,119)	$ (1,586)

4. INVENTORIES

Inventories are carried at the lower of cost or market. Cost is determined using the FIFO (first-in, first-out) method.

A summary of inventories follows:

(DOLLARS IN THOUSANDS)	October 31, 2004	May 2, 2004
Raw materials	$ 22,125	$ 21,015
Work-in-process	2,927	2,489
Finished goods	23,476	25,541
	$ 48,528	$ 49,045

5. ACCOUNTS PAYABLE

A summary of accounts payable follows:

(DOLLARS IN THOUSANDS)	October 31, 2004	May 2, 2004
Accounts payable-trade	$ 14,666	$ 13,438
Accounts payable-capital expenditures	526	1,885
	$ 15,192	$ 15,323

6. ACCRUED EXPENSES

A summary of accrued expenses follows:

(DOLLARS IN THOUSANDS)	October 31, 2004	May 2, 2004
Compensation, commissions and related benefits	$ 6,353	$ 8,040
Interest	448	459
Accrued rebates	2,485	2,258
Other	2,676	2,271
	$ 11,962	$ 13,028

7. LONG-TERM DEBT

A summary of long-term debt follows:

(Dollars in Thousands)	October 31, 2004	May 2, 2004
Unsecured term notes	$ 49,975	$ 49,975
Canadian government loan	1,188	1,055
	51,163	51,030
Less current maturities	(594)	(528)
	$ 50,569	$ 50,502

In December 2004, the company amended its agreement with its bank to provide for a reduced revolving loan commitment of $10.0 million from an existing commitment of $15.0 million, including letters of credit up to $2.5 million. Borrowings under the facility generally carry interest at the London Interbank Offered Rate plus an adjustable margin based upon the company's debt/EBITDA ratio, as defined by the agreement. As of October 31, 2004, there were $399,000 in outstanding letters of credit in support of inventory purchases and no borrowings outstanding under the agreement. The credit facility expires August 2005.

The unsecured term notes are payable over an average remaining term of five years beginning March 2006 through March 2010. Interest is payable semi-annually at a fixed coupon rate of 7.76%.

The company's loan agreements require, among other things, that the company maintain compliance with certain financial ratios. At October 31, 2004, the company was in compliance with these financial covenants.

The principal payment requirements of long-term debt during the next five fiscal years are: 2005 - $594,000; 2006 - $8,129,000; 2007 - $7,535,000; 2008 - $19,835,000; and 2009 - $7,535,000.

8. CASH FLOW INFORMATION

Payments for interest and income taxes follow:

	Six months ended	
(DOLLARS IN THOUSANDS)	October 31, 2004	November 2, 2003
Interest	$ 1,989	$ 3,021
Income taxes	831	343

The non-cash portion of capital expenditures representing vendor financing totaled $5,000 and $243,000 for the six months ended October 31, 2004 and November 2, 2003, respectively.

9. RESTRUCTURING AND ASSET IMPAIRMENT CHARGES

A summary of accrued restructuring follows:

(DOLLARS IN THOUSANDS)	October 31, 2004	May 2, 2004
Fiscal 2005 Upholstery Fabrics	$ 1,305	$ 0
Fiscal 2003 CDF	4,133	4,834
Wet Printed Flock	0	100
Fiscal 2001 CDF	20	34
	$ 5,458	$ 4,968

FISCAL 2005 UPHOLSTERY FABRICS

In October 2004, management approved a restructuring plan within the upholstery fabrics segment aimed at reducing costs, increasing asset utilization and improving profitability. Due to continued pressure on demand in this segment, management decided to further adjust the company's cost structure and bring U.S. manufacturing capacity in line with current and expected demand. The restructuring plan principally involves consolidation of the company's decorative fabrics weaving operations by closing Culp's facility in Pageland, South Carolina, and consolidating those operations into the Graham, North Carolina facility. Additionally, the company will be consolidating its yarn operations by integrating the production of the Cherryville, North Carolina plant into the company's Shelby, North Carolina facility. Another element of the restructuring plan is a substantial reduction in certain raw material and finished goods stock keeping units, or SKUs, to reduce manufacturing complexities and lower costs, with the ongoing objective of identifying and eliminating products that are not generating acceptable volumes or margins. Finally, the company is making reductions in selling, general and administrative expenses. Overall, these restructuring actions will reduce the number of associates by approximately 250 people, representing approximately 14 percent of those in Culp's upholstery fabrics segment. The implementation of these restructuring initiatives began in the second quarter and is expected to be completed by May 1, 2005, the end of the current fiscal year. The company expects the restructuring actions to result in total pre-tax charges of approximately $20 million ($13 million on an after-tax basis). Approximately $15 million of the pre-tax amount is expected to be non-cash items, including $5.1 million for goodwill impairment (See note 13). Of the total charges expected, $7.8 million ($4.9 million, net of taxes, or $0.42 per diluted share) was incurred in the second quarter. The remaining charges are expected to be recorded in the third and fourth quarters of fiscal 2005, as incurred.

The $7.8 million in charges incurred during the second quarter consists of the following: (1) $5.1 million of goodwill impairment, which represents all of the remaining goodwill associated with the upholstery fabrics segment; (2) $1.6 million in restructuring expenses related to the Culp Decorative Fabrics (CDF) and Culp Velvets/Prints (CVP) divisions, which includes approximately $1.3 million in employee termination costs and approximately $278,000 in write-downs of equipment; and (3) $1.1 million of restructuring related costs for the CDF division, which include inventory mark-downs and accelerated depreciation associated with plant and equipment scheduled to be disposed of, either by sale or by abandonment, over the next six months. As reflected in the consolidated financial statements, restructuring and related expenses were recorded as $1.6 million in the line item "restructuring expense" and $1.1 million in "cost of sales."

The balance of $1.3 million in accrued restructuring represents the employee termination benefits incurred during the second quarter of fiscal 2005.

FISCAL 2003 CDF RESTRUCTURING

In August 2002, management approved a restructuring plan within the Culp Decorative Fabrics division aimed at lowering manufacturing costs, simplifying the dobby fabric upholstery line, increasing asset utilization and enhancing the division's manufacturing competitiveness. The restructuring plan principally involved (1) consolidation of the division's weaving, finishing, yarn making and distribution operations by closing the facility in Chattanooga, Tennessee and integrating these functions into other plants, (2) a significant reduction in the number of stock keeping units (SKUs) offered in the dobby product line and (3) a net reduction in workforce of approximately 300 positions.

During the second quarter of fiscal 2005, the accrual was reduced $114,000 in employee termination benefits to reflect the current estimates of future health care claims and reduced $165,000 in lease termination and other exit costs to reflect current estimates of sub-lease income. The total of these adjustments was $279,000, or approximately $176,000 net of tax, or $0.01 per share diluted.

The following summarizes the fiscal 2005 activity in the restructuring accrual:

(Dollars in Thousands)	Employee Termination Benefits	Lease Termination and Other Exit Costs	Total
Balance, May 2, 2004	$ 500	4,334	4,834
Adjustments in fiscal 2005	(114)	(165)	(279)
Paid in fiscal 2005	(58)	(364)	(422)
Balance, October 31, 2004	$ 328	3,805	4,133

WET PRINTED FLOCK RESTRUCTURING

During the first quarter of fiscal 2005, assets held for sale consisting of land and a building valued at $180,000 in the other assets line of the May 2, 2004 Consolidated Balance Sheet were sold, resulting in a restructuring credit of $54,000. An additional restructuring credit of $84,000 was recognized relating to the write-off of the remaining reserve balance, which consisted of building related exit costs.

The following summarizes the fiscal 2005 activity in the CVP restructuring accrual:

(Dollars in Thousands)	Employee Termination Benefits	Lease Termination and Other Exit Costs	Total
Balance, May 2, 2004	$ 0	100	100
Adjustments in fiscal 2005	0	(84)	(84)
Paid in fiscal 2005	0	(16)	(16)
Balance, October 31, 2004	$ 0	0	0

FISCAL 2001 CDF RESTRUCTURING

During the second quarter of fiscal 2005, the reserve was reduced $12,000 to reflect current estimates of future health care claims.

The following summarizes the fiscal 2005 activity in the CDF restructuring accrual:

(Dollars in Thousands)	Employee Termination Benefits	Lease Termination and Other Exit Costs	Total
Balance, May 2, 2004	$ 34	0	34
Adjustments in fiscal 2005	(12)	0	(12)
Paid in fiscal 2005	(2)	0	(2)
Balance, October 31, 2004	$ 20	0	20

10. COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) is the total of net income (loss) and other changes in equity, except those resulting from investments by shareholders and distributions to shareholders not reflected in net income (loss).

A summary of total comprehensive income (loss) follows:

	Three months ended	
(Dollars in Thousands)	October 31, 2004	November 2, 2003
Net income (loss)	$ (4,193)	$ 3,146
Unrealized gain in fair value of short-term investments	0	9
Net comprehensive Income (loss)	$ (4,193)	$ 3,155

	Six months ended	
(Dollars in Thousands)	October 31, 2004	November 2, 2003
Net Income (loss)	$ (5,245)	$ 2,735
Unrealized loss in fair value of short-term investments	0	(57)
Net comprehensive loss	$ (5,245)	$ 2,678

11. INCOME (LOSS) PER SHARE

Basic income (loss) per share is computed using the weighted-average number of shares outstanding during the period. Diluted income per share uses the weighted-average number of shares outstanding during the period plus the dilutive effect of stock options calculated using the treasury stock method. Weighted average shares used in the computation of basic and diluted income (loss) per share follows:

	Three months ended	
(amounts in thousands)	October 31, 2004	November 2, 2003
Weighted average common shares outstanding, basic	11,549	11,524
Effect of dilutive stock options	0	250
Weighted average common shares outstanding, diluted	11,549	11,774

Options to purchase 409,750 shares and 326,625 shares of common stock were not included in the computation of diluted loss per share for the three months ended October 31, 2004 and November 2, 2003, respectively, because the exercise price of the options was greater than the average market price of the common shares.

Options to purchase 172,956 shares of common stock were not included in the computation of diluted net loss per share for the three months ended October 31, 2004 because the company incurred a net loss for the period.

	Six months ended	
(amounts in thousands)	October 31, 2004	November 2, 2003
Weighted average common shares outstanding, basic	11,548	11,519
Effect of dilutive stock options	0	199
Weighted average common shares outstanding, diluted	11,548	11,718

Options to purchase 423,438 shares and 462,412 shares of common stock were not included in the computation of diluted loss per share for the six months ended October 31, 2004 and November 2, 2003, respectively, because the exercise price of the options was greater than the average market price of the common shares.

Options to purchase 176,621 shares of common stock were not included in the computation of diluted net loss per share for the six months ended October 31, 2004 because the company incurred a net loss for the period.

12. SEGMENT INFORMATION

The company's operations are classified into two segments: mattress fabrics and upholstery fabrics. The mattress fabrics segment principally manufactures and sells fabrics to bedding manufacturers. The upholstery fabrics segment principally manufactures and sells fabrics primarily to residential and commercial (contract) furniture manufacturers. The upholstery fabrics segment consists of two divisions: Culp Decorative Fabrics and Culp Velvets/Prints. Since these divisions have similar products, manufacturing processes, customers, methods of distribution and economic characteristics, they are aggregated for segment reporting purposes.

Effective May 3, 2004, the company began evaluating the operating performance of its segments based upon income (loss) from operations before restructuring and related charges or credits and certain unallocated corporate expenses. Previously, the company evaluated operating segment performance based upon gross profit. Operating income (loss) for the prior period and gross profit for both periods by segment is presented for comparative purposes. Unallocated corporate expenses represent primarily compensation and benefits for certain executive officers and all costs related to being a public company. Segment assets include assets used in the operation of each segment and consist of accounts receivable, inventories, and property, plant and equipment. The company no longer allocates goodwill to its operating segments for the purposes of evaluating operating performance.

Financial information for the company's operating segments follow:

	Three months ended	
(Dollars in Thousands)	October 31, 2004	November 2, 2003
Net sales:		
Mattress Fabrics	$ 26,886	$ 26,788
Upholstery Fabrics	48,520	55,943
	$ 75,406	$ 82,731

	Three months ended	
(Dollars in Thousands)	October 31, 2004	November 2, 2003
Gross profit:		
Mattress Fabrics	$ 4,461	$ 6,329
Upholstery Fabrics	6,230	10,409
Restructuring related charges	(1,124)(1)	0
	$ 9,567	$ 16,738
Operating income (loss):		
Mattress Fabrics	$ 2,676	$ 4,247
Upholstery Fabrics	216	3,452
Unallocated corporate expenses	(1,039)	(1,257)
Goodwill impairment	(5,126)(2)	0
Restructuring and related charges	(2,416)(3)	0
	$ (5,689)	$ 6,442

(1) Restructuring related charges represent inventory markdowns and accelerated depreciation associated with plant and equipment scheduled to be disposed of, either by sale or abandonment, over the next six months and are included in the cost of sales line item in the Consolidated Statements of Income (Loss). These charges are related to the Upholstery Fabrics segment.

(2) The goodwill impairment was the result of an evaluation of all of the remaining goodwill associated with the upholstery fabrics segment.

(3) Restructuring and related charges represent the $1.1 million in related charges for inventory markdowns and accelerated depreciation and $1.3 million in restructuring charges for fixed asset write-downs and employee termination benefits (see note 9). Restructuring charges are included in the restructuring expense line item in the Consolidated Statements of Income (Loss). These charges are related to the Upholstery Fabrics segment.

	Six months ended	
(DOLLARS IN THOUSANDS)	October 31, 2004	November 2, 2003
Net sales:		
Mattress Fabrics	$ 52,839	$ 54,008
Upholstery Fabrics	90,416	102,399
	$ 143,255	$ 156,407
Gross profit:		
Mattress Fabrics	$ 9,255	$ 12,401
Upholstery Fabrics	10,186	15,815
Restructuring related charges	(1,199)(4)	0
	$ 18,242	$ 28,216
Operating income (loss):		
Mattress Fabrics	$ 5,575	$ 8,391
Upholstery Fabrics	(2,403)	1,733
Unallocated corporate expenses	(1,849)	(2,720)
Goodwill impairment	(5,126)(2)	0
Restructuring and related charges	(2,353)(5)	0
	$ (6,156)	$ 7,404

(4) Restructuring related charges primarily represent inventory markdowns and accelerated depreciation associated with plant and equipment scheduled to be disposed of, either by sale or abandonment, over the next six months and are included in the cost of sales line item in the Consolidated Statements of Income (Loss). These charges are related to the Upholstery Fabrics segment.

(5) Restructuring and related charges primarily represent the $1.2 million in related charges for inventory markdowns and accelerated depreciation and $1.2 million in restructuring charges for fixed asset write-downs and employee termination benefits (see note 9). Restructuring charges are included in the restructuring expense line item in the Consolidated Statements of Income (Loss). These charges are related to the Upholstery Fabrics segment.

Balance sheet information for the company's operating segments follow:

(Dollars in Thousands)	October 31, 2004	May 2, 2004
Segment assets:		
Mattress Fabrics	$ 45,546	$ 47,691
Upholstery Fabrics	101,322	109,843
Total segment assets	146,868	157,534
Non-segment assets:		
Cash and cash equivalents	16,505	14,568
Deferred income taxes	5,814	9,256
Other current assets	3,100	1,634
Property, plant & equipment	4,312	0
Goodwill	4,114	9,240
Other assets	1,327	1,496
Total assets	$ 182,040	$ 193,728

	Three months ended	
(Dollars in Thousands)	October 31, 2004	November 2, 2003
Capital expenditures:		
Mattress Fabrics	$ 300	$ 217
Upholstery Fabrics	240	1,210
Unallocated corporate (7)	468	0
	$ 1,008	$ 1,427
Depreciation expense:		
Mattress Fabrics	$ 915(6)	$ 942
Upholstery Fabrics	2,408(6)	2,497
Unallocated Corporate	0	0
	$ 3,323	$ 3,439

(6) Excludes accelerated depreciation of approximately $215,000 associated with plant and equipment scheduled to be disposed of over the next six months

	Six months ended	
(DOLLARS IN THOUSANDS)	October 31, 2004	November 2, 2003
Capital expenditures:		
Mattress Fabrics	$ 730	$ 283
Upholstery Fabrics	477	2,984
Unallocated corporate	4,343(7)	0
	$ 5,550	$ 3,267
Depreciation expense:		
Mattress Fabrics	$ 1,831(6)	$ 1,887
Upholstery Fabrics	4,854(6)	4,996
Unallocated Corporate	0	0
	$ 6,685	$ 6,883

(7) Unallocated corporate capital expenditures for fiscal 2005 represent primarily capital spending for the new corporate office building.

13. GOODWILL IMPAIRMENT

Due to the continued pressure on demand in the upholstery fabrics segment, operating profits and cash flows were lower than expected for the second quarter and year to date for fiscal 2005. As a result, management determined that the goodwill associated with the segment should be tested for impairment in accordance with the provisions of FAS 142, GOODWILL AND OTHER INTANGIBLE ASSETS. An independent business valuation specialist was engaged to assist the company in the determination of the fair market value of the upholstery fabrics segment. The fair value as determined using several different methods, including comparable companies, comparable transactions and discounted cash flow analysis was less than the carrying value. Accordingly, the company recorded a goodwill impairment charge of $5.1 million ($3.2 million net of taxes of $1.9 million), or $0.28 per share diluted, related to the goodwill associated with the upholstery fabrics segment. After the goodwill impairment charge, the company's remaining goodwill of $4.1 million relates to the mattress fabrics segment.

ITEM 2.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This Report and the exhibits attached hereto contain 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 (Section 27A of the Securities Act of 1933 and Section 27A of the Securities and Exchange Act of 1934). Such statements are inherently subject to risks and uncertainties. Further, forward-looking statements are intended to speak only as of the date on which they are made. 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 but not always characterized by qualifying words such as "expect," "believe," "estimate," "plan" and "project" and their derivatives, and include but are not limited to statements about the company's future operations, production levels, sales, SG&A or other expenses, margins, gross profit, operating income, earnings or other performance measures. Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income, and general economic conditions. Decreases in these economic indicators could have a negative effect on the company's business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could affect the company adversely. In addition, strengthening of the U. S. dollar against other currencies could make the company's products less competitive on the basis of price in markets outside the United States. Also, economic and political instability in international areas could affect the company's operations or sources of goods in those areas, as well as demand for the company's products in international markets. Finally, unanticipated delays or costs in executing restructuring actions could cause the cumulative effect of restructuring actions to fail to meet the objectives set forth by management. Other factors that could affect the matters discussed in forward looking statements are included in the company's periodic reports filed with the Securities and Exchange Commission.

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

Results of Operations

The following analysis of 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, Inc., which we sometimes refer to as the company, manufactures and markets mattress fabrics (known as mattress ticking and used for covering mattresses and box springs) and upholstery fabrics primarily for use in furniture manufacturing (residential and commercial). The company's executive offices are located in High Point, North Carolina. The company was organized as a North Carolina corporation in 1972 and made its initial public offering in 1983. Since 1997, the company has been listed on the New York Stock Exchange and traded under the symbol "CFI."

Management believes that Culp is one of the two largest producers of mattress fabrics in North America, as measured by total sales, and one of the three largest marketers of upholstery fabrics for furniture in North America, again measured by total sales. The company's fabrics are used primarily in the production of bedding products and residential and commercial upholstered furniture, including sofas, recliners, chairs, loveseats, 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 "good" and "better" priced categories of furniture and bedding.

The company's fiscal year is the 52 or 53 week period ending on the Sunday closest to April 30. The year-to-date period for fiscal 2005 included 26 weeks versus 27 weeks for the same period of fiscal 2004. The company's operating segments are mattress fabrics and upholstery fabrics, with related divisions organized within those segments. In mattress fabrics, Culp Home Fashions markets a broad array of fabrics used by bedding manufacturers. In upholstery fabrics, Culp Decorative Fabrics markets jacquard and dobby woven fabrics for residential and commercial furniture and yarn for use primarily by the company, with some outside sales. Culp Velvets/Prints markets velvet, printed fabrics and microdenier suedes used primarily for residential furniture.

Effective May 3, 2004, the company began allocating selling, general and administrative expenses to its operating segments and began evaluating the operating performance of its segments based upon income (loss) from operations before restructuring and related charges or credits and certain unallocated corporate expenses. Previously, the company evaluated operating segment performance based upon gross profit. Operating income (loss) for the prior period and gross profit for both periods by segment is presented for comparative purposes. Unallocated corporate expenses represent primarily compensation and benefits for certain executive officers and all costs related to being a public company. Segment assets include assets used in the operation of each segment and consist of accounts receivable, inventories, and property, plant and equipment. The company no longer allocates goodwill to its operating segments for the purposes of evaluating operating performance.

The following tables set forth the company's sales, gross profit and operating income (loss) by segment/division for the three and six months ended October 31, 2004 and November 2, 2003.

CULP, INC.
SALES, GROSS PROFIT AND OPERATING INCOME (LOSS) BY SEGMENT/DIVISION
FOR THE THREE MONTHS ENDED OCTOBER 31, 2004 AND NOVEMBER 2, 2003

(Amounts in thousands)

	THREE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Total Sales	
Net Sales by Segment	October 31, 2004	November 2, 2003	% Over (Under)	October 31, 2004	November 2, 2003
Mattress Fabrics					
Culp Home Fashions	$ 26,886	26,788	0.4 %	35.7 %	32.4 %
Upholstery Fabrics					
Culp Decorative Fabrics	27,278	32,459	(16.0)%	36.2 %	39.2 %
Culp Velvets/Prints	21,242	23,484	(9.5)%	28.2 %	28.4 %
	48,520	55,943	(13.3)%	64.3 %	67.6 %
Net Sales	$ 75,406	82,731	(8.9)%	100.0 %	100.0 %
Gross Profit by Segment				Gross Profit Margin	
Mattress Fabrics	$ 4,461	6,329	(29.5)%	16.6 %	23.6 %
Upholstery Fabrics	6,230	10,409	(40.1)%	12.8 %	18.6 %
Restructuring related charges (1)	(1,124)	0	100.0 %	(2.3)%	0.0 %
Gross Profit	$ 9,567	16,738	(42.8)%	12.7 %	20.2 %
Operating Income (loss) by Segment				Operating Income (Loss) Margin	
Mattress Fabrics	$ 2,676	4,247	(37.0)%	10.0 %	15.9 %
Upholstery Fabrics	216	3,452	(93.7)%	0.4 %	6.2 %
Unallocated corporate expenses	(1,039)	(1,257)	(17.3)%	(1.4)%	(1.5)%
Goodwill impairment	(5,126)	0	(100.0)%	(6.8)%	0.0 %
Restructuring and related charges and credits(1)	(2,416)	0	(100.0)%	(5.0)%	0.0 %
Operating income (loss)	$ (5,689)	6,442	(188.3)%	(7.5)%	7.8 %
Depreciation by Segment					
Mattress Fabrics	$ 915(2)	942	(2.9)%		
Upholstery Fabrics	2,408(2)	2,497	(3.6)%		
Total Depreciation	$ 3,323	3,439	(3.4)%		

(1) The $1.1 million represents restructuring related charges for inventory markdowns and accelerated depreciation. The $2.4 million represents the $1.1 million restructuring related charges plus $1.3 million in restructuring charges for fixed asset write-downs and accrued termination benefits. All of these charges relate to the upholstery fabrics segment.

(2) Excludes accelerated depreciation of approximately $215,000 associated with plant and equipment scheduled to be disposed of over the next six months.

CULP, INC.
SALES, GROSS PROFIT AND OPERATING INCOME (LOSS) BY SEGMENT/DIVISION
FOR THE SIX MONTHS ENDED OCTOBER 31, 2004 AND NOVEMBER 2, 2003

(Amounts in thousands)

	SIX MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Total Sales	
Net Sales by Segment	October 31, 2004	November 2, 2003	% Over (Under)	October 31, 2004	November 2, 2003
Mattress Fabrics					
Culp Home Fashions	$ 52,839	54,008	(2.2)%	36.9 %	34.5 %
Upholstery Fabrics					
Culp Decorative Fabrics	51,197	62,076	(17.5)%	35.7 %	39.7 %
Culp Velvets/Prints	39,219	40,323	(2.7)%	27.4 %	25.8 %
	90,416	102,399	(11.7)%	63.1 %	65.5 %
Net Sales	$ 143,255	156,407	(8.4)%	100.0 %	100.0 %
Gross Profit by Segment				Gross Profit Margin	
Mattress Fabrics	$ 9,255	12,401	(25.4)%	17.5 %	23.0 %
Upholstery Fabrics	10,186	15,815	(35.6)%	11.3 %	15.4 %
Restructuring related charges (1)	(1,199)	0	100.0 %	(1.3)%	0.0 %
Gross Profit	$ 18,242	28,216	(35.3)%	12.7 %	18.0 %
Operating Income (loss) by Segment				Operating Income (Loss) Margin	
Mattress Fabrics	$ 5,575	8,391	(33.6)%	10.6 %	15.5 %
Upholstery Fabrics	(2,403)	1,733	(238.7)%	(2.7)%	1.7 %
Unallocated corporate expenses	(1,849)	(2,720)	(32.0)%	(1.3)%	(1.7)%
Goodwill impairment	(5,126)	0	(100.0)%	(3.6)%	0.0 %
Restructuring and related charges and credits(1)	(2,353)	0	(100.0)%	(2.6)%	0.0 %
Operating income (loss)	$ (6,156)	7,404	(183.1)%	(4.3)%	4.7 %
Depreciation by Segment					
Mattress Fabrics	$ 1,844(2)	1,886	(2.2)%		
Upholstery Fabrics	4,841(2)	4,997	(3.1)%		
Total Depreciation	$ 6,685	6,883	(2.9)%		

(1) The $1.2 million represents restructuring related charges for inventory markdowns and accelerated depreciation. The $2.4 million represents the $1.2 million restructuring related charges plus $1.2 million in restructuring charges for fixed asset write-downs and accrued termination benefits. All of these charges relate to the upholstery fabrics segment.

(2) Excludes accelerated depreciation of approximately $215,000 associated with plant and equipment scheduled to be disposed of over the next six months.

Three and Six Months ended October 31, 2004 compared with Three and Six Months ended November 2, 2003

The financial results for the second quarter reflect weak demand for upholstery fabrics and industry wide pricing pressure impacting the mattress fabrics segment. While the company anticipated the normal seasonal pick-up in demand for upholstery fabric that occurs in the fall, sales in the upholstery segment were approximately 13% lower than the same period last year. Overall, the retail furniture business has not demonstrated signs of a meaningful recovery from the summer slowdown. For the second quarter of fiscal 2005, consolidated net sales decreased 8.9% to $75.4 million; and the company reported a net loss of $4.2 million, or $0.36 per share diluted, compared with net income of $3.1 million, or $0.27 per diluted share, for the second quarter of fiscal 2004. The financial results for this quarter reflect a total of $2.4 million in restructuring and related charges, or $1.5 million net of tax ($0.13 per share) and $5.1 million in goodwill impairment, or $3.2 million net of tax ($0.28 per share). For the first six months of fiscal 2005, net sales decreased 8.4% to $143.3 million; and the company reported a net loss of $5.2 million, or $0.45 per share diluted, compared with net income of $2.7 million or $0.23 per share diluted, for the same period last year. The financial results for the first six months of fiscal 2005 included $2.4 million in restructuring and related charges, or $1.5 million net of tax ($0.12 per share) and $5.1 million in goodwill impairment, or $3.2 million net of tax ($0.28 per share). The year-to-date results for fiscal 2005 included 26 weeks versus 27 weeks for the same period of fiscal 2004.

Goodwill Impairment and Restructuring and Related Charges

The financial results for the second quarter include a total of $7.5 million in restructuring and related charges and goodwill impairment. The charges are made up of the following: (1) $5.1 million of goodwill impairment, which is the result of an evaluation of all of the remaining goodwill associated with the upholstery fabrics segment (see note 13 in the Notes to the Consolidated Financial Statements); (2) $1.3 million in restructuring expenses related to the Culp Decorative Fabrics ("CDF") and Culp Velvets/Prints ("CVP") divisions, which includes approximately $1.0 million in personnel costs and approximately $300,000 in write-downs of equipment; and (3) $1.1 million of restructuring related costs for the CDF division, which include inventory mark-downs and accelerated depreciation associated with plant and equipment scheduled to be disposed of, either by sale or by abandonment, over the next six months. As reflected in the consolidated financial statements, restructuring and related expenses were recorded as $1.3 million in the line item "restructuring expense" and $1.1 million in "cost of sales." The goodwill impairment charge and restructuring and related expenses have reduced net income per share by $0.41 for the second quarter of fiscal 2005. The goodwill impairment was accounted for in accordance with SFAS 142, Goodwill and Other Intangible Assets. The write-down of equipment and accelerated depreciation was accounted for in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Personnel costs were accounted for in accordance with SFAS No. 112, Accounting for Employers' Accounting for Postemployment Benefits.

The restructuring and related charges for the upholstery fabrics segment reflect the restructuring initiative announced in October 2004. The restructuring plan is designed to reduce costs, increase asset utilization and improve profitability within the upholstery fabrics segment. The company has made substantial progress over the past several years with previous restructuring initiatives. However, with continued pressure on demand in this segment, management has decided to move forward with plans to further adjust the company's cost structure and bring U.S. manufacturing capacity in line with current and expected demand. The restructuring plan principally involves consolidation of the company's decorative fabrics weaving operations by closing Culp's facility in Pageland, South Carolina, and consolidating those operations into the Graham, North Carolina facility. Additionally, the company will be consolidating its yarn operations by integrating the production of the Cherryville, North Carolina plant into the company's Shelby, North Carolina facility. Another important element of the restructuring plan will be a substantial reduction in certain raw material and finished goods stock keeping units, or SKUs, to reduce manufacturing complexities and lower costs, with the ongoing objective of identifying and eliminating products that are not generating acceptable volumes or margins. Finally, the company is making significant reductions in selling, general and administrative expenses. Overall, these restructuring actions will reduce the number of associates by approximately 250 people, representing approximately 14 percent of those in Culp's upholstery fabrics segment. The implementation of these restructuring initiatives has already begun and is expected to be completed by May 1, 2005, the end of the current fiscal year. The company expects the restructuring actions to result in total pre-tax charges of approximately $20 million ($13 million on an after-tax basis). Approximately $15 million of the pre-tax amount is expected to be non-cash items, including $5.1 million for goodwill impairment. As described above, of the total charges expected, $7.5 million ($4.7 million, net of taxes, or $0.41 per diluted share) was incurred in the second fiscal quarter. The remaining charges are expected to be recorded in the third and fourth quarters of fiscal 2005, as incurred.

As a result of these plant consolidations and other cost-reduction initiatives, the company expects to realize annual savings of approximately $9.5 million, of which approximately $4.0 million will be in fixed manufacturing costs, an estimated $2.0 million in variable manufacturing costs, and approximately $3.5 million in selling, general and administrative costs. Once these initiatives are completed, the company will have seven manufacturing facilities operating in the upholstery fabrics segment, including one facility in China. Management believes this configuration will allow the company to utilize its domestic operations more efficiently, especially for promotional, commercial fabric and make-to-order business. At the same time, the company intends to continue aggressively pursuing its strategy to source upholstery fabrics that are not manufactured in the U.S. As described in more detail below, sales of upholstery fabrics produced outside of the company's U.S. manufacturing plants are accounting for an increasing percentage of the company's overall upholstery fabric sales.

Mattress Fabrics Segment

Net Sales -- Mattress fabric (known as mattress ticking) sales of $26.9 million for the second quarter of fiscal 2005 were up slightly from the same period a year ago. Year-to-date sales of $52.8 million reflect a 2.2% decrease from the year earlier period. As previously addressed, the year-to-date results reflect a 26 week period versus a 27 week period last year. Mattress ticking yards sold during the second quarter of fiscal 2005 were 11.3 million compared with 10.9 million yards in the second quarter of last year, an increase of 3.7%. A slightly lower year-over-year percentage increase occurred in the first quarter of this fiscal year. This increase in yards sold is noteworthy because it occurred as the bedding industry nears the completion of the transition to selling predominantly one-sided mattresses, which utilize about one-third less mattress ticking. The average selling price for mattress fabrics was $2.35 per yard for the second quarter, compared to $2.43 per yard in the same quarter last year, a decrease of 3.3%. For the first six months of fiscal 2005, the average selling price for mattress fabrics was $2.37 per yard compared to $2.50 per yard in the same period last year, a decrease of 5.2%. Mattress manufacturers are currently incurring higher costs for other mattress components, such as steel, as well as costs associated with flame retardant requirements. As a result of these increased costs, mattress manufacturers are placing additional pressure on mattress ticking prices, and in some instances manufacturers are moving to lower priced ticking.

Operating income -- For the second quarter of fiscal 2005, the mattress fabrics segment reported operating income of $2.7 million, or 10.0% of sales, compared with $4.2 million, or 15.9% of sales, for the prior year period. For the first six months of fiscal 2005, operating income was $5.6 million, or 10.6% of sales, compared with $8.4 million, or 15.5% of sales, for the same period last year. Thus far in fiscal 2005, operating income has been primarily impacted by industry wide pricing pressure, as discussed above, and inventory markdowns related to certain customer programs. Additionally, operating income was impacted by increased raw material costs due primarily to the increased cost of petroleum based products.

Capital Project -- In order to reduce manufacturing costs, the company will be consolidating its mattress fabric manufacturing into two plants located in Quebec, Canada, and Stokesdale, North Carolina. This project will involve relocation of ticking looms from an upholstery fabric plant and the purchase of new looms that are faster and more efficient than the equipment they will replace. The capital expenditure amount budgeted for this project is approximately $7.0 million over the current and next fiscal year. This project is underway and is expected to be completed by August 2005. Management believes these changes in the company's manufacturing operations will significantly enhance the company's cost structure in this segment. The company anticipates approximately $4.5 million in annualized savings to be achieved as a result of this capital project.

Upholstery Fabrics Segment

Net Sales -- Upholstery fabric sales for the second quarter of fiscal 2005 decreased 13.3% to $48.5 million when compared to the second quarter of fiscal 2004. For the first six months of fiscal 2005, upholstery fabric sales decreased 11.7% to $90.4 million compared to the same period last year. The lower sales for both the quarter and year-to-date primarily reflect soft demand by furniture retailers, as well as current consumer preference for leather furniture and increased competition from imported fabrics, including cut and sewn kits, primarily from Asia. U.S. import quotas for upholstery fabric are expected to end as of January 1, 2005, which will allow additional imports of such products into the U.S. at lower costs. The magnitude of this development's impact on the company is difficult to predict, but the end of these quotas is another factor that is expected to put continuing pressure on demand for upholstery fabrics produced in domestic plants.

With the company's offshore sourcing efforts, including the China platform, the company is experiencing higher sales of upholstery fabric products produced outside of the company's U.S. manufacturing plants for fiscal 2005. For the second quarter of fiscal 2005, these sales increased 143% over the prior year period and accounted for approximately $7.0 million or 14.4% of upholstery fabric sales for the quarter. Offshore sourced fabrics of $2.9 million accounted for approximately 5.1% of upholstery fabric sales for the same period last year.

Upholstery fabric yards sold during the second quarter were 10.7 million versus 13.1 million in the second quarter of fiscal 2004, a decline of 18.3%. The average selling price for this segment was $4.23 per yard for the second quarter compared with $4.13 per yard in the same quarter of last year, an increase of 2.4%, due to higher average selling prices in both the CDF and CVP divisions. For the first six months of fiscal 2005, the average selling price for upholstery fabrics was $4.24 per yard compared to $4.14 per yard in the same period last year, an increase of 2.4%.

Operating income (loss) -- Operating income for the second quarter of fiscal 2005 was $216,000, or 0.4% of sales, compared with operating income of $3.5 million, or 6.2% of sales, for the same period last year. For the first six months of fiscal 2005, this segment has experienced an operating loss of $2.4 million compared with operating income of $1.7 million for the same period last year. This significant decrease in segment income as compared to last year was primarily due to further underutilization of the company's U.S. manufacturing capacity. Additionally, the upholstery fabrics segment has been experiencing higher raw material costs due mainly to the increase in cost of petroleum based products. As discussed earlier, the company is currently implementing an aggressive restructuring plan to address the significant decline in operating profit. Management will continue to closely monitor trends in demand for upholstery fabrics produced by its domestic mills. If sales in the upholstery fabrics segment of U.S.-produced goods continue to decline and the segment is not able to produce acceptable levels of operating profit, the company remains prepared to take additional actions to adjust its cost structure and capacity to match demand from its customers.

Other Corporate Expenses

Selling, General and Administrative Expenses -- SG&A expenses of $8.8 million for the second quarter of fiscal 2005 decreased approximately $1.5 million, or 14.2%, from the prior year amount. As a percent of net sales, SG&A expenses decreased to 11.7% from 12.4% the previous year, due mostly to lower incentive compensation expense and lower professional fees. Year-to-date results also reflect lower spending, as SG&A expenses have decreased by 12.9% to $18.1 million compared to the same period last year for primarily the same reasons as in the second quarter.

The unallocated corporate expense category includes certain items that have not been allocated to the company's segments. The major components of unallocated corporate expenses include compensation and benefits for certain executive officers and all costs related to being a public company. For the second quarter of fiscal 2005, unallocated corporate expenses totaled $1.0 million compared with $1.3 million for the same period last year, reflecting a decrease in incentive compensation expense and professional fees.

Interest Expense (Income) - Interest expense for the second quarter declined to $937,000 from $1.5 million the previous year due to lower borrowings outstanding. Interest income decreased to $29,000 from $121,000 the previous year due to lower invested balances in fiscal 2005. The year-to-date interest expense and interest income are significantly lower than last year for the same reasons.

Income Taxes -- The effective tax rate (taxes as a percentage of pretax income (loss)) for the first six months of fiscal 2005 was 37.3% compared with 37.0% for the first six months of fiscal 2004.

Liquidity and Capital Resources

Liquidity --The company's sources of liquidity include cash and cash equivalents, cash flow from operations and amounts available under its revolving credit line. These sources have been adequate for day-to-day operations and capital expenditures. The company expects these sources of liquidity to continue to be adequate for the foreseeable future. Cash and cash equivalents as of October 31, 2004 increased to $16.5 million from $14.6 million at the end of fiscal 2004, primarily reflecting cash flow from operations of $8.6 million and capital expenditures and payments on vendor financed capital expenditures of $ 6.9 million.

Working Capital -- Accounts receivable as of October 31, 2004 decreased 15.2% from the year-earlier level. Days sales outstanding totaled 32 days at October 31, 2004 compared with 34 days a year ago. Inventories at the close of the second quarter decreased 9.9% from a year ago. Inventory turns for the second quarter were 5.2 versus 5.1 for the year-earlier period. Operating working capital (comprised of accounts receivable and inventories, less trade accounts payable) was $59.9 million at October 31, 2004, down from $ 61.3 million a year ago.

Financing Arrangements -- The company's long-term debt of $51.2 million is unsecured and is comprised of $50.0 million in outstanding senior notes, with a fixed interest rate of 7.76%, and a $1.2 million, non-interest bearing term loan with the Canadian government. The Canadian government loan is repaid in annual installments of approximately $600,000 per year. The company's current bank agreement expires in August 2005. The first scheduled principal payment on the $50.0 million senior notes is due March 2006 in the amount of $7.5 million. The company was in compliance with all financial covenants in its loan agreements as of October 31, 2004.

In December 2004, the company amended its bank agreement with its lender to provide for, among other things, a reduced revolving loan commitment of $10.0 million from an existing commitment of $15.0 million, including letters of credit up to $2.5 million (See Part II - Other Information Item 5 for additional details). As of October 31, 2004, there were $399,000 in outstanding letters of credit in support of inventory purchases and no borrowings outstanding under the agreement.

Capital Expenditures -- Capital spending for the first six months of fiscal 2005 was $5.5 million, including approximately $4.3 million for the purchase of a building that will serve as the company's new corporate offices and as new space for the company's showrooms. The company expects the annual operating costs of the new building to be significantly lower than the lease and related costs associated with the current facilities. Depreciation for the second quarter was $3.5 million, of which approximately $215,000 was related to accelerated depreciation associated with plant and equipment scheduled to be disposed of over the next six months. The company increased the capital budget by $6.1 million to $15.6 million, of which $4.9 million relates to the mattress ticking capital project.

Cash Flow from Operations -- Cash flow from operations was $8.6 million for the first six months of fiscal 2005, compared with $11.5 million for the same period last year. This decrease was due primarily to lower profitability.

Seasonality

Mattress Fabrics Segment:
The ticking business and the bedding industry in general are slightly seasonal, with sales typically being the highest in the company's first and fourth fiscal quarters.

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

Critical Accounting Policies and Recent Accounting Developments

The company considered the disclosure requirements of Financial Reporting Release No. 60 regarding critical accounting policies and Financial Reporting Release No. 61 regarding liquidity and capital resources, certain trading activities and related party/certain other disclosures, and concluded that there were no material changes during the first six months of fiscal 2005 that would warrant further disclosure beyond those matters previously disclosed in the company's Annual Report on Form 10-K for the year ended May 2, 2004.

Inflation

The cost of many of the company's raw materials and supplies, principally products from petroleum derivatives, and energy costs, have increased during the company's current fiscal year and, as a result, have impacted margins this fiscal year. Other 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.

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'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. As of October 31, 2004, there were no borrowings outstanding under the company's revolving credit agreement. Additionally, approximately 98% of the company's long-term debt is at a fixed rate. Thus, any reasonably foreseeable change in interest rates would have no material effect on the company's interest expense.

The company's exposure to fluctuations in foreign currency exchange rates is due primarily to a foreign subsidiary domiciled in Canada and firmly committed and anticipated 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 firmly committed and anticipated purchases of certain machinery, equipment and raw materials. The amount of Canadian-denominated sales and manufacturing costs is not material to the company's consolidated results of operations; therefore, a 10% change in the exchange rate at October 31, 2004 would not have a significant impact on the company's results of operations or financial position. Additionally, as the company utilizes foreign currency instruments for hedging anticipated and firmly committed transactions, a loss in fair value for those instruments is generally offset by increases in the value of the underlying exposure.

Due to the start up of operations in China, the company does have exposure to fluctuations in currency rates if China allows its currency to float, since it has been essentially fixed in relation to the U.S. dollar. Currently, the risk cannot be hedged. The amount of sales and manufacturing costs denominated in Chinese currency is not material to the company's consolidated results of operations; therefore, a 10% change in the exchange rate at October 31, 2004 would not have a significant impact on the company's results of operations or financial position.

ITEM 4. CONTROLS AND PROCEDURES

The company conducted a review and evaluation of its disclosure controls and procedures, under the supervision and with the participation of the company's principal executive officer and principal financial officer as of October 31, 2004, and the principal executive officer and principal financial officer have concluded that the company's disclosure controls and procedures are adequate and effective. In addition, no change in the company's internal control over financial reporting has occurred during, or subsequent to, the period covered by this report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

PART II - OTHER INFORMATION

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

The Annual Meeting of Shareholders of the Company was held in High Point, North Carolina on September 21, 2004. Of the 11,547,759 shares of common stock outstanding on the record date of July 23, 2004, 10,434,151 shares were present in person or by proxy.

At the Annual Meeting, shareholders voted on:

- the election of five directors: Jean L.P. Brunel, Howard L. Dunn, Jr., H. Bruce English, Kenneth R. Larson and Kenneth W. McAllister
- ratification of the appointment of KPMG LLP as the independent registered public accounting firm of the company for the current fiscal year,

A. PROPOSAL FOR ELECTION OF DIRECTORS:

JEAN L.P. BRUNEL	
For	10,267,292
Abstain	166,859

HOWARD L. DUNN, JR	
For	10,187,267
Abstain	246,884

H. BRUCE ENGLISH	
For	10,218,067
Abstain	216,084

KENNETH R. LARSON	
For	10,265,262
Abstain	168,889

KENNETH W. MCALLISTER	
For	10,218,063
Abstain	216,088

B. PROPOSAL TO RATIFY THE ELECTION OF KPMG LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE COMPANY FOR FISCAL YEAR 2005:

For	10,329,311
Against	104,327
Abstain	513

ITEM 5. OTHER INFORMATION

As of December 7, 2004, the company entered into a Fourth Amendment to Amended and Restated Credit Agreement, which amends the credit agreement between the company and its bank lender, Wachovia Bank, National Association. The credit agreement, and two previous amendments to the agreement, were filed as Exhibits 10(o), 10(p) and 10(q) to the company's Annual Report on Form 10-K for the year ended May 2, 2004. The Third Amendment to Amended and Restated Credit Agreement ("Third Amendment") was filed as Exhibit 10 to a Current Report on Form 8-K dated August 31, 2004. The company and its bank lender entered into the Fourth Amendment to Amended and Restated Credit Agreement ("Fourth Amendment") on December 7, 2004. The principal terms of the Fourth Amendment are to increase the capital expenditure limitation for the company's current fiscal year to $16 million, to eliminate the Funded Debt/EBITDA covenant, to decrease the line of credit from $15 million to $10 million and to add a liquidity covenant requiring the company to maintain at least $4 million in cash deposits with its bank lender. The Fourth Amendment is filed as Exhibit 10(b) hereto.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) THE FOLLOWING EXHIBITS ARE FILED AS PART OF THIS REPORT.

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 July 28, 2002, filed September 11, 2002, and are incorporated herein by reference.

3(ii) Restated and Amended Bylaws of the company, as amended June 12, 2001, were filed as Exhibit 3(ii) to the company's Form 10-Q for the quarter ended July 29, 2001, filed September 12, 2001, and are incorporated herein by reference.

10(a) Third Amendment to Amended and Restated Credit Agreement dated as of August 23, 2004 among Culp, Inc. and Wachovia Bank, National Association, as Agent and as Bank, filed as Exhibit 10 to Current Report on Form 8-K dated August 26, 2004, and incorporated herein by reference.

10(b) Fourth Amendment to Amended and Restated Credit Agreement dated as as of December 7, 2004 among Culp, Inc. and Wachovia Bank, National Association, as Agent and as Bank.

31.1 Certification of Chief Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

(B) REPORTS ON FORM 8-K:

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

Form 8-K dated August 26, 2004, included under Item 2.02, Results of Operations and Financial Condition, the company's press release announcing its financial results for the first quarter ended August 1, 2004.

Form 8-K dated August 31, 2004, included under Item 1.01, Entry into a Material Definitive Agreement, the company's press release disclosing that the company entered into an agreement to amend and extend for one year the term of its loan agreement with Wachovia Bank, National Association.

Form 8-K dated September 21, 2004, included under Item 5.02, Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers; and Item 9.01, Financial Statements and Exhibits, the company's press release announcing the results of its annual meeting of shareholders.

Form 8-K dated October 27, 2004, included under Item 7.01, Regulation FD Disclosure; and Item 9.01, Financial Statements and Exhibits, the company's press release announcing its revised earnings expectations for its second fiscal quarter ended October 31, 2004, and announcing a restructuring plan to be effected over the reminder of its current fiscal year, including the anticipated financial impact of this restructuring plan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CULP, INC.
(REGISTRANT)

Date: December 9, 2004

By: /s/ FRANKLIN N. SAXON

Franklin N. Saxon
President and Chief Operating Officer
(Authorized to sign on behalf
of the registrant and also signing as
principal financial officer)

By: /s/ KENNETH R. BOWLING

Kenneth R. Bowling
Vice President-Finance, Treasurer
(Authorized to sign on behalf
of the registrant and also signing as
principal accounting officer)

Exhibit 10(b)

FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT ("Fourth Amendment") is made as of the 7th day of December, 2004, by and between CULP, INC., a North Carolina corporation (together with its successors and permitted assigns, the "Borrower") and WACHOVIA BANK, NATIONAL ASSOCIATION (formerly, Wachovia Bank, N.A.), a national banking association, as Agent and as a Bank (together with its endorsees, successors and assigns, the "Bank").

BACKGROUND

The Borrower and the Bank entered into an Amended and Restated Credit Agreement, dated as of August 23, 2002, as amended by Second Amendment to Amended and Restated Credit Agreement (the "Second Amendment"), dated as of June 3, 2003, and by Third Amendment to Amended and Restated Credit Agreement (the "Third Amendment"), dated as of August 23, 2004 (it being acknowledged by the parties hereto that the proposed First Amendment to Amended and Restated Credit Agreement, which had been under discussion in March 2003, was never executed by the parties and is of no force or effect; otherwise, such agreement, as amended by the Second Amendment and Third Amendment and as it may be further amended, restated, supplemented and/or modified, shall be referred to herein as the "Credit Agreement"). Terms used herein and not herein defined shall have the meanings given to them in the Credit Agreement.

The Borrower has now requested certain other amendments to the provisions of the Credit Agreement, which the Bank is willing to accommodate subject to the terms, provisions and conditions set forth in this Fourth Amendment.

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

1. Amendments to Credit Agreement. The Credit Agreement is hereby amended as follows:

(a) The aggregate amount of the Commitment of the Bank and the aggregate amount of the Total Commitments, each as set forth on page 61 of the Credit Agreement, are hereby reduced from $15,000,000.00 to $10,000,000.00.

(b) Section 5.21 of the Credit Agreement is hereby deleted in its entirety without any replacement therefor.

(c) Section 5.24 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

> SECTION 5.24. Capital Expenditures. Capital Expenditures will not exceed (i) for the Fiscal Year 2003, $14,000,000; (ii) for Fiscal Years 2002 and 2004, 50% of the Depreciation incurred for Fiscal Year 2004, and (iii) for the Fiscal Year 2005, $16,000,000.

(d) A new Section 5.26 is hereby added to the Credit Agreement, which section shall read as follows:

> SECTION 5.26. Liquidity Requirement. The Borrower will maintain with the Bank at all times collected deposit balances of not less than $4,000,000.00 (none of which has been borrowed hereunder).

2. Further Assurances. The Borrower will execute such confirmatory instruments, if any, with respect to the Credit Agreement and this Fourth Amendment as the Bank may reasonably request.

3. Ratification by Borrower. The Borrower ratifies and confirms all of its representations, warranties, covenants, liabilities and obligations under the Credit Agreement (except as expressly modified by this Fourth Amendment) and agrees that: (i) except as expressly modified by this Fourth Amendment, the Credit Agreement continues in full force and effect as if set forth specifically herein; and (ii) the Borrower has no right of setoff, counterclaim or defense to payment of its obligations under the Credit Agreement. The Borrower and the Bank agree that this Fourth Amendment shall not be construed as an agreement to extinguish the Borrower's obligations under the Credit Agreement or the Notes and shall not constitute a novation as to the obligations of the Borrower under the Credit Agreement or the Notes. The Bank hereby expressly reserves all rights and remedies it may have against all parties who may be or may hereafter become secondarily liable for the repayment of the obligations under the Credit Agreement or the Notes.

4. Amendments. This Fourth Amendment may not itself be amended, changed, modified, altered, or terminated without in each instance the prior written consent of the Bank. This Fourth Amendment shall be construed in

accordance with and governed by the laws of the State of North Carolina.

5. Counterparts. This Fourth Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which, taken together, shall constitute one and the same agreement.

6. Credit Agreement Modification Fee. The Borrower shall pay to the Bank on the date this Fourth Amendment is executed, an amendment fee equal to $7,500.00, which fee, once paid, shall be fully earned and non-refundable.

7. Bank's Expenses. In accordance with Section 9.03 of the Credit Agreement, Borrower hereby acknowledges and agrees to pay all reasonable out-of-pocket expenses incurred by the Bank in connection with the preparation of this Fourth Amendment, including without limitation reasonable attorneys' fees.

[Signature Page Follows]

IN WITNESS WHEREOF, this Fourth Amendment has been duly executed under seal by Borrower and Bank as of the day and year first above written.

BORROWER:

CULP, INC.

By: /s/ Kenneth R. Bowling

Name: Kenneth R. Bowling
Title: Vice President-Finance, Treasurer

ATTEST:

/s/ Kathy J. Hardy
- ------------------
Secretary

[Corporate Seal]

BANK:

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Agent and as Bank

By: /s/ Peter T. Callahan

Name: Peter T. Callahan
Title: Senior Vice President

Exhibit 31.1

CERTIFICATION

I, Robert G. Culp, III, Chairman of the Board and Chief Executive Officer of Culp, Inc., (principal executive officer) certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Culp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 9, 2004

By: /s/ Robert G. Culp, III

Robert G. Culp, III
Chairman of the Board and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION

I, Franklin N. Saxon, President and Chief Operating Officer of Culp, Inc., (principal financial officer) certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Culp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 9, 2004

By: /s/ Franklin N. Saxon

Franklin N. Saxon
President and Chief Operating Officer (principal financial officer)

Exhibit 32.1

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Culp, Inc. (the "Company") on Form 10-Q for the period ended October 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert G. Culp,III, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Robert G. Culp, III
- -------------------------
Chairman of the Board and
Chief Executive Officer

December 9, 2004

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 has been provided to Culp, Inc. and will be retained by Culp, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Culp, Inc. (the "Company") on Form 10-Q for the period ended October 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Franklin N. Saxon, President and Chief Operating Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Franklin N. Saxon
- -----------------------
President and
Chief Operating Officer

December 9, 2004

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 has been provided to Culp, Inc. and will be retained by Culp, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.