

**CULP, INC.**  
**CHARTER OF THE**  
**COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS**

**I. PURPOSE**

The purpose of the Compensation Committee (the “Committee”) of Culp, Inc. (the “Company”) is to carry out the board of directors’ responsibilities for reviewing and establishing compensation standards and actual compensation for the Company’s directors, chief executive officer, and other executive officers.

**II. COMPOSITION**

The Committee shall be comprised of three or more directors, all of whom shall be independent as determined in the judgment of the board of directors. In order to be eligible to serve on the Committee, a director must:

- A. Be an “independent director” within the meaning of applicable Securities and Exchange Commission (“SEC”) rules and regulations and New York Stock Exchange (“NYSE”) listing standards applicable to members of a compensation committee;
- B. Be a “non-employee director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended; and
- C. Meet the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code.

**III. MEETINGS**

The Committee shall meet as frequently as circumstances dictate. The Committee may, in its discretion, ask members of management or others to attend any meeting and provide information and advice as needed.

**IV. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee are as follows:

- A. To review and approve, after consulting with the board of directors, corporate goals and objectives relevant to the compensation of the Company’s chief executive officer, to evaluate the performance of the chief executive officer in light of those goals and objectives, and to determine and approve the chief executive officer’s compensation level based on this evaluation.
- B. To review and approve, after consulting with the chief executive officer, goals and objectives relevant to the compensation of the Company’s executive officers

other than the chief executive officer; and, after consulting with the chief executive officer, to evaluate the performance of such executive officers in light of those goals and objectives, and to determine and approve the compensation of such executive officers based on this evaluation.

- C. To evaluate and consider, and after consulting with management, to set performance goals and awards criteria under the Company's Management Incentive Plan and other incentive compensation plans.
- D. To produce an annual report of the Committee as required by the SEC to be included in the Company's annual proxy statement or annual report on Form 10-K filed with the SEC.
- E. To administer equity incentive plans and other incentive compensation plans of the Company, including the approval of grants and awards, after consulting with management.
- F. To annually review and consider the content and articulation of the Company's compensation strategy.
- G. To evaluate and make recommendations to the board of directors with respect to compensation and compensation plans for the directors.
- H. To review and evaluate incentive compensation plans and equity-based plans, and to make recommendations to the board of directors with respect to such plans.
- I. To conduct an annual self evaluation of the Committee.
- J. To report its actions and any recommendations to the board of directors.
- K. To review at least annually the adequacy of this charter and recommend any proposed changes to the board of directors for approval.

## **V. MISCELLANEOUS**

- A. The members of the Committee are appointed by the board of directors of the Company, and members may be removed or the membership of the Committee changed at any time by action of the board of directors.
- B. Unless the board of directors appoints a chairman of the Committee, the members of the Committee may designate a chairman by majority vote of the full Committee membership.
- C. The Committee shall have the sole authority, after consultation with management, to engage compensation consultants, outside legal counsel and other advisors, as it may deem appropriate, to advise the Committee and to set the terms (including approval of fees and expenses) of all such engagements, and to terminate any such engagements. The Company shall provide appropriate funding, as determined by

the Committee, for paying fees to such outside advisors engaged by the Committee. Without limiting the foregoing, the Committee shall have sole authority to retain and terminate any compensation consultant to assist in the evaluation of director, chief executive officer or senior management compensation. The Committee shall be directly responsible for the oversight of the work of such advisors.

- D. The Committee shall determine, in its business judgment and in accordance with the applicable NYSE and SEC rules, whether any compensation consultants, outside legal counsel and other advisors have any relationship with the Company that would interfere with the exercise of their independent judgment. In making such determination, the Company shall consider the following six factors, as well as any other factors required by NYSE listing standards and applicable SEC rules and regulations that may be amended from time to time: (i) the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other advisor; (ii) the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other advisor; (iii) the policies and procedures of the person that employs the compensation consultant, legal counsel or other advisor that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the compensation consultant, legal counsel or other advisor with a member of the Committee; (v) any stock of the Company owned by the compensation consultant, legal counsel or other advisor; and (vi) any business or personal relationship of the compensation consultant, legal counsel, other advisor or the person employing the advisor with an executive officer of the Company.