

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934

Date of Report (Date of earliest event reported) February 17, 1999

CULP, INC.

(Exact name of registrant as specified in its charter)

North Carolina (State or other jurisdiction of incorporation)	0-12781 (Commission File No.)	56-1001967 (IRS Employer Identification No.)
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101 South Main Street  
High Point, North Carolina 27260  
(Address of principal executive offices)  
(336) 889-5161  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Item 5. Other Events

See attached Press Release (2 pages) and Financial Information Release (10 pages), both dated February 17, 1999, related to the fiscal 1999 third quarter ended January 31, 1999.

Forward Looking Information. This Report contains statements that could be deemed "forward-looking statements" within the meaning of the federal securities laws. Such statements are inherently subject to risks and uncertainties. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often characterized by qualifying words such as "expect," "believe," "estimate," "plan" and "project" and their derivatives. Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income, and general economic conditions. Decreases in these economic indicators could have a negative effect on the Company's business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could affect the Company adversely. Because of the significant percentage of the Company's sales derived by international shipments, strengthening of the U. S. dollar against other currencies could make the Company's products less competitive on the basis of price in markets outside the United States. Additionally, economic and political instability in international areas could affect the demand for the Company's products.

SIGNATURE

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

CULP, INC.  
(Registrant)

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

Dated: February 17, 1999

FOR IMMEDIATE RELEASE

CULP REPORTS THIRD QUARTER EARNINGS

HIGH POINT, N.C. (Feb. 17, 1999) - Culp, Inc. (NYSE:CFI) today reported earnings for the third fiscal quarter ended January 31, 1999.

For the three months ended January 31, 1999, Culp reported that net sales amounted to \$112.1 million compared with \$118.5 million a year ago. Net income for the quarter was \$1.5 million, or \$0.12 per share diluted, compared with \$4.0 million, or \$0.31 per share diluted.

Net sales for the first nine months totaled \$350.9 million compared with \$340.9 million in the first nine months of fiscal 1998. Net income for the first nine months amounted to \$206,000, or \$0.02 per share diluted, versus \$11.4 million, or \$0.88 per share diluted.

"We are continuing to achieve operational progress as a result of the organizational restructuring completed earlier this year," said Robert G. Culp, III, chief executive officer. "The third fiscal quarter is historically not the strongest period of the year for our business due to seasonal factors. Although net income for the third quarter was lower than a year ago, the level of profitability did improve from the second period. We believe the underlying momentum is positive in several key corporate areas. Customer service has been enhanced as a result of the decision to combine our various operations by major product categories. This alignment is encouraging closer working relationships with accounts and assisting us in the vital process of creating new fabric designs and textures. Our intent is to link design resources with manufacturing capabilities in order to provide the marketplace with innovative designs that offer compelling value for furniture and bedding manufacturers."

Culp added, "As we have indicated, we believe the impact of the changes that have been implemented will continue into fiscal 2000. We are confident about the fundamental growth opportunities for Culp both in the United States and internationally and are encouraged by the continuing favorable trends in measures such as consumer confidence, employment levels and mortgage rates that have an important influence on consumer spending on home furnishings."

Culp, Inc. is the world's largest manufacturer and marketer of upholstery fabrics for furniture and is a leading producer of mattress ticking for bedding. The Company's fabrics are used primarily in the production of residential and commercial furniture and bedding products.

CULP, INC.  
Condensed Financial Highlights  
(Unaudited)

	Three Months Ended	
	January 31, 1999	February 1, 1998
Net sales	\$112,093,000	\$118,457,000
Net income	1,539,000	4,002,000
Net income per share		
Basic	\$ 0.12	\$ 0.32
Diluted	\$ 0.12	\$ 0.31
Average shares outstanding		
Basic	12,995,000	12,692,000
Diluted	13,124,000	12,986,000

	Nine Months Ended	
	January 31, 1999	February 1, 1998
Net sales	\$350,919,000	\$340,881,000
Net income	206,000	11,357,000
Net income per share		
Basic	\$ 0.02	\$ 0.90
Diluted	\$ 0.02	\$ 0.88
Average shares outstanding		
Basic	12,997,000	12,663,000
Diluted	13,171,000	12,964,000

This release contains statements that could be deemed "forward-looking statements," within the meaning of the federal securities laws. Such statements are inherently subject to risks and uncertainties. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often characterized by qualifying words such as "expect," "believe," "estimate," "plan" and "project" and their derivatives. Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income and general economic conditions. Decreases in these economic indicators could have a negative effect on the company's business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could affect the company adversely. Because of the significant percentage of the company's sales derived by international shipments, strengthening of the U.S. dollar against other currencies could make the company's products less competitive on the basis of price in markets outside the United States. Additionally, economic and political instability in international areas could affect the demand for the company's products.

-END-

CULP, INC. FINANCIAL INFORMATION RELEASE  
CONSOLIDATED STATEMENTS OF INCOME  
FOR THE THREE MONTHS AND NINE MONTHS ENDED JANUARY 31, 1999 AND FEBRUARY 1, 1998

(Amounts in Thousands, Except for Per Share Data)

		THREE MONTHS ENDED (UNAUDITED)				
		Amounts			Percent of Sales	
		January 31, 1999	February 1, 1998	% Over (Under)	1999	1998
Net sales	\$	112,093	118,457	(5.4)%	100.0 %	100.0 %
Cost of sales		92,911	97,554	(4.8)%	82.9 %	82.4 %
Gross profit		19,182	20,903	(8.2)%	17.1 %	17.6 %
Selling, general and administrative expenses		14,100	13,162	7.1 %	12.6 %	11.1 %
Income from operations		5,082	7,741	(34.3)%	4.5 %	6.5 %
Interest expense		2,308	2,180	5.9 %	2.1 %	1.8 %
Interest income		(10)	(73)	(86.3)%	(0.0)%	(0.1)%
Other expense (income), net		492	492	0.0 %	0.4 %	0.4 %
Income before income taxes		2,292	5,142	(55.4)%	2.0 %	4.3 %
Income taxes *		753	1,140	(33.9)%	32.9 %	22.2 %
Net income	\$	1,539	4,002	(61.5)%	1.4 %	3.4 %
		=====	=====	=====	=====	=====
Net income per share		\$0.12	\$0.32	(62.5)%		
Net income per share, assuming dilution		\$0.12	\$0.31	(61.3)%		
Dividends per share		\$0.035	\$0.035	0.0 %		
Average shares outstanding		12,995	12,692	2.4 %		
Average shares outstanding, assuming dilution		13,124	12,986	1.1 %		

		NINE MONTHS ENDED (UNAUDITED)				
		Amounts			Percent of Sales	
		January 31, 1999	February 1, 1998	% Over (Under)	1999	1998
Net sales	\$	350,919	340,881	2.9 %	100.0 %	100.0 %
Cost of sales		297,652	280,510	6.1 %	84.8 %	82.3 %
Gross profit		53,267	60,371	(11.8)%	15.2 %	17.7 %
Selling, general and administrative expenses		44,047	37,710	16.8 %	12.6 %	11.1 %
Income from operations		9,220	22,661	(59.3)%	2.6 %	6.6 %
Interest expense		7,133	5,280	35.1 %	2.0 %	1.5 %
Interest income		(82)	(235)	(65.1)%	(0.0)%	(0.1)%
Other expense (income), net		1,866	1,159	61.0 %	0.5 %	0.3 %
Income before income taxes		303	16,457	(98.2)%	0.1 %	4.8 %
Income taxes *		97	5,100	(98.1)%	32.0 %	31.0 %
Net income	\$	206	11,357	(98.2)%	0.1 %	3.3 %
		=====	=====	=====	=====	=====
Net income per share		\$0.02	\$0.90	(97.8)%		
Net income per share, assuming dilution		\$0.02	\$0.88	(97.7)%		
Dividends per share		\$0.105	\$0.105	0.0 %		
Average shares outstanding		12,997	12,663	2.6 %		
Average shares outstanding, assuming dilution		13,171	12,964	1.6 %		

\* Percent of sales column is calculated as a % of income before income taxes.

CULP, INC. FINANCIAL INFORMATION RELEASE  
CONSOLIDATED BALANCE SHEETS  
JANUARY 31, 1999, FEBRUARY 1, 1998 AND MAY 3, 1998  
Unaudited

(Amounts in Thousands)

	Amounts		Increase (Decrease)		* May 3, 1998
	January 31, 1999	February 1, 1998	Dollars	Percent	
<b>Current assets</b>					
Cash and cash investments \$	655	348	307	88.2 %	2,312
Accounts receivable	63,090	73,109	(10,019)	(13.7)%	73,773
Inventories	69,210	75,032	(5,822)	(7.8)%	78,594
Other current assets	7,560	7,202	358	5.0 %	7,808
<b>Total current assets</b>	<b>140,515</b>	<b>155,691</b>	<b>(15,176)</b>	<b>(9.7)%</b>	<b>162,487</b>
Restricted investments	3,416	3,976	(560)	(14.1)%	4,021
Property, plant & equipment, net	125,885	113,658	12,227	10.8 %	128,805
Goodwill	51,615	48,558	3,057	6.3 %	55,162
Other assets	5,017	5,439	(422)	(7.8)%	4,340
<b>Total assets</b>	<b>\$ 326,448</b>	<b>327,322</b>	<b>(874)</b>	<b>(0.3) %</b>	<b>354,815</b>
<b>Current liabilities</b>					
Current maturities of long-term debt \$	1,678	1,120	558	49.8 %	3,325
Accounts payable	25,808	35,921	(10,113)	(28.2)%	37,214
Accrued expenses	17,317	12,683	4,634	36.5 %	17,936
Income taxes payable	0	1,941	(1,941)	(100.0)%	1,282
<b>Total current liabilities</b>	<b>44,803</b>	<b>51,665</b>	<b>(6,862)</b>	<b>(13.3)%</b>	<b>59,757</b>
Long-term debt	140,210	144,079	(3,869)	(2.7)%	152,312
Deferred income taxes	11,227	9,965	1,262	12.7 %	11,227
<b>Total liabilities</b>	<b>196,240</b>	<b>205,709</b>	<b>(9,469)</b>	<b>(4.6)%</b>	<b>223,296</b>
Shareholders' equity	130,208	121,613	8,595	7.1 %	131,519
<b>Total liabilities and shareholders' equity</b>	<b>\$ 326,448</b>	<b>327,322</b>	<b>(874)</b>	<b>(0.3)%</b>	<b>354,815</b>
Shares outstanding	12,995	12,700	295	2.3 %	13,007

\* Derived from audited financial statements.

CULP, INC.  
 FINANCIAL INFORMATION RELEASE  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 FOR THE NINE MONTHS ENDED JANUARY 31, 1999 AND FEBRUARY 1, 1998  
 Unaudited  
 (Amounts in Thousands)

	NINE MONTHS ENDED	
	Amounts	
	January 31, 1999	February 1, 1998
Cash flows from operating activities:		
Net income	\$ 206	11,357
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	13,785	10,660
Amortization of intangible assets	1,174	883
Changes in assets and liabilities:		
Accounts receivable	10,546	(16,418)
Inventories	9,984	(16,330)
Other current assets	303	(1,752)
Other assets	(95)	(1,942)
Accounts payable	(8,609)	8,783
Accrued expenses	(973)	(2,175)
Income taxes payable	(1,282)	361
Net cash provided by (used in) operating activities	25,039	(6,573)
Cash flows from investing activities:		
Capital expenditures	(8,500)	(28,183)
Purchases of restricted investments	(73)	(8,724)
Purchase of investments to fund deferred compensation liability	(735)	(581)
Sale of restricted investments	678	15,766
Businesses acquired	0	(37,156)
Net cash used in investing activities	(8,630)	(58,878)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	2,535	77,600
Principal payments on long-term debt	(16,284)	(9,042)
Change in accounts payable-capital expenditures	(2,800)	(2,765)
Dividends paid	(1,365)	(1,333)
Common stock issued (purchased)	(152)	509
Net cash provided by (used in) financing activities	(18,066)	64,969
Decrease in cash and cash investments	(1,657)	(482)
Cash and cash investments at beginning of period	2,312	830
Cash and cash investments at end of period	\$ 655	348

CULP, INC. FINANCIAL INFORMATION RELEASE  
FINANCIAL ANALYSIS  
JANUARY 31, 1999

	FISCAL 98		FISCAL 99		LTM
	Q3	Q1	Q2	Q3	
<b>INVENTORIES</b>					
Inventory turns	5.4	4.9	5.7	5.2	
<b>RECEIVABLES</b>					
Days sales in receivables	52	48	52	47	
Percent current & less than 30 days past due	94.1%	93.8%	94.9%	94.1%	
<b>WORKING CAPITAL</b>					
Current ratio	3.0	3.1	3.0	3.1	
Working capital turnover (4)	4.7	4.5	4.4	4.4	
Operating working capital (4)	\$112,220	\$111,481	\$112,750	\$106,492	
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>					
Depreciation rate	7.4%	7.7%	8.4%	7.9%	
Percent property, plant & equipment are depreciated	44.8%	43.8%	45.0%	46.1%	
Capital expenditures	\$35,879 (1)	\$2,858	\$3,585	\$2,057	
<b>PROFITABILITY</b>					
Return on average total capital	8.3%	(1.6%)	4.2%	4.5%	3.8%
Return on average equity	13.4%	(8.1%)	4.1%	4.7%	3.4%
Net income (loss) per share	\$0.32	(\$0.20)	\$0.10	\$0.12	\$0.34
Net income (loss) per share (diluted)	\$0.31	(\$0.20)	\$0.10	\$0.12	\$0.33
<b>LEVERAGE (3)</b>					
Total liabilities/equity	169.2%	167.2%	164.9%	150.7%	
Funded debt/equity	116.1%	119.7%	115.0%	106.3%	
Funded debt/capital employed	53.7%	54.5%	53.5%	51.5%	
Funded debt	\$141,223	\$153,559	\$148,479	\$138,472	
Funded debt/EBITDA (LTM) (6)	2.95	3.75	3.95	3.91	
EBITDA/Interest expense, net (LTM)	7.5	4.9	4.2	3.9	
<b>OTHER</b>					
Book value per share	\$9.58	\$9.87	\$9.94	\$10.02	
Employees at quarter end	3,771	4,230	4,014	3,949	
Sales per employee (annualized)	\$129,000	\$103,000	\$124,000	\$113,000	
Capital employed (3)	\$262,836	\$281,831	\$277,603	\$268,680	
Effective income tax rate	22.2%	33.0%	33.0%	32.9%	
EBITDA (2)	\$11,390	\$3,142	\$9,649	\$9,522	\$34,109
EBITDA/net sales	9.6%	2.8%	7.5%	8.5%	7.0%

(1) Expenditures for entire year

(2) Earnings before interest, income taxes, and depreciation & amortization.

(3) Long-term debt, funded debt and capital employed are all net of restricted investments.

(4) Working capital for this calculation is accounts receivable, inventories and accounts payable.

(5) LTM represents "Latest Twelve Months"

(6) EBITDA includes capitalized interest and pro forma amounts for acquisitions.



CULP, INC. FINANCIAL INFORMATION RELEASE  
 SALES BY PRODUCT CATEGORY/BUSINESS UNIT  
 FOR THE THREE MONTHS AND NINE MONTHS ENDED JANUARY 31, 1999 AND FEBRUARY 1, 1998  
 (Amounts in thousands)

THREE MONTHS ENDED (UNAUDITED)					
Product Category/Business Unit	Amounts			Percent of Total Sales	
	January 31, 1999	February 1, 1998	% Over (Under)	1999	1998
Upholstery Fabrics					
Culp Decorative Fabrics	\$ 50,520	53,415	(5.4)%	45.1 %	45.1 %
Culp Velvets/Prints	34,949	44,020	(20.6)%	31.2 %	37.2 %
	85,469	97,435	(12.3)%	76.2 %	82.3 %
Mattress Ticking					
Culp Home Fashions	22,536	20,261	11.2 %	20.1 %	17.1 %
Yarn					
Culp Yarn	4,088	761	437.2 %	3.6 %	0.6 %
	* \$ 112,093	118,457	(5.4)%	100.0%	100.0 %
	=====	=====	=====	=====	=====

NINE MONTHS ENDED (UNAUDITED)					
Product Category/Business Unit	Amounts			Percent of Total Sales	
	January 31, 1999	February 1, 1998	% Over (Under)	1999	1998
Upholstery Fabrics					
Culp Decorative Fabrics	\$ 161,538	150,010	7.7 %	46.0 %	44.0 %
Culp Velvets/Prints	103,671	126,345	(17.9)%	29.5 %	37.1 %
	265,209	276,355	(4.0)%	75.6 %	81.1 %
Mattress Ticking					
Culp Home Fashions	68,659	63,765	7.7 %	19.6 %	18.7 %
Yarn					
Culp Yarn	17,051	761	2,140.6 %	4.9 %	0.2 %
	* \$ 350,919	340,881	2.9 %	100.0%	100.0 %
	=====	=====	=====	=====	=====

\* U.S. sales were \$88,152 and \$79,873 for the third quarter of fiscal 1999 and fiscal 1998, respectively; and \$266,934 and \$242,123 for the nine months of fiscal 1999 and fiscal 1998, respectively. The percentage increase in U.S. sales was 10.4% for the third quarter and an increase of 10.2% for the nine months.

CULP, INC. FINANCIAL INFORMATION RELEASE  
INTERNATIONAL SALES BY GEOGRAPHIC AREA  
FOR THE THREE MONTHS AND NINE MONTHS ENDED JANUARY 31, 1999 AND FEBRUARY 1, 1998

(Amounts in thousands)

THREE MONTHS ENDED (UNAUDITED)

Geographic Area	Amounts			Percent of Total Sales	
	January 31, 1999	February 1, 1998	% Over (Under)	1999	1998
North America (Excluding USA) \$	7,280	7,562	(3.7)%	30.4 %	19.6 %
Europe	3,881	11,581	(66.5)%	16.2 %	30.0 %
Middle East	6,711	9,326	(28.0)%	28.0 %	24.2 %
Far East & Asia	4,993	7,957	(37.3)%	20.9 %	20.6 %
South America	555	1,230	(54.9)%	2.3 %	3.2 %
All other areas	521	928	(43.9)%	2.2 %	2.4 %
	<u>\$ 23,941</u>	<u>38,584</u>	<u>(38.0)%</u>	<u>100.0 %</u>	<u>100.0 %</u>

NINE MONTHS ENDED (UNAUDITED)

Geographic Area	Amounts			Percent of Total Sales	
	January 31, 1999	February 1, 1998	% Over (Under)	1999	1998
North America (Excluding USA)\$	23,035	22,574	2.0 %	27.4 %	22.9 %
Europe	14,787	22,811	(35.2)%	17.6 %	23.1 %
Middle East	25,071	23,452	6.9 %	29.9 %	23.7 %
Far East & Asia	15,296	23,951	(36.1)%	18.2 %	24.3 %
South America	2,793	3,487	(19.9)%	3.3 %	3.5 %
All other areas	3,003	2,483	20.9 %	3.6 %	2.5 %
	<u>\$ 83,985</u>	<u>98,758</u>	<u>(15.0)%</u>	<u>100.0 %</u>	<u>100.0 %</u>

International sales, and the percentage of total sales, for each of the last seven fiscal years follows: fiscal 1992-\$37,913 (20%); fiscal 1993-\$41,471 (21%); fiscal 1994-\$44,038 (18%); fiscal 1995-\$57,971 (19%); fiscal 1996-\$77,397 (22%); fiscal 1997-\$101,571 (25%); and fiscal 1998-\$137,223 (29%) . International sales for the third quarter represented 21.4% and 32.6% for 1999 and 1998, respectively. Year-to-date international sales represented 23.9% and 29.0% of total sales for 1999 and 1998, respectively.

Culp, Inc.  
SALES BY BUSINESS UNIT - TREND ANALYSIS  
1997 vs 1998 vs 1999  
Unaudited  
(Amounts in thousands)

Product Category/Business Units	Fiscal 1997					Fiscal 1998				
	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
-----										
Upholstery Fabrics										
Culp Decorative Fabrics	38,966	45,723	39,342	43,699	167,730	39,814	56,781	53,415	60,155	210,165
Culp Velvets/Prints	34,867	40,233	40,387	40,980	156,467	38,397	43,928	44,020	45,044	171,389
	73,833	85,956	79,729	84,679	324,197	78,211	100,709	97,435	105,199	381,554
-----										
Mattress Ticking										
Culp Home Fashions	16,696	19,248	17,739	20,999	74,682	21,287	22,217	20,261	23,520	87,285
-----										
Yarn										
Culp Yarn	-	-	-	-	-	-	-	761	7,115	7,876
	90,529	105,204	97,468	105,678	398,879	99,498	122,926	118,457	135,834	476,715
=====										

Percent increase(decrease) from prior year:

Product Category/Business Units	Fiscal 1997					Fiscal 1998				
-----										
Upholstery Fabrics										
Culp Decorative Fabrics	18.3	12.4	0.2	(4.4)	5.8	2.2	24.2	35.8	37.7	25.3
Culp Velvets/Prints	48.2	25.4	26.9	7.1	24.5	10.1	9.2	9.0	9.9	9.5
	30.8	18.1	12.2	0.8	14.0	5.9	17.2	22.2	24.2	17.7
-----										
Mattress Ticking										
Culp Home Fashions	5.1	7.4	15.3	15.5	10.8	27.5	15.4	14.2	12.0	16.9
-----										
Yarn										
Culp Yarn	-	-	-	-	-	-	-	100.0	100.0	100.0
	25.1	16.0	12.7	3.4	13.4	9.9	16.8	21.5	28.5	19.5
=====										
Overall Growth Rate										
Internal (without acquisitions)	25.1	16.0	12.7	3.4	13.4	9.9	6.6	9.2	11.6	9.3
External	-	-	-	-	-	-	10.2	12.3	16.9	10.2
	25.1	16.0	12.7	3.4	13.4	9.9	16.8	21.5	28.5	19.5
=====										

Culp, Inc.  
SALES BY BUSINESS UNIT - TREND ANALYSIS  
1997 vs 1998 vs 1999  
Unaudited  
(Amounts in thousands)

Product Category/Business Units	Fiscal 1999				TOTAL
	Q1	Q2	Q3	Q4	
-----					
Upholstery Fabrics					
Culp Decorative Fabrics	51,445	59,573	50,520		161,538
Culp Velvets/Prints	29,994	38,728	34,949		103,671
	-----				
	81,439	98,301	85,469		265,209
Mattress Ticking					
Culp Home Fashions	22,632	23,491	22,536		68,659
Yarn					
Culp Yarn	6,596	6,367	4,088		17,051
	-----				
	110,667	128,159	112,093		350,919
	=====				

Percent increase(decrease) from prior year:					
Product Category/Business Units	-----				
-----					
Upholstery Fabrics					
Culp Decorative Fabrics	29.2	4.9	(5.4)		7.7
Culp Velvets/Prints	(21.9)	(11.8)	(20.6)		(17.9)
	-----				
	4.1	(2.4)	(12.3)		(4.0)
Mattress Ticking					
Culp Home Fashions	6.3	5.7	11.2		7.7
Yarn					
Culp Yarn	100.0	100.0	437.2		2,140.6
	-----				
	11.2	4.3	(5.4)		2.9
	=====				

Overall Growth Rate					
Internal (without acquisitions)	(4.6)	(0.9)	(8.5)		(4.6)
External	15.8	5.2	3.1		7.5
	-----				
	11.2	4.3	(5.4)		2.9
	=====				

CULP, INC. FINANCIAL INFORMATION RELEASE  
FINANCIAL NARRATIVE

for the three and nine month periods ended January 31, 1999 and February 1, 1998

INCOME STATEMENT COMMENTS

GENERAL - Net sales decreased 5.4% to \$112.1 million, and the company reported net income of \$1.5 million compared with net income of \$4.0 million for the third quarter of last year. Net sales for the quarter, excluding Artee Industries, decreased 8.5% versus the same quarter of last year. Artee Industries was acquired at the beginning of the fourth quarter of fiscal 1998. For the nine months ended January 31, 1999, the company reported net income of \$206,000, or \$.02 per share, compared with net income of \$11.4 million, or \$0.88 per share diluted, in the year-earlier period.

The company continues to emphasize several key competitive strengths:

Broad Product Offering - marketing one of the broadest product lines in the upholstery fabrics and mattress ticking industry. Through its extensive manufacturing capabilities, the company competes in every major category of the industry except leather;

Diverse Global Customer Base - penetrating other end-use markets in addition to U. S. residential furniture, such as bedding, international, commercial furniture and juvenile furniture, and avoiding reliance upon a single customer or small group of dominant customers. No one customer accounted for more than 8% of net sales during the third quarter of fiscal 1999;

Design Innovation - investing in the design of new patterns and textures. The company's state-of-the-art design center, which opened in January 1998 in Burlington, North Carolina, has enabled most of the company's design resources to be consolidated into one facility which offers advanced CAD systems for the design process;

Vertical Integration - realizing additional manufacturing integration by utilizing the resources now controlled for producing the raw material components used in the manufacture of its products; and

Ability to Integrate Acquisitions - investing in selective acquisitions complementary to existing business units.

NET SALES - Compared with the third quarter of last year, upholstery fabric sales decreased 12.3% to \$85.5 million; mattress ticking sales increased 11.2% to \$22.5 million; and yarn sales contributed \$4.1 million for the quarter (See Sales by Business Unit schedule on Page 5 and Sales by Business Unit - Trend Analysis on Page 7). International sales were down 38.0% for the quarter.

The decline in sales of upholstery fabrics was due principally to a pronounced slowdown in international sales of wet and heat-transfer printed flock fabrics. This trend, which the company believes has also affected other manufacturers of upholstery fabrics, became apparent after the close of fiscal 1998 and has been persistent thus far in fiscal 1999. A large percentage of the company's sales of this product line were being shipped directly or indirectly to customers in the emerging markets of Russia and other former Soviet countries and Eastern Europe. All of these areas are generally experiencing very weak economic conditions which, in turn, have affected demand for furniture and other home furnishings. The company has significantly curtailed production schedules for these fabrics and has shifted its marketing focus for this product category to geographic areas where demand is more favorable. The company is seeking to build a diversified geographic base of customers internationally to minimize the exposure to economic uncertainties in any single geographic area.

CULP, INC. FINANCIAL INFORMATION RELEASE  
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for the three and nine month periods ended January 31, 1999 and February 1,  
1998

The increased sales over the prior year by Culp Home Fashions during the third quarter marked a continuation of the longer-term expansion that this business unit has experienced. Culp's growth in these sales has been driven by the introduction of new designs and fabric constructions as well as the advantages of the company's vertical integration. In particular, Culp's ability to manufacture the jacquard greige, or unfinished, goods that are then printed to produce mattress ticking has aided the company in meeting faster delivery schedules and providing improved overall customer service.

GROSS PROFIT - Gross profit declined 8.2% for the quarter versus a year ago. The decline was due principally to lower margins at the Culp Decorative Fabrics and Culp Velvets/Prints units. Factors contributing to reduced profitability of Culp Decorative Fabrics include lower-than-expected sales and competitive pressure on pricing, especially in the jacquard product category. The lower gross profit at Culp Velvets/Prints was due to the sharp decline in international sales of printed flock fabrics. Although this business unit has taken substantial steps to reduce operating expenses, it continued to be affected by excess manufacturing capacity and lower absorption of fixed costs during the third quarter.

To help offset the pressure on gross margins, the company has instituted a number of actions. A major change involved a reorganization from six to four business units during the first quarter. This new corporate alignment grouped related operations together and was accompanied by several changes in managerial positions. Steps underway to improve profitability that are related to this realignment include a significant reduction in the capacity for manufacturing printed flock fabrics, comprehensive programs to reduce inventories and an intense effort to reduce operating expenses and raise productivity.

S,G&A EXPENSES - S,G&A expenses for the third quarter rose as a percentage of sales to 12.6% from 11.1% for the same period of last year. This increase was due principally to the shortfall in sales from the volume that the company had planned to support. The increase in absolute dollars from a year ago resulted from the Artee acquisition, increased costs in sampling new product and higher costs for credit expenses.

INTEREST EXPENSE - Interest expense increased 5.9% compared with the year-earlier quarter due to higher average borrowings outstanding. The increased borrowings related principally to the acquisition during fiscal 1998 of Artee Industries and the relatively high level of capital expenditures in fiscal 1998.

OTHER EXPENSE (INCOME), NET - Other expense (income) of \$492,000 was comparable with the year-earlier quarter.

INCOME TAXES - The effective tax rate for the quarter was 32.9% compared with 22.2% for the prior year. The lower tax rate in the prior year resulted from higher than expected tax benefits related to the company's foreign sales corporation ("FSC").

EBITDA - EBITDA for the quarter decreased to \$9.5 million from \$11.4 million for last year's third quarter and represented 8.5% of net sales compared with 9.6% of net sales for the same period of last year.

CULP, INC. FINANCIAL INFORMATION RELEASE

FINANCIAL NARRATIVE

for the three and nine month periods ended January 31, 1999 and February 1, 1998

BALANCE SHEET COMMENTS

WORKING CAPITAL - Accounts receivable decreased 13.7% from February 1, 1998, while sales decreased 5.4% for the third quarter. Days sales outstanding represented 47 days, down from 52 days at February 1, 1998 and from 49 days at May 3, 1998. Additionally, the aging of accounts receivable was 94.1% current and less than 30 days past due versus 94.1% at February 1, 1998. Inventories decreased 7.8 % from February 1, 1998, and inventory turns were 5.2 versus 5.4 for last year's third quarter. The inventory decrease is due to a decrease in upholstery fabric inventories. Operating working capital (comprised of accounts receivable, inventory and accounts payable) decreased to \$106.5 million at January 31, 1999, for the reasons mentioned above, from \$112.2 million at February 1, 1998. The balance at May 3, 1998 was \$115.2 million.

PROPERTY, PLANT AND EQUIPMENT - For fiscal 1999, the company has significantly reduced its planned capital spending to \$10-\$15 million as compared with \$35.9 million spent in fiscal 1998. Culp is focused instead on improving the results of the investments made during fiscal 1997 and fiscal 1998. The two largest projects that are currently underway for fiscal 1999 are: (a) completion of the polypropylene yarn extrusion expansion, which began in early fiscal 1998; and (b) building expansions in the Culp Home Fashions business unit to accommodate growth in the company's sales of mattress ticking. Depreciation for fiscal 1999 is currently estimated to be approximately \$19 million.

LONG-TERM DEBT - The company's funded debt-to-capital ratio was 51.5% at January 31, 1999, down from 53.7% at February 1, 1998 and from 53.5% at May 3, 1998. Funded debt was \$138.5 million at January 31, 1999, down from \$141.2 million at February 1, 1998 and from \$151.6 million at May 3, 1998. (Funded debt equals long-term debt, including current maturities, less restricted investments, which represent unspent IRB funds). The decrease in funded debt from May 3, 1998 resulted primarily from an operating cash flow of \$25.0 million, offset by capital expenditures of \$8.5 million and a decrease in accounts payable related to capital expenditures of \$2.8 million.