SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 28, 2002

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)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Common Stock, par value $.05/ Share	New York Stock Exchange
Rights for Purchase of Series A Participating Preferred Shares	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation SK is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

As of July 24, 2002, 11,482,959 shares of common stock were outstanding. The aggregate market value of the voting stock held by non-affiliates of the registrant on that date was $87,104,550 based on the closing sales price of such stock as quoted on the New York Stock Exchange (NYSE), assuming, for purposes of this report, that all executive officers and directors of the registrant are affiliates.

DOCUMENTS INCORPORATED BY REFERENCE

Part III
Portions of the Company's Proxy Statement to be dated August 22, 2002 and filed pursuant to Regulation 14A of the Securities and Exchange Commission in connection with its Annual Meeting of Shareholders to be held on September 24, 2002 are incorporated by reference into Items 10, 11, 12 and 13.

CULP, INC.
FORM 10-K REPORT
TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

Overview

Culp, Inc. (the Company) manufactures and markets upholstery fabrics and mattress tickings primarily for use in the furniture (residential and commercial) and bedding industries. 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."

Culp is one of the largest integrated marketers of furniture upholstery fabrics and is a leading producer of mattress fabrics (known as mattress ticking). The Company's fabrics are used principally in the production of residential and commercial furniture and bedding products, including sofas, recliners, chairs, loveseats, sectionals, sofa-beds, office seating, panel systems and mattress sets. Culp markets one of the broadest product lines in its industry, with a wide range of fabric constructions, patterns, colors, textures and finishes. This breadth is made possible by Culp's extensive manufacturing capabilities that include a variety of weaving, printing and finishing operations and the ability to produce various yarns and unfinished base fabrics (known as greige goods) used in its products. Although most of the Company's competitors emphasize one particular type of fabric, Culp competes in every major category except leather. Culp's staff of over 55 designers and support personnel utilize computer aided design (CAD) systems to develop the Company's own patterns and styles. Culp's product line currently includes more than 3,000 upholstery fabric patterns and 1,000 mattress-ticking styles. Although Culp markets fabrics at most price levels, the Company has emphasized fabrics that have a broad appeal in the "good" and "better" price categories of furniture and bedding.

Culp markets its products worldwide, with sales to customers in over 50 countries. Total net sales were $381.9 million in fiscal 2002, and the Company's international sales totaled $53.5 million during fiscal 2002. Shipments to U.S.-based customers continue to account for most of the Company's sales. International sales accounted for 14% of net sales for fiscal 2002 compared to 19% of net sales in fiscal 2001.

Culp has eleven (11) manufacturing facilities, with a combined total of 2.1 million square feet, that are located in North Carolina (7), South Carolina (2), Tennessee (1) and Quebec, Canada (1). The Company's distribution system is designed to offer customers fast, responsive delivery. Products are shipped directly to customers from the Company's manufacturing facilities, as well as from three regional distribution facilities strategically located in High Point, North Carolina, Los Angeles, California, and Tupelo, Mississippi, which are areas with a high concentration of furniture manufacturing.

Segments

The Company's operating segments are upholstery fabrics and mattress ticking, with related divisions organized within those segments. The divisions within upholstery fabrics are Culp Decorative Fabrics, Culp Velvets/Prints and Culp Yarn. The division within mattress ticking is Culp Home Fashions. Each division is accorded considerable autonomy and is responsible for designing, manufacturing and marketing its respective product lines. Significant synergies exist among the divisions, including the sharing of common raw materials made internally, such as polypropylene yarns, certain dyed and spun yarns, greige goods and printed heat-transfer paper. Products manufactured at one division's facility are commonly transferred to another division's facility for additional value-added processing steps. The following table sets forth certain information for each of the Company's segments/divisions.

Culp's Segments/Divisions

SEGMENT	DIVISION	FISCAL 2002 NET SALES (in millions)	PRODUCT LINES (BASE CLOTH, IF APPLICABLE)
Upholstery Fabrics	Culp Decorative Fabrics	$152.5	Woven jacquards Woven dobbies
	Culp Velvets/Prints	$119.1	Wet prints (flocks)(1) Heat-transfer prints (jacquard, flock) Woven velvets Tufted velvets (woven polyester)
	Culp Yarn	$ 5.3	Pre-dyed spun yarns Chenille yarns
Mattress Ticking	Culp Home Fashions	$105.0	Woven jacquards Heat-transfer prints (jacquard, knit, sheeting) Pigment prints (jacquard, knit, sheeting, non-woven)

(1) Discontinued April, 2002

Culp Decorative Fabrics. Culp Decorative Fabrics manufactures and markets jacquard and dobby woven fabrics used primarily for residential and commercial furniture. During 2002, the Company continued a 2001 restructuring plan designed to increase efficiencies and eliminate cost. The Company consolidated the operations from the Monroe, North Carolina and West Hazleton, Pennsylvania facilities into the remaining facilities, which had resulted in the closure of these operations during fiscal 2001. Culp Decorative Fabrics' manufacturing facilities are located in Burlington and Graham, North Carolina, Pageland, South Carolina, and Chattanooga, Tennessee. Culp Decorative Fabrics has become increasingly vertically integrated, complementing its extensive weaving capabilities with the ability to extrude, dye and texturize yarn. The designs marketed by Culp Decorative Fabrics range from intricate, complicated patterns such as floral and abstract designs to patterns associated with casual living styles that are popular with motion furniture. Culp Decorative Fabrics accounts for the majority of the Company's sales to the commercial furniture market.

Culp Velvets/Prints. Culp Velvets/Prints manufactures and markets a broad range of printed and velvet fabrics. These include heat-transfer prints on jacquard and flock base fabrics, woven velvets and tufted velvets. These fabrics typically offer manufacturers richly colored patterns and textured surfaces. Recent product development improvements in manufacturing processes have significantly enhanced the quality of printed flock fabrics for use on residential furniture and other upholstered products such as baby car seats. These fabrics are manufactured at Burlington, North Carolina and Anderson, South Carolina.

Culp Yarn. Culp Yarn manufactures and markets a variety of pre-dyed spun yarns, including WrapSpun[TM], open-end spun and chenille yarns. Culp Yarn operates manufacturing facilities in Shelby, Cherryville, and Lincolnton, North Carolina. Most of the production of Culp Yarn is used internally by other Culp divisions. The external sales are directed to the upholstery fabric market. Culp Yarn has provided Culp more control over its supply of spun and chenille yarns and complemented the Company's increased emphasis on developing new designs.

Culp Home Fashions. Culp Home Fashions principally markets mattress ticking to bedding manufacturers. These fabrics encompass woven jacquard ticking as well as heat-transfer and pigment-printed ticking on a variety of base fabrics, including jacquard, knit, poly/cotton sheeting and non-woven materials. Culp Home Fashions has successfully blended its diverse printing and finishing capabilities with its access to a variety of base fabrics to offer innovative designs to bedding manufacturers for mattress products. Printed jacquard fabrics offer customers better values with designs and textures of more expensive fabrics. Jacquard greige goods printed by Culp Home Fashions are primarily provided by the division's Rayonese facility. Culp Home Fashions' manufacturing facilities are located in Stokesdale, North Carolina and St. Jerome, Quebec.

Business Strategy

The Company's plan to maintain leadership in the global upholstery fabric and mattress ticking segments is based on a business strategy that includes three main initiatives:

Customer Service and Vertical Integration - continuing to enhance the competitive value of its upholstery fabrics and mattress ticking through a company-wide initiative to raise efficiency and improve customer service. Important aspects of this program have included attaining more consistent product quality, improving delivery standards and offering more innovative designs. The Company's ability to realize progress in these areas in the past has been aided significantly by becoming more vertically integrated through capital expansion projects and strategic acquisitions. Representative steps have included adding capacity for producing unfinished jacquard greige goods, extruding polypropylene yarn and most recently, manufacturing spun and specialty yarn.

Broad Product Offering - continuing to market one of the broadest product lines in upholstery fabrics and mattress ticking, consistent with customer demand. Through its extensive manufacturing capabilities, the Company competes in every major category except leather.

Design Innovation - continuing to invest in personnel and other resources for the design of upholstery fabrics and ticking with appealing patterns and textures. An integral component of the value Culp provides to customers is supplying fabrics that are fashionable and meet current consumer preferences. The Company's principal design resources are consolidated in a single facility that provides advanced CAD systems and promotes a sharing of innovative designs among the divisions.

Capital Expenditures

Since fiscal 1996, the Company has invested $108.8 million in capital expenditures to expand its manufacturing capacity, install more efficient production equipment and vertically integrate its operations. These expenditures have included, among other things, the installation of narrow and wide-width weaving machines and additional printing equipment to support the growth in woven and printed upholstery fabrics and mattress ticking. The Company spent approximately $4.7 million in capital expenditures during fiscal 2002, primarily for modernization. This level of capital spending was below the $8.1 million in capital expenditures during fiscal 2001. Projects to modernize existing facilities encompassed several investments in looms and finishing equipment throughout the Company's operations. The Company is currently planning on capital expenditures for fiscal 2003 of approximately $8.5 million, with about one-half allocated to capacity expansion in its Culp Home Fashions division.

Overview of Industry

Culp markets products worldwide to a broad array of manufacturers that operate in three principal markets and several specialty markets:

Residential furniture. This market includes upholstered furniture sold to consumers. Products include sofas, sleep sofas, chairs, motion/recliners, sectionals and occasional furniture items.

Bedding. This market includes mattress sets as well as other related home furnishings.

Commercial furniture. This market includes upholstered office seating and modular office systems sold primarily for use in offices (including home offices) and other institutional settings.

Specialty markets. These markets include juvenile furniture (baby car seats and other baby items), hospitality (furniture used in hotels and other lodging establishments), "top of the bed" (comforters and bedspreads), outdoor furniture, recreational vehicle seating, automotive aftermarket (slip-on seat covers), retail fabric stores and specialty yarn.

Overview of Residential Furniture Industry

The upholstery fabric industry is highly competitive, particularly among manufacturers in similar market niches. American Furniture Manufacturers Association, a trade association, reports that manufacturers of residential furniture in the United States shipped products valued at approximately $23 billion (wholesale) during 2001. Approximately 43% of this furniture is believed to consist of upholstered products, an increase from the prior year. The upholstered furniture market has grown from $5.4 billion in 1991 to $9.8 billion in 2001 (although down from $10.9 billion in 2000).

Trends in demand for upholstery fabric and mattress ticking generally parallel changes in consumer purchases of furniture and bedding. Factors influencing consumer purchases of home furnishings include the number of household formations, growth in the general population, the demographic profile of the population, consumer confidence, employment levels, the amount of disposable income, geographic mobility, housing starts and existing home sales. The long-term trend in demand for furniture and bedding has been one of moderate growth, although there have been some occasional periods of a modest downturn in sales due principally to changes in economic conditions.

The Company believes that demographic trends support the outlook for continued long-term growth in the U.S. residential furniture and bedding industries. In particular, as "baby boomers" (people born between 1946 and 1964) mature to the 35-to-64 year age range over the next decade, they will be reaching their highest earning power. Consumers in these age groups tend to spend more on home furnishings, and the increasing number of these individuals favors higher demand for furniture and related home furnishings. Statistics also show that the average size of new homes has increased in recent years, and that is believed to have resulted in increased purchases of furniture per home.

There is an established trend toward consolidation at all levels within the home furnishings industry. Furniture/Today has reported that the ten largest residential furniture manufacturers, accounted for 41% of the industry's total shipments in 2001, up from a 23% share in 1985. This trend is expected to continue, particularly because of the need to invest increasing capital to maintain modern manufacturing and distribution facilities as well as to provide the sophisticated computer-based systems and processes necessary to interface in the supply chain between retailers and suppliers. This trend toward consolidation is resulting in fewer, but larger, customers for upholstery fabric manufacturers. The Company believes that this environment favors larger upholstery fabric manufacturers capable of supplying a broad range of product choices at the volumes required by major furniture manufacturers on a timely basis.

Overview of Commercial Furniture Industry

The commercial furniture market in the United States represents annual shipments by manufacturers valued at approximately $11.0 billion in 2001, compared to $13.3 billion in 2000. Seating and office systems, which represent the primary uses of upholstery in this industry, represented annual sales of approximately $6.5 billion. At the manufacturing level, the industry is highly concentrated. The top five manufacturers of commercial furniture account for over 80% of total industry shipments. Although demand for commercial furniture can be affected by general economic trends and has slowed in the past year, the historical pattern has been one of overall growth.

Dealers aligned with specific furniture brands account for over half of industry shipments of commercial furniture. Some shift in the distribution of commercial furniture has occurred in recent years in conjunction with the growth in national and regional chains featuring office supplies.

Overview of Bedding Industry

According to data compiled by the International Sleep Products Association ("ISPA"), the domestic conventional bedding market, which generated estimated wholesale revenues of $4.3 billion during calendar year 2001, includes approximately 800 manufacturers of mattress sets. The conventional bedding market accounts for approximately 90% of the domestic bedding market. Approximately 74% of the conventional bedding manufactured in the U.S. is sold to furniture stores and specialty sleep shops. Most of the remaining 26% is sold to department stores, national mass merchandisers, membership clubs and factory direct stores. Approximately 70% of conventional bedding is sold for replacement purposes and the average time lapse between mattress purchases is approximately 10 years.

Products

As described above, the Company's products include upholstery fabrics and mattress ticking.

UPHOLSTERY FABRICS. The Company derives the majority of its revenues from the sale of upholstery fabrics primarily to the residential and commercial (contract) furniture markets. Sales of upholstery fabrics totaled 72.5% of sales for fiscal 2002. The Company has emphasized fabrics and patterns that have broad appeal at promotional to medium prices, generally ranging from $2.25 per yard to $10.00 per yard.

MATTRESS TICKING. The Company also manufactures mattress ticking (fabric used for covering mattresses and box springs) for sale to bedding manufacturers. Sales of mattress ticking constituted 27.5% of sales in fiscal 2002. The Company has emphasized fabrics and patterns which have broad appeal at prices generally ranging from $1.20 to $8.50 per yard.

The Company's upholstery fabrics and mattress ticking can each be broadly grouped under the three main categories of wovens, prints and velvets. The following table indicates the product lines within each of these categories, a brief description of their characteristics and identification of their principal end-use markets.

Culp Fabric Categories

Upholstery Fabrics	Characteristics	Principal Markets
Wovens:		
Jacquards	Elaborate, complex designs such as florals and tapestries in traditional, transitional and contemporary styles. Woven on intricate looms using a wide variety of synthetic and natural yarns.	Residential furniture Commercial furniture
Dobbies	Geometric designs such as plaids, stripes and solids in traditional and country styles. Woven on less complicated looms using a variety of weaving constructions and primarily synthetic yarns.	Residential furniture Commercial furniture
Prints:		
Wet prints (1)	Contemporary patterns with deep, rich colors on a nylon flock base fabric for a very soft texture and excellent wearability. Produced by screen printing directly onto the base fabric.	Residential furniture Juvenile furniture
Heat-transfer prints	Sharp, intricate designs on flock or jacquard base fabrics. Plush feel (flocks), deep colors (jacquards) and excellent wearability. Produced by using heat and pressure to transfer color from printed paper onto base fabric.	Residential furniture Juvenile furniture
Velvets:		
Woven velvets	Basic designs such as plaids and semi-plains in traditional and Contemporary styles with a plush feel. Woven with a short-cut pile using various weaving methods and synthetic yarns.	Residential furniture
Tufted velvets	Lower cost production process of velvets in which synthetic yarns are punched into a base polyester fabric for texture. Similar designs as woven velvets.	Residential furniture

(1) Discontinued in April 2002

Mattress Ticking	Characteristics	Principal Markets
Wovens:		
Jacquards	Florals and other intricate designs. Woven on complex looms using a wide variety of synthetic and natural yarns.	Bedding
Prints:		
Heat-transfer prints	Sharp, detailed designs. Produced by using heat and pressure to transfer color from printed paper onto base fabrics, including woven jacquards, knits and poly/cotton sheetings.	Bedding
Pigment prints	Variety of designs produced economically by screen printing pigments onto a variety of base fabrics, including jacquards, knits, poly/cotton sheeting and non-wovens.	Bedding

Although fabrics marketed for upholstery applications and those used for mattress ticking may have similar appearances, mattress ticking must be manufactured on weaving and printing equipment in wider widths to accommodate the physical size of box springs and mattresses. The Company's products include all major types of coverings, except for leather, that manufacturers use today for furniture and bedding. The Company also markets fabrics for certain specialty markets, but these do not currently represent a material portion of the Company's business.

Manufacturing

Substantially all of the upholstery fabric and mattress ticking currently marketed by Culp is produced at the Company's eleven (11) manufacturing facilities. These plants encompass a total of 2.1 million square feet and include yarn extrusion, spinning, dyeing and texturizing equipment, narrow and wide-width jacquard looms, dobby and woven velvet looms, tufting machines, printing equipment for pigment, heat-transfer and wet printing, fabric finishing equipment and various types of surface finishing equipment (such as washing, softening and embossing).

The Company's woven fabrics are made from various types of synthetic and natural yarn, such as polypropylene, polyester, acrylic, rayon, nylon or cotton. Yarn is woven into various fabrics on jacquard, dobby or velvet weaving equipment. Once the weaving is completed, the fabric can be printed or finished using a variety of processes. The Company currently extrudes and spins a portion of its own needs for yarn and purchases the remainder from outside suppliers. Culp produces internally a substantial amount of its needs for spun and chenille yarns. The Company also supplies other fabric manufacturers with spun yarns manufactured by Culp Yarn. Culp purchases a significant amount of greige goods (unfinished, uncolored base fabrics) from other suppliers to be printed at the Company's plants, but has increased its internal production capability for jacquard greige goods at Rayonese in Quebec, Canada.

Tufted velvet fabrics are produced by tufting machines which insert an acrylic or polypropylene yarn through a polyester woven base fabric creating loop pile surface material which is then sheared to create a velvet surface. Tufted velvet fabrics are typically lower-cost fabrics utilized in the Company's lower-priced product mix.

The Company's printing operations include pigment and heat-transfer methods. The Company also produces its own printed heat-transfer paper, another component of vertical integration.

Product Design and Styling

Consumer tastes and preferences related to upholstered furniture and bedding change, albeit gradually, over time. The use of new fabrics and designs remains an important consideration for manufacturers to distinguish their products at retail and to capitalize on even small changes in preferred colors, patterns and textures. Culp's success is largely dependent on the Company's ability to market fabrics with appealing designs and patterns. Culp has an extensive staff of designers and support personnel involved in the design and development of new patterns and styles. Culp uses computer aided design (CAD) systems in the development of new fabrics, which assists the Company in providing a very flexible design program. These systems have enabled the Company's designers to experiment with new ideas and involve customers more actively in the process. The use of CAD systems also has supported the Company's emphasis on integrating manufacturing considerations into the early phase of a new design. The Company's designers are located in the Howard L. Dunn, Jr. Design Center to support the sharing of design ideas and CAD and other technologies. The design center has enhanced the Company's merchandising and marketing efforts by providing an environment in which customers can be shown new products as well as participate in product development initiatives.

The process of developing new designs involves maintaining an awareness of broad fashion and color trends both in the United States and internationally. These concepts are blended with input from the Company's customers to develop new fabric designs and styles. These designs are introduced by Culp at major trade conferences that occur twice a year in the United States (January and July).

Distribution

The majority of the Company's products are shipped directly from its distribution centers at or near manufacturing facilities. This "direct ship" program is primarily utilized by large manufacturers. Generally, small and medium-size residential furniture manufacturers use one of the Company's three regional distribution facilities which have been strategically positioned in areas which have a high concentration of residential furniture manufacturers - High Point, North Carolina, Los Angeles, California and Tupelo, Mississippi. The Company closely monitors demand in each distribution territory to decide which patterns and styles to hold in inventory. These products are generally available on demand by customers and are usually shipped within 48 hours of receipt of an order. Substantially all of the Company's shipments of mattress ticking are made from its manufacturing facilities in Stokesdale, North Carolina and St. Jerome, Quebec, Canada.

In international markets, Culp sells primarily to distributors that maintain inventories of upholstery fabrics for resale to furniture manufacturers.

Sources and Availability of Raw Materials

Raw materials account for more than half of the Company's total production costs. The Company purchases various types of synthetic and natural yarns (polypropylene, polyester, acrylic, rayon and cotton), synthetic staple fibers (acrylic, rayon, polypropylene, polyester), various types of greige goods (poly/cotton wovens and flocks, polyester wovens, poly/rayon and poly/cotton jacquard wovens, polyester knits, poly/cotton sheeting and non-wovens), polypropylene resins, rayon staple, latex adhesives, dyes and chemicals from a variety of suppliers. The Company has historically made a significant investment in becoming more vertically integrated and producing internally more of its goods such as chenille, pile and other filling yarns, polypropylene yarns, package dyed yarns and printed heat-transfer paper. As a result, a large portion of its raw materials are comprised of more basic commodities such as rayon staple, undyed yarns, polypropylene resin chips, polyester warp yarns, unprinted heat-transfer paper and polyester woven substrates. Although the Company is dependent upon one supplier for all of its acrylic staple, most of the Company's raw materials are available from more than one primary source. The prices of such materials fluctuate depending upon current supply and demand conditions and the general rate of inflation. Many of the Company's basic raw materials are petrochemical products or are produced from such products, and therefore the Company's raw material costs are likely to be sensitive to changes in petrochemical prices. Generally, the Company has not had significant difficulty in obtaining raw materials.

Competition

Competition for the Company's products is based primarily on price, design, quality, timing of delivery and service.

In spite of the trend toward consolidation in the upholstery fabric market, the Company competes against a large number of producers, ranging from a few large manufacturers comparable in size to the Company to small producers and converters of fabrics. The Company believes its principal domestic upholstery fabric competitors are Joan Fabrics Corporation (including its Mastercraft division), Microfibres, Inc., and Quaker Fabric Corporation.

Overseas producers have not historically been a source of significant competition for the Company, but recent trends have shown increased competition in U.S. markets by foreign producers of upholstery fabric, furniture components and finished upholstery furniture, as well as increased sales in the U.S. of leather furniture produced overseas (which competes with upholstered furniture for market share). Foreign manufacturers often are able to produce upholstery fabric and other components of furniture with significantly lower raw material and production costs than those of the Company and other U.S.-based manufacturers. The Company competes with lower cost foreign goods on a basis of design, quality, and reliability and speed of delivery.

The mattress ticking market is concentrated in a few relatively large suppliers. The Company believes its principal mattress ticking competitors are Bekaert Textiles B.V., Blumenthal Print Works, Inc., the Burlington House Fabrics division of Burlington Industries, Inc. and Tietex, Inc.

Technology

Culp views the proper use of technology as an integral part of an effective and responsive business. The Company continues to evaluate and employ technology that will help to achieve higher levels of service to customers and bring operating efficiencies to the manufacturing process. Some key initiatives include:

- Use of the Internet has continued to be an important component of the Company's work. CulpLink provides real-time information for the Company's customers including order status, shipping and invoice documentation, sales history, and inventory availability. Additionally, CulpLink has been expanded to satisfy some key business to business strategies with the Company's customers.

- Culp has continued to invest in technology to aid the design process. CAD, digital printing, digital imaging, and electronic interfaces to the production equipment have allowed significant savings in terms of speed and ease of development.

- Culp continues to expand shop floor systems in the use of scanners, radio frequency devices, bar-coding, and process documentation throughout the Company's manufacturing and distribution systems. Inventories and manufacturing processes are tracked by these systems to provide customer service and operational management with real time information for better customer service and a more efficient operation. All of these systems operate on redundant computer hardware and fiber optic backbones to effectively minimize downtime to the Company's production processes.

- The Company's Intranet initiative, named CulpNet, was deployed to improve efficiency within the company and reduce paper. Forms, charts, and other internal reporting have been converted to CulpNet to achieve cost savings and improve communications.

Environmental and Other Regulations

The Company is subject to various federal and state laws and regulations, including the Occupational Safety and Health Act and federal and state environmental laws, as well as similar laws governing its Rayonese facility in Canada. The Company periodically reviews its compliance with such laws and regulations in an attempt to minimize the risk of violations.

The Company's operations involve a variety of materials and processes that are subject to environmental regulation. Under current law, environmental liability can arise from previously owned properties, leased properties and properties owned by third parties, as well as from properties currently owned and leased by the Company. Environmental liabilities can also be asserted by adjacent landowners or other third parties in toxic tort litigation.

In addition, under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"), and analogous state statutes, liability can be imposed for the disposal of waste at sites targeted for cleanup by federal and state regulatory authorities. Liability under CERCLA is strict as well as joint and several.

The Company provides for environmental matters based on information presently available. Based on this information and the Company's established reserves, the Company does not believe that environmental matters will have a material adverse effect on either the

Company's financial condition or results of operations. However, there can be no assurance that the costs associated with environmental matters will not increase in the future.

Employees

As of April 28, 2002, the Company had approximately 3,000 employees, compared to approximately 3,100 at the end of fiscal 2001. All of the hourly employees at the Rayonese facility in Canada (approximately 7% of the Company's workforce) are represented by a local, unaffiliated union. The collective bargaining agreement with respect to the Rayonese hourly employees was renewed in 2002. The Company is not aware of any efforts to organize any more of its employees and believes its relations with its employees are good.

Customers and Sales

Culp's size, broad product line, diverse manufacturing base and effective distribution system enable it to market products to over 2,000 customers. Major customers are leading manufacturers of upholstered furniture, including Bassett, Furniture Brands International (Broyhill, Thomasville, and Lane /Action), Berkline, Benchcraft, Flexsteel and La-Z-Boy (La-Z-Boy Residential, Bauhaus, England, Clayton Marcus, and Barclay). Representative customers for the Company's fabrics for commercial furniture include Herman Miller, HON Industries and Steelcase. In the mattress ticking area, Culp's customer base includes the leading bedding manufacturers: Sealy, Serta (National Bedding and Sleepmaster), Simmons and Spring Air (various licensees). Culp's customers also include many small and medium-size furniture and bedding manufacturers. In international markets, Culp sells upholstery fabrics primarily to distributors that maintain inventories for resale to furniture manufacturers.

The following table sets forth the Company's net sales by geographic area by amount and percentage of total net sales for the three most recent fiscal years.

Net Sales by Geographic Area
(dollars in thousands)

	Fiscal 2002		Fiscal 2001		Fiscal 2000	
United States	$328,377	86.0%	$331,986	81.0%	$376,975	77.2%
Canada / Mexico	32,033	8.4	34,049	8.3	36,032	7.4
Europe	2,291	0.6	6,262	1.5	16,351	3.4
Middle East	6,226	1.6	17,831	4.4	32,929	6.7
Australia / New Zealand and Asia	10,703	2.8	15,497	3.8	19,102	3.9
All other areas	2,248	0.6	4,185	1.0	6,690	1.4
Subtotal (International)	53,501	14.0	77,824	19.0	111,104	22.8
Total	$381,878	100.0%	$409,810	100.0%	$488,079	100.0%

Backlog

Because a large portion of the Company's upholstery fabric customers have an opportunity to cancel orders, it is difficult to predict the amount of the backlog that is "firm." Many customers may cancel orders before goods are placed into production, and some may cancel at a later time. In addition, the Company markets a significant portion of its sales through its regional warehouse system from in-stock order positions. Moreover, the company has initiated certain just-in-time delivery programs for certain key customers. On April 28, 2002, the portion of the upholstery fabric backlog with confirmed shipping dates prior to June 2, 2002 was $24.1 million.

The backlog for mattress ticking is not a reliable predictor of future shipments because the majority of sales are on a just-in-time basis.

ITEM 2. PROPERTIES

The Company's headquarters are located in High Point, North Carolina, and the Company currently operates eleven (11) manufacturing facilities and three (3) regional distribution facilities. The following is a summary of the Company's principal administrative, manufacturing and distribution facilities. The manufacturing facilities are organized by segment.

Location	Principal Use	Approx. Total Area (Sq. Ft.)	Expiration of Lease(2)
- - Headquarters and Distribution Centers:			
High Point, North Carolina (1)	Corporate headquarters	40,000	2015
Burlington, North Carolina (1)	Design Center	30,000	Owned
Los Angeles, California (1)	Regional distribution	33,000	2007
- - Upholstery Fabrics:			
Graham, North Carolina (1)	Manufacturing	341,000	Owned
Burlington, North Carolina	Manufacturing and distribution	302,000	Owned
Pageland, South Carolina	Manufacturing	96,000	Owned
Burlington, North Carolina	Distribution and Yarn Warehouse	112,500	Owned
Chattanooga, Tennessee	Manufacturing and distribution	290,000	2018
Burlington, North Carolina	Manufacturing and distribution	275,000	2021
Anderson, South Carolina	Manufacturing	99,000	Owned
High Point, North Carolina	Regional distribution	65,000	2008
Tupelo, Mississippi	Regional distribution	57,000	2018
Shelby, North Carolina	Manufacturing	101,000	Owned
Lincolnton, North Carolina	Manufacturing	78,000	Owned
Cherryville, North Carolina	Manufacturing	135,000	Owned
- - Mattress Ticking:			
Stokesdale, North Carolina	Manufacturing and distribution	220,000	Owned
St. Jerome, Quebec, Canada	Manufacturing and distribution	202,000	Owned

(1) Properties are used jointly by Upholstery Fabrics and Mattress Ticking
(2) Includes all options to renew

ITEM 3. LEGAL PROCEEDINGS

There are no legal proceedings to which the Company, or its subsidiaries, is a party or of which any of their property is the subject that are required to be disclosed under this item.

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

There were no matters submitted to a vote of shareholders during the fourth quarter ended April 28, 2002.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Registrar and Transfer Agent
EquiServe Trust Company, N.A.
c/o EquiServe
Post Office Box 43012
Providence, Rhode Island 02940-3012
(800) 633-4236
www.equiserve.com

Stock Listing
Culp, Inc. common stock is traded on the New York Stock Exchange under the symbol CFI. As of April 28, 2002, Culp, Inc. had approximately 3,100 shareholders based on the number of holders of record and an estimate of individual participants represented by security position listings.

Analyst Coverage
These analysts cover Culp, Inc.:

BB&T Capital Markets - Joel Havard
C.L. King & Associates - Tom Lewis
Morgan Keegan - Laura Champine, CFA
Raymond, James & Associates - Budd Bugatch, CFA
Wachovia Securities, Inc. - John Baugh, CFA

See Item 6, Selected Financial Data, for market and dividend information regarding the Company's common stock.

ITEM 6 - SELECTED ANNUAL FINANCIAL DATA

(amounts in thousands, except per share amounts)		fiscal 2002	fiscal 2001	fiscal 2000	fiscal 1999	fiscal 1998	percent change 2002/2001 (5)	five-year growth rate (5)
INCOME STATEMENT DATA								
net sales	$	381,878	409,810	488,079	483,084	476,715	(6.8)%	(0.9)%
cost of sales		319,021	353,823	403,414	406,976	393,154	(9.8)	(0.5)
gross profit		62,857	55,987	84,665	76,108	83,561	12.3	(2.8)
S G & A expenses		48,059	50,366	59,935	59,968	52,987	(4.6)	1.3
restructuring expense		10,368	5,625	0	0	0	84.3	N.M.
income (loss) from operations		4,430	(4)	24,730	16,140	30,574	N.M	(30.6)
interest expense		7,907	9,114	9,521	9,615	7,117	(13.2)	11.1
interest income		(176)	(46)	(51)	(195)	(304)	282.6	(8.9)
other expense		2,839	3,336	1,566	1,864	1,358	(14.9)	13.3
income (loss) before income taxes		(6,140)	(12,408)	13,694	4,856	22,403	50.5	N.M
income taxes		(2,700)	(4,097)	4,314	1,206	6,336	34.1	N.M
net income (loss)		(3,440)	(8,311)	9,380	3,650	16,067	58.6	N.M
EBITDA (3)	$	32,976	26,440	44,472	34,645	45,645	24.7	(3.5)
depreciation		17,274	19,391	19,462	18,549	14,808	(10.9)	6.4
cash dividends		0	1,177	1,611	1,788	1,786	(100.0)	(100.0)
weighted average shares outstanding		11,230	11,210	11,580	12,909	12,744	0.2	(0.7)
weighted average shares outstanding, assuming dilution		11,230	11,210	11,681	13,064	13,042	0.2	(1.2)
PER SHARE DATA								
net income (loss)- basic	$	(0.31)	(0.74)	0.81	0.28	1.26	58.1	N.M
net income (loss)- diluted		(0.31)	(0.74)	0.80	0.28	1.23	58.1	N.M
cash dividends		0.0	0.105	0.14	0.14	0.14	100.0	(100.0)
book value		10.52	10.85	11.57	10.63	10.15	(3.0)	3.7
BALANCE SHEET DATA								
operating working capital (6)	$	76,938	90,475	112,407	111,886	115,153	(15.0)%	2.0%
property, plant and equipment, net		89,772	112,322	126,407	123,310	128,805	(20.1)	(0.3)
total assets		287,713	289,580	343,980	331,714	355,369	(0.6)	3.4
capital expenditures		4,729	8,050	22,559	10,689	35,879	(41.3)	(29.4)
long-term debt		107,001	109,168	135,808	140,312	152,312	(2.0)	6.9
funded debt (1)		108,484	111,656	137,486	138,650	151,616	(2.8)	10.6
shareholders' equity		119,065	121,802	129,640	128,428	132,073	(2.2)	1.5
capital employed (4)		227,549	233,458	267,126	267,078	283,689	(2.5)	5.2
RATIOS & OTHER DATA								
gross profit margin		16.5%	13.7%	17.3%	15.8%	17.5%		
operating income (loss) margin		1.2	(0.0)	5.1	3.3	6.4		
net income (loss) margin		(0.9)	(2.0)	1.9	0.8	3.4		
EBITDA margin (3)		8.6	6.5	9.1	7.2	9.6		
effective income tax rate		44.0	33.0	31.5	24.8	28.3		
funded debt-to-total capital ratio (1)		47.7	47.8	51.5	51.9	53.4		
return on average total capital		3.8	(0.9)	6.0	3.6	8.6		
return on average equity		3.3	(6.6)	7.3	2.8	13.5		
operating working capital turnover (6)		4.5	4.0	4.4	4.3	4.7		
days sales in receivables		41	50	49	49	49		
inventory turnover		5.4	5.1	5.4	5.6	5.8		
STOCK DATA								
stock price								
high	$	10.74	7.25	11.06	19.13	22.19		
low		2.12	1.63	5.00	5.13	16.50		
close		9.30	4.95	5.81	8.25	18.88		
P/E ratio (2)								
high (5)		N.M	N.M.	13.7	67.6	17.6		
low (5)		N.M	N.M.	6.2	18.1	13.1		
daily average trading volume (shares)		24.9	16.2	15.8	30.4	16.0		

(1) Funded debt includes long- and short-term debt, less restricted investments.
(2) P/E ratios based on trailing 12-month net income (loss) per share.
(3) EBITDA represents earnings before interest, income taxes, depreciation, amortization, all restructuring and related charges and certain non-cash charges, as defined by the company's credit agreement.
(4) Capital employed includes funded debt and shareholders' equity.
(5) N.M - Not meaningful
(6) Operating working capital for this calculation is accounts receivable, inventories and accounts payable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following analysis of the financial condition and results of operations should be read in conjunction with the Financial Statements and Notes thereto.

Overview

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

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

Results of Operations

The following table sets forth certain items in the company's consolidated statements of income (loss) as a percentage of net sales.

	2002	2001	2000
Net sales	100.0%	100.0%	100.0%
Cost of sales	83.5	86.3	82.7
Gross profit	16.5	13.7	17.3
Selling, general and administrative expenses	12.6	12.3	12.3
Restructuring expense	2.7	1.4	-
Income (loss) from operations	1.2	-	5.1
Interest expense, net	2.1	2.2	2.0
Other expense	0.7	0.8	0.3
Income (loss) before income taxes	(1.6)	(3.0)	2.8
Income taxes *	44.0	33.0	31.5
Net income (loss)	(0.9)%	(2.0)%	1.9%

* Calculated as a percent of income (loss) before income taxes.

The following table sets forth the company's sales by segment and division for each of the company's three most recent years. The table sets forth the change in net sales for the segments and divisions as a percentage for comparative periods included in the table.

(dollars in thousands)	Amounts			Percent change	
segment/division	2002	2001	2000	2001-2002	2000-2001
Upholstery Fabrics:					
Culp Decorative Fabrics	$152,505	$170,326	$213,197	(10.5)%	(20.1)%
Culp Velvets/Prints	119,119	122,105	151,543	(2.4)	(19.4)
Culp Yarn	5,306	12,581	17,570	(57.8)	(28.4)
	276,930	305,012	382,310	(9.2)	(20.2)
Mattress Ticking:					
Culp Home Fashions	104,948	104,798	105,769	0.1	(0.9)
	$381,878	$409,810	$488,079	(6.8)%	(16.0)%

Restructuring Actions

Exit of Wet Printed Flock Product Line. During March 2002, the company announced that it was evaluating strategic alternatives for the capital invested in its wet printed flock upholstery fabrics product line. Management took this action because of the significant decline in sales and profitability of wet printed flocks in recent years, a decline related principally to the strength of the U.S. dollar relative to foreign currencies as well as a shift in consumer preferences to other styles of upholstery fabrics. In April 2002 management approved a plan to exit the wet printed flock upholstery fabric business and has been actively seeking to sell the assets related to this product line. The exit plan involved closing a printing facility and flocking operation within the Culp Velvets/Prints division, a reduction in related selling and administrative expenses, and termination of 25 employees. The company also recognized certain inventory write-downs related to this product line. The total charge from the exit plan and inventory write-down was $9.7 million, of which approximately $8.2 million represented non-cash items consisting of a $7.6 million write-down of property, plant and equipment to its estimated net realizable value of $2.3 million and a $619,000 write-down of inventory. The company recorded the total charge in the fourth quarter of fiscal 2002. Of this total, $9.1 million was recorded in the line item "restructuring expense" and $619,000, related to the inventory write-downs, was recorded in "cost of sales." The company estimates the annual after-tax carrying costs to maintain the facilities until the assets are sold will be approximately $200,000, or $0.02 per share. During the fiscal year ended April 28, 2002, sales of wet printed flocks contributed $17.1 million, or 4.5%, of the company's total sales and resulted in an operating loss of $2.1 million. The company estimates that the net loss from these operations on an after-tax basis was approximately $0.12 per share.

Other Restructuring Actions. During fiscal 2001and continuing into fiscal 2002, the company undertook a restructuring plan in its upholstery fabric segment intended to lower operating expenses, increase manufacturing utilization, raise productivity and position the company to operate profitably on a 20% lower level of sales. The plan involved (1) the consolidation of certain fabric manufacturing capacity within the Culp Decorative Fabrics (CDF) division, (2) closing one of the company's four yarn manufacturing plants within Culp Yarn, (3) an extensive reduction in selling, general and administrative expenses including the termination of 110 employees and (4) a comprehensive stock keeping unit (SKU) reduction initiative related to finished goods and raw materials in CDF. Additionally, the plan included consolidation of the CDF design operation into the company's Design Center and the implementation of a common set of raw material components for CDF. The company also recognized certain inventory write-downs related to the closed facilities as part of this initiative. While the physical relocation and movement of machinery and equipment involved in the restructuring was completed by the end of the second quarter of 2002 and the related fixed manufacturing cost savings achieved, the company still has much improvement to make to reach targeted productivity and variance levels in the CDF division. The total charge from the restructuring, cost reduction and inventory write-down initiatives was $9.9 million, about $3.6 million of which represented non-cash items. The company recognized $7.4 million of restructuring and related charges during fiscal 2001, and $2.5 million in fiscal 2002. Restructuring and related charges for fiscal 2002 were recorded as $1.3 million in the line item "restructuring expense" and $1.2 million in "cost of sales." The costs reflected in "cost of sales" are principally related to the relocation of manufacturing equipment. Due to the restructuring plan, the company has now realized annualized reductions of at least $14 million in fixed manufacturing costs and SG&A expenses. Management believes the company now has a sound footprint of efficient, world-class facilities utilizing state-of-the-art equipment that position Culp to meet the demands by manufacturers for shorter lead times, reliable delivery schedules and appealing designs.

2002 Compared with 2001

Net Sales. The company's net sales for 2002 decreased by $27.9 million, or 6.8%, compared with 2001. The company's sales of upholstery fabrics decreased 9.2% to $276.9 million. For fiscal year 2002, domestic upholstery fabric sales decreased by 3.3%, or $8.1 million, to $236.6 million. The decrease related primarily to a decline in sales to the external yarn market ($7.3 million), where the company exited certain businesses, and to a decline in sales to the commercial furniture market ($4.5 million). The company believes that it is improving its market share in the U.S. residential furniture market because of well-received fabric placements in the Culp Decorative Fabrics and Culp Velvets/Prints divisions. International sales of upholstery fabric for fiscal 2002 were $40.3 million, down 33.2% from $60.4 million in fiscal 2001.

Compared with fiscal 2001, mattress ticking sales increased .1% to $104.9 million for fiscal 2002. Sales to U.S. bedding manufacturing increased 5.0% to $91.7 million for fiscal 2002. The company believes that it is gaining market share in the U.S. bedding market as well. International ticking sales for fiscal 2002 were $13.2 million, down 24.5% from $17.5 million in fiscal 2001.

Gross Profit and Cost of Sales. For fiscal 2002, gross profit, excluding restructuring and related charges, increased 11.9% compared with fiscal 2001, and increased as a percentage of net sales to 16.9% from 14.1%. This improvement reflected strong gross profit dollar and margin growth in the Culp Home Fashions, Culp Velvets/Prints and Culp Yarn divisions. Offsetting these gains somewhat was a decrease in gross profit dollars and margin in Culp Decorative Fabrics, which occurred in the first half of fiscal 2002. The company is optimistic, however, that gross profit margins in CDF can be improved significantly over the next one to two years. In order to achieve this margin improvement, management expects the key drivers will be (1) increasing the profitability of the current sales mix; (2) improving manufacturing performance, in terms of productivity and inventory obsolescence; and (3) a modest sales growth.

Selling, General and Administrative Expenses (SG&A). SG&A expenses were $48.1 million for fiscal 2002 and decreased $2.3 million, or 4.6%, from fiscal 2001. The significant factors affecting the year to year comparisons were bad debt expense of $4.2 million in fiscal 2002 versus $309,000 in fiscal 2001 and incentive compensation expense of $1.8 million in fiscal 2002 versus $0.0 in fiscal 2001. Without considering these factors in both years, SG&A expenses were $42.1 million, or 11.1% of net sales, for fiscal 2002, compared with $50.0 million, or 12.2% of net sales, for fiscal 2001. This reflects a 15.8% decrease and primarily resulted from the company's decision to reduce SG&A expenses significantly as part of the 2001 restructuring plan.

Interest Expense. Interest expense for fiscal 2002 declined from $9.1 million to $7.9 million due to lower average borrowings outstanding and lower average interest rates over the course of the fiscal year. Interest income increased due to the significant build up in cash and cash investments during the year, particularly in the fourth quarter.

Other Expense. Other expense for fiscal 2002 totaled $2.8 million compared with $3.3 million in the prior year. Goodwill amortization of $1.4 million, or $0.07 per share, is included in Other Expense in fiscal 2002 and fiscal 2001. With the adoption of SFAS No. 142 in the first quarter of fiscal 2003, the company will no longer record goodwill amortization.

Income Taxes. The effective tax rate for fiscal 2002 was 44.0% compared with 33.0% for the year-earlier period. The higher rate resulted from increased tax benefits in 2002 related to he company's loss in the U.S., including restructuring and related charges, and to a lower proportion of earnings from the company's Canadian subsidiary, as well as the recognition in 2001 of gain from terminated life insurance contracts. The income tax rate for fiscal 2002 on income before restructuring and related charges was 34.0%.

Net Income (Loss) Per Share. Diluted net loss per share for 2002 totaled $0.31 compared with net loss for 2001 of $0.74. Excluding restructuring and related charges, diluted net income per share for 2002 totaled $0.35 compared with a net loss for 2001 of $0.30.

2001 Compared with 2000

Net Sales. Net sales for 2001 decreased by $78.3 million, or 16.0%, compared with 2000. The company's sales of upholstery fabrics decreased 20.2% to $305.0 million and mattress ticking sales decreased 0.9% to $104.8 million. Key factors influencing the year-to-year comparison were the sharp, persistent weakness in consumer spending on home furnishings, especially in promotional price categories, and the strength in the U.S. dollar that had an adverse impact on exports. Culp's international sales declined 30.0% in 2001, following an industry-wide trend.

After a number of years of increasing sales, Culp Home Fashions (primarily mattress ticking) during 2001 recorded a decline in sales of 0.9%. The company believes that this decline was less than that experienced for the industry as a whole, which was affected by the slowdown in consumer spending.

Gross Profit and Cost of Sales. Gross profit declined 33.9% for fiscal 2001 and decreased as a percentage of net sales from 17.3% to 13.7%. The decline was due principally to lower sales volume that led to unfavorable cost variances in the company's upholstery fabrics operation. As discussed above, the company has taken steps to lower expenses by consolidating certain operations and reducing personnel.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for 2001 decreased 16.0% from the prior year and accounted for 12.3% of sales for 2001 and 2000. Reflecting the momentum of the company's actions to reduce expenses, selling, general and administrative expenses for the fourth quarter declined 28.8% from the year-earlier period and, as a percentage of sales, declined from 11.5% to 10.5%.

Interest Expense. Net interest expense for 2001 declined from $9.5 million to $9.1 million due to lower average borrowings, partially offset by higher interest rates.

Other Expense. Other expense for 2001 totaled $3.3 million compared with $1.6 million in the prior year. The increase was principally due to lower investment income on assets related to the company's nonqualified deferred compensation plan, mark-to-market losses on foreign currency forward contracts for anticipated purchases in the Euro and mark-to-market losses on interest rate swaps that no longer serve as a hedge due to the repayment of debt.

Income Taxes. The effective tax rate for 2001 was 33.0% compared with 31.5% in the prior year. The lower rates for 2001 and 2000 as compared with the federal statutory rate of 35% were due principally to tax benefits related to the company's international sales and to a higher proportion of earnings from the company's Canadian subsidiary that is taxed at a lower effective rate.

Net Income (Loss) Per Share. Diluted net loss per share for 2001 totaled $0.74 compared with net income for 2000 of $0.80.

Liquidity and Capital Resources

Liquidity. Cash and cash investments as of April 28, 2002 increased to $32.0 million from $1.2 million at the end of fiscal 2001. This significant increase in cash reflects cash flow from operations of $42.2 million for fiscal 2002, which exceeded capital expenditures of $4.7 million, debt repayment of $3.2 million, and reduction of accounts payable for capital expenditures of $4.0 million.

Financing Arrangements.

During February 2002, the company amended its $75 million term loan with its lenders to revise certain financial covenants so that a goodwill impairment charge, under the new Statement of Financial Accounting Standards No. 142, if any, would not inadvertently cause a loan covenant violation due only to changes in financial accounting standards. In exchange for these covenant changes, the company agreed to increase the interest rate paid on the term loan by 100 basis points. Therefore, the significant goodwill impairment charge of $23 to $27 million (on an after tax basis) expected to be recorded in the first quarter of fiscal 2003 will not cause any violation of its loan covenants.

The company has reduced funded debt by $3.2 million or 2.9% from the end of the last fiscal year. Funded debt equals long-term debt plus current maturities. Funded debt was $108.5 million at April 28, 2002, compared with $111.7 million at the end of fiscal 2001. The company's funded debt-to-capital ratio was 47.7% at April 28, 2002, its lowest level since July 1997.

During fiscal 2001, the company amended its credit facility to include terms that restricted the payment of cash dividends and share repurchases, limited capital expenditures, increased the interest rate on its revolving credit facility and increased the letter of credit fees on its industrial revenue bonds (IRBs). This amended credit facility provided for a revolving loan commitment of $10 million, and expires on August 22, 2002. The company had no outstanding borrowings under the facility at the end of fiscal 2002. The company was in compliance with all covenants contained in its loan agreements as of April 28, 2002.

The company has received a loan commitment from its principal bank lender that provides, among other things, for (1) a two year credit facility starting at $36.1 million and reducing to $27 million as certain IRB repayments are made, (2) release of the collateral securing the facility, (3) lower interest rates based upon a pricing matrix, and (4) improved financial covenants. In exchange for these provisions, the company would agree, among other things, to repay approximately $20 million of its IRB debt by October 2002, and pay a credit facility fee. The company expects to close this new credit facility during the second quarter of fiscal 2003.

The company paid off $10.9 million of IRB debt in July 2002 and expects to pay another $8.0 million in September 2002.

The company enters into foreign exchange forward and option contracts to hedge against currency fluctuations with respect to firm commitments and anticipated transactions to purchase certain machinery, equipment and raw materials.

Commitments

The following table summarizes the company's contractual payment obligations and commitments (in thousands):

	2003	2004	2005	2006	2007	Thereafter	Total
Capital expenditure commitments	$1,710	$ -	$ -	$ -	$ -	$ -	$ 1,710
Accounts payable - capital expenditures	951	429					1,380
Operating leases	5,023	3,898	2,856	1,885	1,264	1,167	16,093
Funded debt	1,483	463	463	11,463	11,000	83,612	108,484
Total	$9,167	$4,790	$3,319	$13,348	$12,264	$84,779	$127,667

Note: Payment Obligations by Fiscal Year Ending April

Capital Expenditures. The company maintains an ongoing program of capital expenditures designed to increase capacity as needed, enhance manufacturing efficiencies through modernization and increase the company's vertical integration. Capital expenditures, primarily for modernization, totaled $4.7 million for 2002 compared with $8.1 million for 2001. The company anticipates capital spending of approximately $8.5 million in 2003.

The company's principal sources of liquidity are (1) cash and cash investments, (2) cash flows from operations and (3) funds available under its credit facilities. The company believes these sources will be sufficient for the foreseeable future to meet its needs for normal working capital and capital spending as permitted under the terms of the company's loan agreements.

Inflation

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

Seasonality

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

Critical Accounting Policies and Recent Accounting Developments

Accounting principles generally accepted in the United States of America require the company to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Some of these estimates require difficult, subjective and/or complex judgments about matters that are inherently uncertain, and as a result actual results could differ from those estimates. Due to the estimation processes involved, management considers the following summarized accounting policies and their application to be critical to understanding the company's business operations, financial condition and results of operations.

Accounts Receivable - Allowance for Doubtful Accounts

Substantially all the company's accounts receivable are due primarily from residential furniture manufacturers and bedding manufacturers. Ownership of these manufacturers is increasingly concentrated and in certain cases they have a high degree of leverage and substantial debt load. As of April 28, 2002, accounts receivable from residential and contract furniture manufacturers totaled approximately $33.3 million and from bedding manufacturers approximately $13.6 million. Approximately $10.3 million of the company's total accounts receivable was due from international customers. Additionally, as of April 28, 2002, the aggregate accounts receivable balance of the company's ten largest customers was $17.6 million, or 39% of trade accounts receivable.

During fiscal 2001 and 2002, there has been significant change in the home furnishings industry, including the bankruptcy of several of the largest home furnishings retail chains. This in turn has affected the furniture and bedding manufacturers who are the company's primary customers. As a result, Culp has experienced substantially higher credit losses in fiscal 2002. Bad debt expense for fiscal 2002 totaled $4.2 million compared to $309,000 in the year-earlier period.

The company continuously performs credit evaluations of its customers, considering numerous inputs including customers' financial position, past payment history, cash flows and management capability; historical loss experience; and economic conditions and prospects. While management believes that adequate allowances for doubtful accounts have been provided in the consolidated financial statements, it is possible that the company could experience additional unexpected credit losses.

Inventory Valuation

The company operates as a make-to-order and make-to-stock business. In addition, the company stocks its most popular fabrics in its regional distribution facilities. Although management closely monitors demand in each product area to decide which patterns and styles to hold in inventory, the gradual, yet constant shifts in consumer preferences expose the company to write-downs of inventory.

Substantially all inventories are valued at the lower of last-in, first-out (LIFO) cost or market. Management continually examines inventory to determine if there are indicators that the carrying value exceeds its net realizable value. Experience has shown that the most significant indicator of the need for inventory write-downs is the age of the inventory. As a result, the company provides inventory valuation write-downs based upon set percentages for inventory aging categories, generally using 6, 9 and 12 month categories. While management believes that adequate write-downs for inventory obsolescence have been made in the consolidated financial statements, consumer tastes and preferences will continue to change and the company could experience additional inventory write-downs in the future.

Revenue Recognition

Revenue is recognized from product sales upon shipment to customers from the company's various distribution centers. Provision is made currently for estimated product returns, claims and allowances. Management considers historical claims and return experience, among other things, when establishing the allowance for returns and allowances. While management believes that adequate allowance has been established for returns and allowances, it is possible that the company could experience levels higher than provided for in the consolidated financial statements.

Long-lived Assets

Management reviews long-lived assets, which consists of property, plant and equipment, for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recovered. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of the asset to future net undiscounted cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the excess of the carrying amount over the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying value or fair value less cost to sell when the company has committed to a disposal plan.

Events or changes in circumstances that indicate an asset's carrying amount may not be recoverable include: a) significant changes in its market price, b) a significant change in the extent or manner in which the asset is being used, c) adverse change in business climate that could affect the asset value permanently, d) current and/or historical operating or cash flow losses and a projection that demonstrates continuing losses associated with the asset's use, and e) an expectation that it is more likely than not that the asset will be sold.

The company's assessment at April 28, 2002 and April 29, 2001 indicated that net undiscounted future operating cash flows of the company's businesses were sufficient to recover the carrying amount of the long-lived assets under SFAS No. 121.

In August 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 establishes a single accounting model for long-lived assets to be disposed of by sale, and also resolves implementation issues related to SFAS No. 121. The company is required to adopt the provisions of this statement for fiscal 2003. Adoption of SFAS No. 144 is not expected to have significant impact on the company's financial position, results of operations or cash flows.

Goodwill

The company assesses the recoverability of goodwill under SFAS No. 121 by determining whether the amortization of the company's goodwill balance over its remaining life can be recovered through undiscounted future operating cash flows of the acquired businesses. If the company determines that goodwill is impaired, the loss is measured using estimated fair value. The assessment of the recoverability of goodwill will be impacted if estimated cash flows are not achieved. Factors that may impact estimated cash flows include, among other things, consumer demand, the acceptability of the company's products, ability to offer competitive pricing at acceptable margins and a number of macro-economic factors including the strength of the U.S. dollar relative to other foreign currencies.

The company's goodwill at April 28, 2002 totaled $47.1 million and related to the following divisions: Culp Decorative Fabrics- $42.3 million, Culp Yarn - $0.7 million and Culp Home Fashions - $4.1 million. The company's assessment at April 28, 2002 and April 29, 2001 indicated that undiscounted future operating cash flows of these businesses were sufficient to recover the carrying amounts of goodwill.

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets," which is effective as of the company's 2003 fiscal year that started April 29, 2002. SFAS No. 142 represents a substantial change in how goodwill is accounted for. SFAS No. 142 requires that goodwill no longer be amortized and that goodwill be tested for impairment by comparing the reporting unit's carrying value to fair value as of April 29, 2002. If any impairment is indicated, it must be measured and recorded before the end of fiscal 2003. SFAS No. 142 requires that any goodwill impairment loss recognized as a result of initial application be reported as of the first quarter of fiscal 2003 as a change in accounting principle, and that the income per share effects of the accounting change be separately disclosed.

In response to this requirement, management engaged a business valuation specialist to assist the company in the determination of the fair market value of Culp Decorative Fabrics because of the significance of the goodwill associated with the division and due to its recent operating performance for fiscal 2001 and 2002, which had been significantly below its historical level of profitability. As a result of the adoption of SFAS No. 142, the Company expects to record a special (non-cash) goodwill impairment charge in the range of $23 million to $27 million (on an after tax basis) related to the goodwill associated with its Culp Decorative Fabrics division.

Goodwill amortization of $1.4 million was reflected for the fiscal years ending April 28, 2002, April 29, 2001 and April 30, 2000. As of April 29, 2002, goodwill will no longer be amortized.

Forward-Looking Information

The company's annual report on Form 10-K contains statements that may be deemed "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. Such statements are inherently subject to risks and uncertainties. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often characterized by qualifying words such as "expect," "believe," "estimate," "plan," and "project" and their derivatives. Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income and general economic conditions. Decreases in these economic indicators could have a negative effect on the company's business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could affect the company adversely. Because of the significant percentage of the company's sales derived from international shipments, strengthening of the U.S. dollar against other currencies could make the company's products less competitive on the basis of price in markets outside the United States. Additionally, economic and political instability in international areas could affect the demand for the company's products.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk from changes in interest rates on debt and foreign currency exchange rates. The Company's market risk sensitive instruments are not entered into for trading purposes. The Company has not experienced any significant changes in market risk since April 28, 2002.

The Company's exposure to interest rate risk consists of floating rate debt based on the London Interbank Offered Rate plus an adjustable margin under the Company's revolving credit agreement and variable rate debt in connection with industrial revenue bonds. The annual impact on the Company's results of operations of a 100 basis point interest rate change on the April 28, 2002 outstanding balance of the variable rate debt would be approximately $306,000.

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 are not material to the Company's consolidated results of operations; therefore, a 10% change in the exchange rate at April 28, 2002 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.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Management's Statement of Responsibility

The management of Culp, Inc. is responsible for the accuracy and consistency of all the information contained in this annual report on Form 10-K, including the financial statements. These statements have been prepared to conform with accounting principles generally accepted in the United States of America. The preparation of financial statements and related data involves estimates and the use of judgment.

Culp, Inc. maintains internal accounting controls designed to provide reasonable assurance that the financial records are accurate, that the assets of the company are safeguarded, and that the financial statements present fairly the financial position and results of operations of the Company.

KPMG LLP, the Company's independent auditors, conducts an audit in accordance with auditing standards generally accepted in the United States of America and provides an opinion on the financial statements prepared by management. Their report for 2002 is presented on the following page.

The Audit Committee of the Board of Directors reviews the scope of the audit and the findings of the independent auditors. The internal auditor and the independent auditors meet with the Audit Committee to discuss audit and financial reporting issues. The Audit Committee also reviews the company's principal accounting policies, significant internal accounting controls, the Annual Report and annual SEC filings (Form 10-K and Proxy Statement).

Robert G. Culp, III
Chairman and Chief Executive Officer
May 31, 2002

Franklin N. Saxon
Executive Vice President and
Chief Financial Officer
May 31, 2002

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of Culp, Inc.:

We have audited the accompanying consolidated balance sheets of Culp, Inc. and subsidiary as of April 28, 2002 and April 29, 2001, and the related consolidated statements of income (loss), shareholders' equity, and cash flows for each of the years in the three-year period ended April 28, 2002. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Culp, Inc. and subsidiary as of April 28, 2002 and April 29, 2001, and the results of their operations and their cash flows for each of the years in the three-year ended April 28, 2002, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP
Greensboro, NC
May 31, 2002

CONSOLIDATED BALANCE SHEETS

April 28, 2002 and April 29, 2001 (dollars in thousands, except share data)	2002	2001
ASSETS		
current assets:		
cash and cash investments	$ 31,993	1,207
accounts receivable	43,366	57,849
inventories	57,899	59,997
other current assets	13,413	7,856
total current assets	146,671	126,909
property, plant and equipment, net	89,772	112,322
goodwill	47,083	48,478
other assets	4,187	1,871
total assets	$ 287,713	289,580
LIABILITIES AND SHAREHOLDERS' EQUITY		
current liabilities:		
current maturities of long-term debt	$ 1,483	2,488
accounts payable	24,327	27,371
accrued expenses	18,905	17,153
income taxes payable	0	1,268
total current liabilities	44,715	48,280
long-term debt	107,001	109,168
deferred income taxes	16,932	10,330
total liabilities	168,648	167,778
commitments and contingencies (note 11)		
shareholders' equity:		
preferred stock, $.05 par value, authorized 10,000,000 shares	0	0
common stock, $.05 par value, authorized 40,000,000 shares, issued and outstanding 11,319,584 at April 28, 2002 and 11,221,158 at April 29, 2001	566	561
capital contributed in excess of par value	37,606	36,915
retained earnings	80,886	84,326
accumulated other comprehensive income	7	0
total shareholders' equity	119,065	121,802
total liabilities and shareholders' equity	$ 287,713	289,580

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

For the years ended April 28, 2002, April 29, 2001, and April 30, 2000 (dollars in thousands, except per share data)	2002	2001	2000
net sales	$ 381,878	409,810	488,079
cost of sales	319,021	353,823	403,414
gross profit	62,857	55,987	84,665
selling, general and administrative expenses	48,059	50,366	59,935
restructuring expense	10,368	5,625	0
income (loss) from operations	4,430	(4)	24,730
interest expense	7,907	9,114	9,521
interest income	(176)	(46)	(51)
other expense	2,839	3,336	1,566
income (loss) before income taxes	(6,140)	(12,408)	13,694
income taxes	(2,700)	(4,097)	4,314
net income (loss)	$ (3,440)	(8,311)	9,380
net income (loss) per share:			
basic	$ (0.31)	(0.74)	0.81
diluted	$ (0.31)	(0.74)	0.80

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For the years ended April 28, 2002 April 29, 2001 and April 30, 2000 (dollars in thousands, except share data)	common stock shares	common stock amount	capital contributed in excess of par value	retained earnings	accumulated other comprehensive income	total shareholders' equity
balance, May 2, 1999	12,079,171	$ 604	37,966	89,858		128,428
cash dividends ($0.14 per share)				(1,611)		(1,611)
net income				9,380		9,380
common stock issued in connection with stock option plans	13,813	1	78			79
common stock purchased	(884,264)	(45)	(2,778)	(3,813)		(6,636)
balance, April 30, 2000	11,208,720	560	35,266	93,814		129,640
cash dividends ($0.105 per share)				(1,177)		(1,177)
net loss				(8,311)		(8,311)
common stock issued in connection with stock option plans	12,438	1	1,649			1,650
balance, April 29, 2001	11,221,158	561	36,915	84,326		121,802
net loss				(3,440)		(3,440)
net gain on cash flow hedges					7	7
common stock issued in connection with stock option plans	98,426	5	691			696
balance, April 28, 2002	11,319,584	$ 566	37,606	80,886	7	119,065

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended April 28 2002, April 29, 2001, and April 30, 2000 (dollars in thousands)	2002	2001	2000
cash flows from operating activities:			
net income (loss)	$ (3,440)	(8,311)	9,380
adjustments to reconcile net income (loss) to net cash provided by operating activities:			
depreciation	17,274	19,391	19,462
amortization of intangible assets	1,575	1,591	1,596
amortization of stock based compensation	144	360	250
provision for deferred income taxes	(1,452)	(5,394)	2,176
restructuring expense	10,368	5,625	0
changes in assets and liabilities:			
accounts receivable	14,483	17,374	(4,720)
inventories	2,098	14,474	(7,401)
other current assets	2,504	827	(16)
other assets	(311)	171	(770)
accounts payable	998	(4,530)	1,029
accrued expenses	(796)	(6,767)	890
income taxes payable	(1,268)	1,268	0
net cash provided by operating activities	42,177	36,079	21,876
cash flows from investing activities:			
capital expenditures	(4,729)	(8,050)	(22,559)
purchase of restricted investments	0	0	(40)
sale of investments related to deferred compensation plan	0	4,547	0
sale of restricted investments	0	0	3,380
net cash used in investing activities	(4,729)	(3,503)	(19,219)
cash flows from financing activities:			
proceeds from issuance of long-term debt	0	564	9,543
principal payments of long-term debt	(3,172)	(26,394)	(14,047)
cash dividends paid	0	(1,177)	(1,611)
proceeds from common stock issued	552	17	21
payments to acquire common stock	0	0	(6,636)
change in accounts payable - capital expenditures	(4,042)	(5,386)	10,571
net cash used in financing activities	(6,662)	(32,376)	(2,159)
increase (decrease) in cash and cash investments	30,786	200	498
cash and cash investments, beginning of year	1,207	1,007	509
cash and cash investments, end of year	$ 31,993	1,207	1,007

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The consolidated financial statements include the accounts of the company and its subsidiary, which is wholly-owned. All significant intercompany balances and transactions are eliminated in consolidation.

Description of Business - The company primarily manufactures and markets upholstery fabrics and mattress fabrics ("ticking") primarily for the furniture and bedding industries, with the majority of its business conducted in North America.

Fiscal Year - The company's fiscal year is the 52 or 53 week period ending on the Sunday closest to April 30. Fiscal years 2002, 2001 and 2000 included 52 weeks.

Cash and Cash Investments - Cash and cash investments include demand deposit and money market accounts. For purposes of the consolidated statements of cash flows, the company considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

Accounts Receivable - Substantially all of the company's accounts receivable are due principally from manufacturers in the markets noted above. The company grants credit to customers, a substantial number of which are located in North America and generally does not require collateral. Management continuously performs credit evaluations of its customers, considering numerous inputs including financial position, past payment history, cashflows and management ability, historical loss experience and economic conditions and prospects. While management believes that adequate allowances for doubtful accounts have been provided in the consolidated financial statements, it is possible that the company could experience additional unexpected credit losses.

Inventories - Principally all inventories are valued at the lower of last-in, first-out (LIFO) cost or market. Management continually examines inventory to determine if there are indicators that the carrying value exceeds its net realizable value. Experience has shown that the most significant indicator of the need for inventory write-downs is the age of the inventory. As a result, the company provides inventory valuation write-downs based upon inventory aging. While management believes that adequate write-downs for inventory obsolescence have been made in the consolidated financial statements, consumer tastes and preferences will continue to change and the company could experience additional inventory write-downs in the future.

Property, Plant and Equipment - Property, plant and equipment is recorded at cost. Depreciation is generally computed using the straight-line method over the estimated useful lives of the respective assets. Major renewals and betterments are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Amounts received on disposal less the book value of assets sold are charged or credited to income (loss).

In accordance with SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, management reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recovered. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of the asset to future net undiscounted cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the excess of the carrying amount over the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying value or fair value less cost to sell when the company has committed to a disposal plan. Management's review for impairment of long-lived assets will be impacted in fiscal 2003 by the provisions of a new accounting pronouncement issued during fiscal 2002 (see note 19).

Interest costs of $36,000, $99,000 and $146,000 incurred during the years ended April 28, 2002, April 29, 2001 and April 30, 2000, respectively, for the construction of qualifying fixed assets were capitalized and are being amortized over the related assets' estimated useful lives.

Foreign Currency Translation - The United States dollar is the functional currency for the company's Canadian subsidiary. Translation gains (losses) for this subsidiary of ($33,000), $37,000 and $57,000 are included in the other expense line item in the consolidated statements of income (loss) for the fiscal years ended April 28, 2002, April 29, 2001 and April 30, 2000, respectively.

Goodwill and Other Intangible Assets - Goodwill, which represents the unamortized excess of the purchase price over the fair values of the net assets acquired, is being amortized using the straight-line method over 40 years. The company assesses the recoverability of goodwill by determining whether the amortization of the balance over its remaining life can be recovered through undiscounted future operating cash flows of the acquired businesses. The accounting for goodwill will be impacted during fiscal 2003 by the provisions of a new accounting pronouncement issued during fiscal 2002 (see note 19).

Other intangible assets are included in other assets and consist principally of debt issue costs. Amortization is computed using the straight-line method over the respective terms of the debt agreements.

Income Taxes - Deferred taxes are recognized for the temporary differences between the financial statement carrying amounts and the tax bases of the company's assets and liabilities and operating loss and tax credit carryforwards at income tax rates expected to be in effect when such amounts are realized or settled. The effect on deferred taxes of a change in tax rates is recognized in income (loss) in the period that includes the enactment date.

No provision is made for income taxes which may be payable if undistributed income of the company's Canadian subsidiary were to be paid as dividends to the company, since the company intends that such earnings will continue to be invested. At April 28, 2002, the amount of such undistributed income was $25.2 million. Foreign tax credits may be available as a reduction of United States income taxes in the event of such distributions.

Revenue Recognition - Revenue is recognized upon shipment, when title and risk of loss passes to the customer. Provision is made currently for estimated product returns, claims and allowances. Management considers historical claims and return experience, among other things, when establishing the allowance for returns and allowances. While management believes that adequate allowance has been established for returns and allowances, it is possible that the company could experience levels higher than provided for in the consolidated financial statements.

Stock Option Plans - SFAS No. 123, Accounting for Stock-Based Compensation, requires disclosure of the fair value and other characteristics of stock options (see note 12). The company has chosen under the provisions of SFAS No. 123 to continue using the intrinsic-value method of accounting for employee stock-based compensation in accordance with Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees.

Fair Value of Financial Instruments - The carrying amount of cash and cash investments, accounts receivable, other current assets, accounts payable and accrued expenses approximates fair value because of the short maturity of these financial instruments.

The fair value of the company's long-term debt is estimated by discounting the future cash flows at rates currently offered to the company for similar debt instruments of comparable maturities. The fair value of the company's long-term debt is approximately $104 million at April 28, 2002.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. RESTRUCTURING

In April 2002, management approved a plan to exit the wet printed flock upholstery fabric business and has been actively seeking to sell the assets related to this product line. The exit plan involved closing a printing facility and flocking operation within the Culp Velvets/Prints division, reduction in related selling and administrative expenses and termination of 25 employees. The total charge for the exit plan was $9.7 million, of which approximately $8.2 million represented non-cash items. Of the total charge, $9.1 million was recorded in the restructuring expense line item and $619,000, related to inventory write-downs, was recorded in the cost of sales line item. During the fiscal year ended April 28, 2002, sales of the wet printed flock product contributed $17.1 million, or 4.5%, of the company's total sales and resulted in an operating loss of approximately $2.1 million.

The following summarizes the restructuring charge and inventory write-downs (amounts in thousands):

	Charges	Non-cash Write-downs	Paid in 2002	April 28, 2002 Reserve Balance
Non-cash write-downs of fixed assets to net realizable value	$7,613	7,613	-	-
Non-cash write-downs of inventories	619	619	-	-
Employee termination benefits	842	-	5	837
Lease termination and other exit costs	610	-	5	605
Total	$9,684	8,232	10	1,442

During fiscal 2001 and continuing into fiscal 2002, the company undertook a restructuring plan in its upholstery fabric segment which involved (1) the consolidation of certain fabric manufacturing capacity within the Culp Decorative Fabrics (CDF) division, (2) closing one of the company's four yarn manufacturing plants within the Culp Yarn division, (3) an extensive reduction in selling, general and administrative expenses including the termination of 110 employees and (4) a comprehensive SKU reduction initiative related to finished goods and raw materials in CDF. The 2001 charge from the restructuring and related costs was $7.4 million, approximately $3.4 million of which represented non-cash items. Of the total charge, $5.6 million was recorded in the restructuring expense line item and $874,000, related to inventory write-downs, and $931,000, related to equipment relocation costs, were recorded in the cost of sales line item. The 2002 charge from restructuring and related expenses was $2.5 million, approximately $160,000 of which represented the non-cash impairment of property, plant and equipment. Of the total charge, $1.3 million was included in the restructuring expense line item and $1.2 million, related to equipment relocation costs, was recorded in the cost of sales line item.

The following summarizes the fiscal 2001 restructuring and related charges (amounts in thousands):

	Charges	Non-cash Write-downs	Paid in 2001	April 29, 2001 Reserve Balance
Non-cash write-downs of fixed assets to net realizable value	$2,540	2,540	-	-
Non-cash write-downs of inventories	874	874	-	-
Employee termination benefits	969	-	491	478
Lease termination and other exit costs	2,116	-	211	1,905
Machinery and equipment relocation costs	931	-	931	-
Total	$7,430	3,414	1,633	2,383

The following summarizes the fiscal 2002 restructuring and related charges (amounts in thousands):

	April 29, 2001 Reserve Balance	2002 Charges	Non-cash Write-downs	Paid in 2002	April 28, 2002 Reserve Balance
Non-cash write-downs of fixed assets to net realizable value	-	160	160	-	-
Employee termination benefits	478	925	-	891	512
Lease termination and other exit costs	1,905	218	-	1,632	491
Machinery and equipment relocation costs	-	1,206	-	1,206	-
Total	$2,383	2,509	160	3,729	1,003

3. ACCOUNTS RECEIVABLE

A summary of accounts receivable follows:

(dollars in thousands)	2002	2001
customers	$46,886	60,218
allowance for doubtful accounts	(2,465)	(1,282)
reserve for returns and allowances	(1,055)	(1,087)
	$43,366	57,849

4. INVENTORIES

A summary of inventories follows:

(dollars in thousands)	2002	2001
inventories on the FIFO cost method		
raw materials	$ 27,081	31,489
work-in-process	3,830	4,748
finished goods	27,233	24,148
total inventories on the FIFO cost method	58,144	60,385
adjustments of certain inventories to the LIFO cost method	(245)	(388)
	$ 57,899	59,997

5. PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment follows:

(dollars in thousands)	depreciable lives (in years)	2002	2001
land and improvements	10	$ 2,213	2,243
buildings and improvements	7-40	30,325	30,620
leasehold improvements	7-10	2,537	2,534
machinery and equipment	3-12	175,972	200,976
office furniture and equipment	3-10	11,370	11,517
capital projects in progress		987	1,125
		223,404	249,015
accumulated depreciation		(133,632)	(136,693)
		$ 89,772	112,322

In connection with the restructurings in fiscal 2002 and 2001 (see note 2), property, plant and equipment with a carrying value of $9.9 million and $2.8 million, respectively, was written down to its net realizable value of approximately $2.3 million and $135,000 and reclassified to assets held for sale, which is included in the other assets line item in the consolidated balance sheets.

6. GOODWILL

A summary of goodwill follows:

(dollars in thousands)	2002	2001
goodwill	$ 55,547	55,547
accumulated amortization	(8,464)	(7,069)
	$ 47,083	48,478

7. ACCOUNTS PAYABLE

A summary of accounts payable follows:

(dollars in thousands)	2002	2001
accounts payable - trade	$ 22,947	21,949
accounts payable - capital expenditures	1,380	5,422
	$ 24,327	27,371

8. ACCRUED EXPENSES

A summary of accrued expenses follows:

(dollars in thousands)	2002	2001
compensation, commissions and related benefits	$ 10,122	7,806
interest	1,111	1,367
restructuring	2,445	2,383
other	5,227	5,597
	$ 18,905	17,153

9. INCOME TAXES

A summary of income taxes (benefits) follows:

(dollars in thousands)	2002	2001	2000
current			

federal	$(2,655)	(315)	657
state	0	11	45
Canadian	1,407	1,601	1,436
	(1,248)	1,297	2,138
deferred			
federal	(635)	(4,565)	1,514
state	(600)	(905)	378
Canadian	(217)	76	284
	(1,452)	(5,394)	2,176
	$(2,700)	(4,097)	4,314

Income before income taxes related to the company's Canadian operation for the years ended April 28, 2002, April 29, 2001, and April 30, 2000 was $4,000,000, $4,400,000 and $4,900,000, respectively.

The following schedule summarizes the principal differences between income taxes (benefits) at the federal income tax rate and the effective income tax rate reflected in the consolidated financial statements:

	2002	2001	2000
federal income tax rate	(35.0)%	(35.0)%	35.0%
state income taxes, net of federal income tax benefit	(6.3)	(4.7)	2.0
exempt income of foreign sales corporation	(0.8)	(0.4)	(3.6)
gains on life insurance contracts	.0	5.0	(1.5)
other	(1.9)	2.1	(0.4)
	(44.0)%	(33.0)%	31.5%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities consist of the following:

(dollars in thousands)	2002	2001
deferred tax liabilities:		
property, plant and equipment, net	$ (13,783)	(15,753)
goodwill	(4,701)	(3,938)
other	(875)	(1,095)
total deferred tax liabilities	(19,359)	(20,786)
deferred tax assets:		
accounts receivable	1,188	724
inventories	2,904	3,295
compensation	783	556
liabilities and reserves	1,705	2,021
alternative minimum tax	1,416	1,061
net operating loss carryforwards	3,878	8,028
gross deferred tax assets	11,874	15,685
valuation allowance	0	0
total deferred tax assets	11,874	15,685
	$ (7,485)	(5,101)

Deferred taxes are classified in the accompanying consolidated balance sheet captions as follows:

(dollars in thousands)	2002	2001
other current assets	$ 9,447	5,229
deferred income taxes	(16,932)	(10,330)
	$ (7,485)	(5,101)

At April 28, 2002, the company had an alternative minimum tax credit carryforward of approximately $1,416,000 for federal income tax purposes. Federal and state net operating loss carryforwards with related tax benefits of $3,878,000 at April 28, 2002 expire in varying amounts through fiscal 2022. The company believes that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the existing deferred tax assets.

Income tax refunds, net of income tax payments, were $2,280,000 in 2002 and $369,000 in 2001. Income taxes paid, net of income tax refunds, were $2,027,000 in 2000.

10. LONG-TERM DEBT

A summary of long-term debt follows:

(dollars in thousands)	2002	2001
unsecured notes	$ 75,000	75,000
industrial revenue bonds	30,612	30,612
canadian government loan	1,852	2,347
revolving credit agreement	0	999
obligation to sellers	1,020	2,698
	108,484	111,656
current maturities	(1,483)	(2,488)
	$ 107,001	109,168

- --

The unsecured notes have an average remaining term of 6 years. The principal payments are due from March 2006 to March 2010 with interest payable semi-annually. The note purchase agreements were amended in February 2002 to amend certain covenants, including the replacement of the minimum consolidated net worth test with a minimum tangible net worth test. Additionally, the amendment increased the fixed coupon rate from 6.76% to 7.76%.

The company's revolving credit agreement (the "Credit Agreement") provides for a revolving loan commitment of $10,000,000. Borrowings under the Credit Agreement generally carry interest at the London Interbank Offered Rate plus an adjustable margin based on the company's debt/EBITDA ratio as defined by the agreement. The Credit Agreement requires payment of a quarterly facility fee. The Credit Agreement was amended in May 2002 to extend the termination date from June 2002 to August 2002.

The company's $2,000,000 revolving line of credit expires in August 2002. Borrowings under the revolving line of credit carry interest at the same rate as described above for the revolving credit agreement. At April 28, 2002, no borrowings were outstanding under the revolving line of credit.

The industrial revenue bonds (IRB) are generally due in balloon maturities which occur at various dates from 2009 to 2013. The IRBs are collateralized by letters of credit for the outstanding balance of the IRBs and certain interest payments due thereunder. At April 28, 2002, the bonds bear interest at a rate of 5.35%, including the letter of credit fee percentage.

The company's loan agreements require, among other things, that the company maintain compliance with certain financial ratios. At April 28, 2002, the company was in compliance with these financial covenants.

The principal payment requirements of long-term debt during the next five years are: 2003 - $1,483,000; 2004 - $463,000; 2005 - $463,000; 2006 - $11,463,000; and 2007 - $11,000,000.

Interest paid during 2002, 2001 and 2000 totaled $8,199,000, $8,950,000, and $9,920,000, respectively.

11. COMMITMENTS AND CONTINGENCIES

The company leases certain office, manufacturing and warehouse facilities and equipment, primarily computers and vehicles, under noncancellable operating leases. Lease terms related to real estate range from one to ten years with renewal options for additional periods ranging from two to ten years. The leases generally require the company to pay real estate taxes, maintenance, insurance and other expenses. Rental expense for operating leases was $6,605,000 in 2002; $7,907,000 in 2001; and $8,162,000 in 2000. Future minimum rental commitments for noncancellable operating leases are $5,023,000 in 2003; $3,898,000 in 2004; $2,856,000 in 2005; $1,885,000 in 2006; $1,264,000 in 2007; and $1,167,000 in later years.

The company is involved in several legal proceedings and claims which have arisen in the ordinary course of its business. These actions, when ultimately concluded and settled, will not, in the opinion of management, have a material adverse effect upon the financial position, results of operations or cash flows of the company.

The company has outstanding capital expenditure commitments of approximately $1,710,000 as of April 28, 2002.

12. STOCK OPTION PLANS

The company has a fixed stock option plan under which options to purchase common stock may be granted to officers, directors and key employees. At April 28, 2002, 1,038,750 shares of common stock were authorized for issuance under the plan. Of this total, 115,875 remain available for grant. Options are generally exercisable from one to five years after the date of grant and generally expire five to ten years after the date of grant.

No compensation cost has been recognized for this stock option plan as options are granted under the plan at an option price not less than fair market value at the date of grant.

A summary of the status of the plan as of April 28, 2002, April 29, 2001 and April 30, 2000 and changes during the years ended on those dates is presented below:

	2002		2001		2000	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	788,926	$ 8.87	661,114	$ 9.98	622,052	$ 10.04
Granted	290,375	4.07	130,250	3.11	49,375	8.80
Exercised	(91,426)	4.45	(2,438)	2.82	(7,313)	2.82
Canceled/expired	(65,000)	9.86	-	-	(3,000)	20.25
Outstanding at end of year	922,875	7.73	788,926	8.87	661,114	9.98
Options exercisable at year-end	491,625	10.64	549,926	10.41	461,114	10.88
Weighted-average fair value of options granted during the year	$2.14		$1.60		$3.54	

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 4/28/02	Weighted-Avg. Remaining Contractual Life	Weighted-Avg. Exercise Price	Number Exercisable at 4/28/02	Weighted-Avg. Exercise Price
$ 3.03 - $ 3.05	121,875	4.3 years	$ 3.03	35,625	$ 3.04
$ 4.00 - $ 7.50	311,000	5.3	4.30	30,000	6.17
$ 7.63 - $ 7.63	160,000	6.4	7.63	96,000	7.63
$ 7.75 - $ 12.75	224,375	3.5	10.07	224,375	10.07
$ 13.34 - $ 20.94	105,625	5.0	18.43	105,625	18.43
	922,875	4.9	$ 7.73	491,625	$ 10.64

During fiscal 1995, the company adopted a stock option plan which provided for the one-time grant to officers and certain senior managers of options to purchase 121,000 shares of the company's common stock at $.05 (par value) per share. As of April 28, 2002, the 51,500 options outstanding under the plan have exercise prices of $0.05 and a weighted-average remaining contractual life of 1.7 years. Options exercised during fiscal 2002, 2001 and 2000 were 7,000, 0 and 6,500, respectively. As all outstanding options under this plan have been fully vested, no compensation expense was recorded in fiscal 2002, 2001 and 2000.

During September 1997, the company's shareholders approved the 1997 option plan which provides for the one-time grant to certain officers and senior managers of options to purchase 106,000 shares of the company's common stock at $1.00 per share. Options under the plan are generally exercisable on January 1, 2006. As of April 28, 2002, the 89,000 options outstanding under the plan have exercise prices of $1.00 and a weighted-average remaining contractual life of 4.7 years. Options exercised during fiscal 2002, 2001 and 2000 were 0, 10,000 and 0, respectively. During fiscal 2002, 2001 and 2000, the compensation expense recorded under APB Opinion No. 25 was $144,000, $360,000 and $250,000, respectively.

Had compensation cost for the fixed stock option plan with 922,875 options outstanding at April 28, 2002 and the 1997 stock-based compensation plan been determined consistent with SFAS No. 123, the company's net income (loss), basic net income (loss) per share and diluted net income (loss) per share would have been changed to the pro forma amounts indicated below:

(in thousands, except per share data)		2002	2001	2000
Net income (loss)	As reported	$(3,440)	(8,311)	9,380
	Pro forma	(3,722)	(8,548)	9,145
Net income (loss) per share, basic	As reported	$ (0.31)	(0.74)	0.81
	Pro forma	(0.33)	(0.76)	0.79
Net income (loss) per share, diluted	As reported	$ (0.31)	(0.74)	0.80
	Pro forma	(0.33)	(0.76)	0.78

The fair value of each option grant is estimated on the date of grant using the Black Scholes option-pricing model with the following weighted-average assumptions used for grants in 2002, 2001 and 2000, respectively: dividend yield of 0%, 0% and 1.5%; risk-free interest rates of 4.8%, 4.6% and 5.7%; expected volatility of 62%, 54% and 49%; and expected lives of 5 years, 5 years and 4 years.

13. DERIVATIVES

On April 30, 2001, the company adopted the provisions of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133, as amended by SFAS No. 137 and SFAS No. 138, requires the company to recognize all derivative instruments on the balance sheet at fair value. These statements also establish new accounting rules for hedging instruments, which depend on the nature of the hedge relationship. A fair value hedge requires that the effective portion of the change in the fair value of a derivative instrument be offset against the change in the fair value of the underlying asset, liability, or firm commitment being hedged through earnings. A cash flow hedge requires that the effective portion of the change in the fair value of a derivative instrument be recognized in Other Comprehensive Income ("OCI"), a component of Shareholders' Equity, and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The ineffective portion of a derivative instrument's change in fair value is immediately recognized in earnings. Adoption of SFAS 133 did not have a significant impact on the company's financial position, results of operations or cash flows.

The company uses foreign exchange option and forward contracts to manage the exposure related to forecasted purchases of inventories denominated in the EURO. The company utilizes cash flow hedge accounting for these contracts. At April 28, 2002, the duration of these contracts is twelve months.

The company also uses foreign exchange option and forward contracts to manage the exposure related to firm commitments to purchase fixed assets denominated in the EURO. The company has chosen not to utilize hedge accounting for these contracts, and accordingly changes in the fair value of these contracts are recorded currently in earnings.

From time to time, the company used interest rate swap agreements to effectively fix the interest rates on certain variable rate debt. For fiscal 2000 and prior periods, net amounts paid or received were reflected as adjustments to interest expense. During 2001, the interest rate swaps no longer served as a hedge due to the repayment of debt; consequently the interest rate swaps were recorded at fair value. During 2002, the company paid $105,000 to terminate the interest rate swap agreements.

14. NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is computed using the weighted-average number of shares outstanding during the period. Diluted net 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 net income (loss) per share are as follows:

(in thousands)	2002	2001	2000
Weighted average common shares outstanding, basic	11,230	11,210	11,580
Effect of dilutive stock options	0	0	101
Weighted average common shares outstanding, diluted	11,230	11,210	11,681

Options to purchase 608,750 shares, 769,926 shares, and 718,614 shares of common stock were not included in the computation of diluted net income (loss) per share for fiscal 2002, 2001 and 2000, respectively, because the exercise price of the options was greater than the average market price of the common shares.

15. BENEFIT PLANS

The company has a defined contribution plan which covers substantially all employees and provides for participant contributions on a pre-tax basis and discretionary matching contributions by the company, which are determined annually. Company contributions to the plan were $1,979,000 in 2002; $2,301,000 in 2001; and $2,423,000 in 2000.

In addition to the defined contribution plan, the company had a nonqualified deferred compensation plan covering officers and certain other associates. During January 2001, the company terminated the nonqualified deferred compensation plan. As a result, the company surrendered the life insurance contracts related to the nonqualified plan in order to pay the participants. The net proceeds from those life insurance contracts totaled $4,547,000.

16. SEGMENT INFORMATION

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

International sales, of which 91%, 91% and 94% were denominated in U.S. dollars in 2002, 2001 and 2000, respectively, accounted for 14%, 19% and 23% of net sales in 2002, 2001 and 2000, respectively and are summarized by geographic area as follows:

(dollars in thousands)	2002	2001	2000
North America (excluding USA)	$ 32,033	34,049	36,032
Europe	2,291	6,262	16,351
Middle East	6,226	17,831	32,929
Australia, New Zealand and Asia	10,703	15,497	19,102
All other areas	2,248	4,185	6,690

	$ 53,501	77,824	111,104

One customer represented approximately 13% and 11% of consolidated net sales for 2002 and 2001, respectively. In 2000, no customer represented over 10% of consolidated net sales. In addition, company assets located outside North America are not material for any of the three years presented.

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

Sales and gross profit for the company's operating segments are as follows:

(dollars in thousands)	2002	2001	2000
Net sales			
Upholstery Fabrics	$ 276,930	305,012	382,310
Mattress Ticking	104,948	104,798	105,769
	$ 381,878	409,810	488,079
Gross profit			
Upholstery Fabrics	$ 33,648	29,511	58,547
Mattress Ticking	29,209	26,476	26,118
	$ 62,857	55,987	84,665

Identifiable assets, including accounts receivable, inventories and goodwill, for the company's operating segments are as follows:

(dollars in thousands)	2002	2001	2000
Identifiable Assets			
Upholstery Fabrics	$ 117,379	47,129(1)	60,305(1)
Mattress Ticking	30,969	12,868(1)	14,166(1)
	$ 148,348	59,997	74,471

(1) Includes inventory only for 2001 and 2000. Inventory by operating segment for fiscal 2002: $44,453 for Upholstery Fabrics and $13,446 for Mattress Ticking.

17. RELATED PARTY TRANSACTIONS

A director of the company is also an officer and director of a major customer of the company. The amount of sales to this customer was approximately $48,418,000 in 2002; $45,230,000 in 2001; and $39,479,000 in 2000. The amount due from this customer at April 28, 2002 was approximately $2,177,000 and at April 29, 2001 was approximately $5,399,000.

Rents paid to entities owned by certain shareholders and officers of the company and their immediate families were approximately $726,000 in 2002 and $695,000 in 2001 and 2000.

18. 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 comprehensive income (loss) follows:

dollars in thousands)	2002	2001	2000
Net income (loss)	$ (3,440)	(8,311)	9,380
Gain on foreign exchange options, net of taxes of $4	7	-	-
	$ (3,433)	(8,311)	9,380

19. RECENTLY ISSUED ACCOUNTING STANDARDS

In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually. Intangible assets with definite useful lives will continue to be amortized over their respective estimated useful lives. The company is required to adopt the provisions of this statement for fiscal 2003. As a result of this adoption, the company expects to record a goodwill impairment charge in the range of $23 million to $27 million, net of taxes.

In August 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 establishes a single accounting model for long-lived assets to be disposed of by sale, and also resolves implementation issues related to SFAS No. 121. The company is required to adopt the provisions of this statement for fiscal 2003. Adoption of SFAS No. 144 is not expected to have a significant impact on the company's financial position, results of operations or cash flows.

SELECTED QUARTERLY DATA

(amounts in thousands, except per share amounts)	fiscal 2002 4th quarter	fiscal 2002 3rd quarter	fiscal 2002 2nd quarter	fiscal 2002 1st quarter	fiscal 2001 4th quarter	fiscal 2001 3rd quarter	fiscal 2001 2nd quarter	fiscal 2001 1st quarter
INCOME STATEMENT DATA								
net sales	$ 108,397	90,618	96,400	86,463	101,071	95,880	110,981	101,878
cost of sales	85,379	77,110	80,858	75,674	85,978	86,047	94,094	87,704
gross profit	23,018	13,508	15,542	10,789	15,093	9,833	16,887	14,174
SG & A expenses	14,236	11,038	11,550	11,235	10,617	12,480	13,491	13,778
restructuring expense	9,065	0	0	1,303	3,121	2,504	0	0
income (loss) from operations	(283)	2,470	3,992	(1,749)	1,355	(5,151)	3,396	396
interest expense	2,056	1,820	1,963	2,068	2,284	2,222	2,285	2,323
interest income	(77)	(42)	(34)	(23)	(6)	(18)	(15)	(7)
other expense	1,067	435	765	572	1,209	811	575	741
income (loss) before income taxes	(3,329)	257	1,298	(4,366)	(2,132)	(8,166)	551	(2,661)
income taxes	(1,744)	87	441	(1,484)	(705)	(2,696)	209	(905)
net income (loss)	(1,585)	170	857	(2,882)	(1,427)	(5,470)	342	(1,756)
EBITDA (3)	$ 13,068	6,862	8,315	4,731	10,363	2,536	8,330	5,211
depreciation	4,060	4,344	4,397	4,473	4,610	4,738	4,983	5,060
cash dividends	0	0	0	0	0	392	393	392
weighted average shares outstanding	11,255	11,221	11,221	11,221	11,212	11,211	11,209	11,209
weighted average shares outstanding, assuming dilution	11,255	11,304	11,281	11,221	11,212	11,211	11,270	11,209
PER SHARE DATA								
net income (loss)- basic	$ (0.14)	0.02	0.08	(0.26)	(0.13)	(0.49)	0.03	(0.16)
net income (loss)- diluted	(0.14)	0.02	0.08	(0.26)	(0.13)	(0.49)	0.03	(0.16)
cash dividends	0	0	0	0	0	0.035	0.035	0.035
book value	10.52	10.62	10.68	10.59	10.85	10.85	11.37	11.37
BALANCE SHEET DATA								
operating working capital (6)	$ 76,938	84,233	84,346	86,586	90,475	94,546	106,607	108,509
property, plant and equipment, net	89,772	102,547	105,697	109,417	112,322	116,207	120,023	123,636
total assets	287,713	276,781	283,817	281,058	289,580	302,918	324,412	326,483
capital expenditures	1,336	1,105	686	1,602	1,518	2,873	1,370	2,289
long-term debt	107,001	106,960	107,447	108,522	109,168	119,213	125,079	135,150
funded debt (1)	108,484	110,087	110,583	110,652	111,656	121,372	126,757	136,828
shareholders' equity	119,065	120,013	119,838	118,809	121,802	121,586	127,441	127,492
capital employed (4)	227,549	230,999	230,421	229,461	233,458	242,958	254,198	264,320
RATIOS & OTHER DATA								
gross profit margin	21.2%	14.9%	16.1%	12.5%	14.9%	10.3%	15.2%	13.9%
operating income (loss) margin	(0.3)	2.7	4.1	(2.0)	1.3	(5.4)	3.1	0.4
net income (loss) margin	(1.5)	0.2	0.9	(3.3)	(1.4)	(5.7)	0.3	(1.7)
EBITDA margin (3)	12.1	7.6	8.6	5.5	10.3	2.6	7.5	5.1
effective income tax rate	52.4	34.0	34.0	34.0	33.1	33.0	37.9	34.0
funded debt-to-total capital ratio (1)	47.7	47.8	48.0	48.2	47.8	50.0	49.9	51.8
operating working capital turnover (6)	4.5	4.2	4.1	4.1	4.0	4.1	4.2	4.3
days sales in receivables	36	43	47	51	52	48	52	49
inventory turnover	5.8	5.1	5.4	5.1	5.4	4.9	5.1	4.7
STOCK DATA								
stock price								
high	$ 10.74	5.10	4.15	4.75	5.25	4.13	5.69	7.25
low	5.60	2.12	2.38	3.20	2.37	1.63	3.63	4.94
close	9.30	5.01	2.60	3.95	4.95	3.63	3.88	5.81
P/E ratio (2)								
high (5)	N.M	N.M	N.M	N.M	N.M	N.M	19.9	13.7
low (5)	N.M	N.M	N.M	N.M	N.M	N.M	12.7	9.3
daily average trading volume (shares)	59.7	17.0	15.6	9.1	13.0	39.1	6.6	6.7

(1) Funded debt includes long- and short-term debt, less restricted investments.
(2) P/E ratios based on trailing 12-month net income (loss) per share.
(3) EBITDA represents earnings before interest, income taxes, depreciation, amortization, all restructuring and related charges and certain non-cash charges, as defined by the company's credit agreement..
(4) Capital employed includes funded debt and shareholders' equity.
(5) N.M - Not meaningful
(6) Operating working capital for this calculation is accounts receivable, inventories and accounts payable.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

During the three years ended April 28, 2002 and any subsequent interim periods, there were no changes of accountants and/or disagreements on any matters of accounting principles or practices or financial statement disclosures.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information with respect to executive officers and directors of the Company is included in the Company's definitive Proxy Statement to be filed within 120 days after the end of the Company's fiscal year pursuant to Regulation 14A of the Securities and Exchange Commission, under the caption "Nominees, Directors and Executive Officers," which information is herein incorporated by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information with respect to executive compensation is included in the Company's definitive Proxy Statement to be filed within 120 days after the end of the Company's fiscal year pursuant to Regulation 14A of the Securities and Exchange Commission, under the caption "Executive Compensation," which information is herein incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information with respect to the security ownership of certain beneficial owners and management is included in the Company's definitive Proxy Statement to be filed within 120 days after the end of the Company's fiscal year pursuant to Regulation 14A of the Securities and Exchange Commission, under the caption "Voting Securities," which information is herein incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information with respect to certain relationships and related transactions is included in the Company's definitive Proxy Statement to be filed within 120 days after the end of the Company's fiscal year pursuant to Regulation 14A of the Securities and Exchange Commission, under the subcaption "Certain Relationships and Related Transactions," which information is herein incorporated by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

a) DOCUMENTS FILED AS PART OF THIS REPORT:

1. Consolidated Financial Statements

The following consolidated financial statements of Culp, Inc. and subsidiary are filed as part of this report.

2. Financial Statement Schedules

All financial statement schedules are omitted because they are not applicable, or not required, or because the required information is included in the consolidated financial statements or notes thereto.

3. Exhibits

The following exhibits are attached at the end of this report, or incorporated by reference herein. Management contracts, compensatory plans, and arrangements are marked with an asterisk (*).

3(i) Articles of Incorporation of the Company, as amended, were filed as Exhibit 3(i) to the Company's Form 10-Q for the quarter ended January 29, 1995, filed March 15, 1995, and are incorporated herein by reference.

3(ii) Restated and Amended Bylaws of the Company, as amended 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.

3(iii) Articles of Amendment of Culp, Inc. dated October 5, 1999 for the purpose of amending its Restated Charter to fix the designation, preferences, limitations and relative rights of a series of its Preferred Stock. The Articles of Amendment of Culp, Inc. were filed as Exhibit 3(iii) to the Company's Form 10-Q for the quarter ended October 31, 1999, filed December 15, 1999, and are incorporated herein by reference.

10(a) Loan Agreement dated December 1, 1988 with Chesterfield County, South Carolina relating to Series 1988 Industrial Revenue Bonds in the principal amount of $3,377,000 was filed as Exhibit 10(n) to the Company's Form 10-K for the year ended April 29, 1989, and is incorporated herein by reference.

10(b) Loan Agreement dated November 1, 1988 with the Alamance County Industrial Facilities and Pollution Control Financing Authority relating to Series A and B Industrial Revenue Refunding Bonds in the principal amount of $7,900,000, was filed as exhibit 10(o) to the Company's Form 10-K for the year ended April 29, 1990, and is incorporated herein by reference.

10(c) Loan Agreement dated January 5, 1990 with the Guilford County Industrial Facilities and Pollution Control Financing Authority, North Carolina, relating to Series 1989 Industrial Revenue Bonds in the principal amount of $4,500,000, was filed as Exhibit 10(d) to the Company's Form 10-K for the year ended April 29, 1990, filed on July 25, 1990, and is incorporated herein by reference.

10(d) Loan Agreement dated as of December 1, 1993 between Anderson County, South Carolina and the Company relating to $6,580,000 Anderson County, South Carolina Industrial Revenue Bonds (Culp, Inc. Project) Series 1993, was filed as Exhibit 10(o) to the Company's Form 10-Q for the quarter ended January 30, 1994, filed March 16, 1994, and is incorporated herein by reference.

10(e) Lease Agreement, dated January 19, 1990, with Phillips Interests, Inc. was filed as Exhibit 10(g) to the Company's Form 10-K for the year ended April 29, 1990, filed on July 25, 1990, and is incorporated herein by reference.

10(f) Management Incentive Plan of the Company, dated August 1986 and amended July 1989, filed as Exhibit 10(o) to the Company's Form 10-K for the year ended May 3, 1992, filed on August 4, 1992, and is incorporated herein by reference. (*)

10(g) Lease Agreement, dated September 6, 1988, with Partnership 74 was filed as Exhibit 10(h) to the Company's Form 10-K for the year ended April 28, 1991, filed on July 25, 1990, and is incorporated herein by reference.

10(h) First Amendment of Lease Agreement dated July 27, 1992 with Partnership 74 Associates was filed as Exhibit 10(n) to the Company's Form 10-K for the year ended May 2, 1993, filed on July 29, 1993, and is incorporated herein by reference.

10(i) Second Amendment of Lease Agreement dated April 16, 1993, with Partnership 52 Associates was filed as Exhibit 10(l) to the Company's Form 10-K for the year ended May 2, 1993, filed on July 29, 1993, and is incorporated herein by reference.

10(j) 1993 Stock Option Plan was filed as Exhibit 10(o) to the Company's Form 10-K for the year ended May 2, 1993, filed on July 29, 1993, and is incorporated herein by reference. (*)

10(k) First Amendment to Loan Agreement dated as of December 1, 1993 by and between The Guilford County Industrial Facilities and Pollution Control Financing Authority and the Company was filed as Exhibit 10(p) to the Company's Form 10-Q, filed on March 15, 1994, and is incorporated herein by reference.

10(l) First Amendment to Loan Agreement dated as of December 16, 1993 by and between The Alamance County Industrial Facilities and Pollution Control Financing Authority and the Company was filed as Exhibit 10(q) to the Company's Form 10-Q, filed on March 15, 1994, and is incorporated herein by reference.

10(m) First Amendment to Loan Agreement dated as of December 16, 1993 by and between Chesterfield County, South Carolina and the Company was filed as Exhibit 10(r) to the Company's Form 10-Q, filed on March 15, 1994, and is incorporated herein by reference.

10(n) Performance-Based Stock Option Plan, dated June 21, 1994, was filed as Exhibit 10(bb) to the Company's Form 10-K for the year ended April 30, 1995, filed on July 26, 1995, and is incorporated herein by reference. (*)

10(o) Second Amendment of Lease Agreement dated June 15, 1994 with Partnership 74 Associates was filed as Exhibit 10(v) to the Company's Form 10-Q for the quarter ended October 29, 1995, filed on December 12, 1995, and is incorporated herein by reference.

10(p) Loan Agreement between Chesterfield County, South Carolina and the Company dated as of April 1, 1996 relating to Tax Exempt Adjustable Mode Industrial Development Bonds (Culp, Inc. Project) Series 1996 in the aggregate principal amount of $6,000,000 was filed as Exhibit 10(aa) to the Company's Form 10-K for the year ended April 28, 1996, and is incorporated herein by reference.

10(q) Loan Agreement between Luzerne County, Pennsylvania and the Company, dated as of December 1, 1996, relating to Tax-Exempt Adjustable Mode Industrial Development Revenue Bonds (Culp, Inc. Project) Series 1996 in the aggregate principal amount of $3,500,000 was filed as Exhibit 10(dd) to the Company's Form 10-Q for the quarter ended January 26, 1997, and is incorporated herein by reference.

10(r) $125,000,000 Revolving Loan Facility dated April 23, 1997 by and among the Company and Wachovia Bank of Georgia, N.A., as agent, and First Union National Bank of North Carolina, as documentation agent was filed as Exhibit 10(ff) to the Company's Form 10-K for the year ended April 27, 1997, and is incorporated herein by reference.

10(s) Reimbursement and Security Agreement between Culp, Inc. and Wachovia Bank of North Carolina, N.A., dated as of April 1, 1997, relating to $3,337,000 Principal Amount, Chesterfield County, South Carolina Industrial Revenue Bonds (Culp, Inc. Project) Series 1988 was filed as Exhibit 10(hh) to the Company's Form 10-K for the year ended April 27, 1997, and is incorporated herein by reference.

Additionally, there are Reimbursement and Security Agreements between Culp, Inc. and Wachovia Bank of North Carolina, N.A., dated as of April 1, 1997 in the following amounts and with the following facilities:

$7,900,000 Principal Amount, Alamance County Industrial Facilities and Pollution Control Financing Authority Industrial Revenue Refunding Bonds (Culp, Inc. Project) Series A and B.

$4,500,000 Principal Amount, Guilford County Industrial Facilities and Pollution Control Financing Authority Industrial Development Revenue Bonds (Culp, Inc. Project) Series 1989.

$6,580,000 Principal Amount, Anderson County South Carolina Industrial Revenue Bonds (Culp, Inc. Project) Series 1993.

$6,000,000 Principal Amount, Chesterfield County, South Carolina Tax-Exempt Adjustable Mode Industrial Development Revenue Bonds (Culp, Inc. Project) Series 1996.

$3,500,000 Principal Amount, Luzerne County Industrial Development Authority Tax-Exempt Adjustable Mode Industrial Development Revenue Bonds (Culp, Inc. Project) Series 1996.

10(t) Loan Agreement and Reimbursement and Security Agreement dated July 1, 1997 with the Robeson County Industrial Facilities and Pollution Control Financing Authority relating to the issuance of Tax-Exempt Adjustable Mode Industrial Development Revenue Bonds (Culp, Inc. Project), Series 1997 in the aggregate principal amount of $8,500,000 was filed as Exhibit 10(ii) to the Company's Form 10-Q for the quarter ended August 3, 1997, and is incorporated herein by reference.

10(u) Form of Note Purchase Agreement (providing for the issuance by Culp, Inc. of its $20 million 6.76% Series A Senior Notes due 3/15/08 and its $55 million 6.76% Series B Senior Notes due 3/15/10), each dated March 4, 1998, between Culp, Inc. and each of the following:
1. Connecticut General Life Insurance Company;
2. The Mutual Life Insurance Company of New York;
3. United of Omaha Life Insurance Company;
4. Mutual of Omaha Insurance Company;
5. The Prudential Insurance Company of America;
6. Allstate Life Insurance Company;
7. Life Insurance Company of North America; and
8. CIGNA Property and Casualty Insurance Company
This agreement was filed as Exhibit 10(ll) to the Company's Form 10-K for the year ended May 3, 1998, and is incorporated herein by reference.

10(v) First Amendment to Credit Agreement dated July 22, 1998 among Culp, Inc., Wachovia Bank, N.A., as agent, First Union National Bank, as documentation agent, and Wachovia Bank, N.A., First Union National Bank, SunTrust Bank, Atlanta, and Cooperatieve Centrale Raiffeisen-Boerenleeenbank B.A., Rabobank Nederland, New York Branch, as lenders. This amendment was filed as Exhibit 10(mm) to the Company's Form 10-Q for the quarter ended August 2, 1998, and is incorporated herein by reference.

10(w) Second Amendment to Credit Agreement dated October 26, 1998, among Culp, Inc., Wachovia Bank, N.A., as agent, First Union National Bank, as documentation agent, and Wachovia Bank, N.A., First Union National Bank, and SunTrust Bank, Atlanta, as lenders. This amendment was filed as Exhibit 10(nn) to the Company's Form 10-Q for the quarter ended November 1, 1998, and is incorporated herein by reference.

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

10(y) Third Amendment to Credit Agreement dated April 28, 2000, among Culp, Inc., Wachovia Bank, N.A., as agent, First Union National Bank, as documentation agent, and Wachovia Bank, N.A., First Union National Bank, and Suntrust Bank, as lenders. This amendment was filed as Exhibit 10(pp) to the Company's Form 10-K for the year ended April 30, 2000, and is incorporated herein by reference.

10(z) Fourth Amendment to Credit Agreement dated July 30, 2000, among Culp, Inc., Wachovia Bank, N.A., as agent, First Union National Bank, as documentation agent, and Wachovia Bank, N.A., First Union National Bank, and Suntrust Bank, as lenders. This amendment was filed as Exhibit 10(qq) to the Company's Form 10-Q for the quarter ended July 30, 2000, and is incorporated herein by reference.

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

10(bb) Fifth Amendment to Credit Agreement dated January 26, 2001, among Culp, Inc., Wachovia Bank, N.A., as agent, First Union National Bank, as documentation agent, and Wachovia Bank, N.A., First Union National Bank, and Suntrust Bank, as lenders. This amendment was filed as Exhibit 10(ss) to the Company's Form 10-Q for the quarter ended January 28, 2001, and is incorporated herein by reference.

10(cc) Second Amendment to Reimbursement and Security Agreements dated January 26, 2001, made by and between Culp, Inc. and Wachovia Bank, N.A. This amendment was filed as Exhibit 10(tt) to the Company's Form 10-Q for the quarter ended January 28, 2001, and is incorporated herein by reference.

10(dd) Sixth Amendment to Credit Agreement dated March 28, 2001, among Culp, Inc., Wachovia Bank, N.A., as agent, First Union National Bank, as documentation agent, and Wachovia Bank, N.A., First Union National Bank, and Suntrust Bank, as lenders. This amendment was filed as Exhibit 10(a) to the Company's Form 10-Q for the quarter ended July 29, 2001, and is incorporated herein by reference.

10(ee) Seventh Amendment to Credit Agreement dated August 29, 2001, among Culp, Inc., Wachovia Bank, N.A., as agent, First Union National Bank, as documentation agent, and Wachovia Bank, N.A., First Union National Bank, and Suntrust Bank, as lenders. This amendment was filed as Exhibit 10(b) to the Company's Form 10-Q for the quarter ended July 29, 2001, and is incorporated herein by reference.

10(ff) First Amendment, dated January 31, 2002 to Note Purchase Agreement (providing for the issuance by Culp, Inc. of its $20 million 6.76% Series A Senior Notes due 3/15/08 and its $55 million 6.76% Series B Senior Notes due 3/15/10), each dated March 4, 1998, between Culp, Inc. and each of the following:

1. Connecticut General Life Insurance Company;
2. Life Insurance Company of North America;
3. ACE Property and Casualty;
4. J. Romeo & Co.;
5. United of Omaha Life Insurance Company;
6. Mutual of Omaha Insurance Company;
7. The Prudential Insurance of America; and
8. Allstate Life Insurance Company

This amendment was filed as Exhibit 10(a) to the Company's Form 10-Q for the quarter ended January 27, 2002, and is incorporated herein by reference.

10(gg) Eighth Amendment to Credit Agreement dated March 5, 2002, among Culp, Inc., Wachovia Bank (successor by merger to Wachovia Bank of Georgia, N.A.), as agent, First Union National Bank (successor by merger to First Union National Bank of North Carolina), as documentation agent, and Wachovia Bank, N.A., First Union National Bank, and Suntrust Bank (formerly known as SunTrust Bank, Atlanta), as lenders. This amendment was filed as Exhibit 10(b) to the Company's Form 10-Q for the quarter ended January 27, 2002, and is incorporated herein by reference.

10(hh) Form of Change of Control and Noncompetition Agreement, each dated December 11, 2001, by and between the Company and each of Robert G. Culp, III, Howard L. Dunn, Jr., Franklin N. Saxon, Kenneth M. Ludwig, and Rodney A. Smith. (*)

10(ii) Ninth Amendment to Credit Agreement dated May 30, 2002, among Culp, Inc., Wachovia Bank, N.A. (successor by merger to First Union National Bank), as agent and as the sole bank.

21 List of subsidiaries of the Company

23(a) Consent of Independent Public Auditors in connection with the registration statements of Culp, Inc. on Form S-8 (File Nos. 33-13310, 33-37027, 33-80206, 33-62843, 333-27519, 333-59512 and 333-59514), dated March 20, 1987, September 18, 1990, June 13, 1994, September 22, 1995, May 21, 1997, April 25, 2001, and April 25, 2001.

24(a) Power of Attorney of Howard L. Dunn, Jr., dated June 26, 2002

24(b) Power of Attorney of H. Bruce English, dated July 12, 2002

24(c) Power of Attorney of Patrick B. Flavin, dated July 8, 2002

24(d) Power of Attorney of Patrick H. Norton, dated June 26, 2002

24(e) Power of Attorney of Judith C. Walker, dated June 28, 2002

b) Reports on Form 8-K:

The Company filed the following report on Form 8-K during the quarter ended April 28, 2002:

(1) Form 8-K dated, February 19, 2002, included under Item 5, Other Events, the Company's press release for quarterly earnings and the Financial Information Release relating to certain financial information for the quarter ended January 27, 2002.

c) Exhibits:

The exhibits to this Form 10-K are filed at the end of this Form 10-K immediately preceded by an index. A list of the exhibits begins on page 60 under the subheading "Exhibits Index".

d) Financial Statement Schedules:

See Item 14(a) (2)

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, CULP, INC. has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 26th day of July 2002.

CULP, INC.
By /s/ Robert G. Culp, III
Robert G. Culp, III
(Chairman and Chief Executive Officer)

By: /s/ Franklin N. Saxon
Franklin N. Saxon
(Executive Vice President and Chief Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 26th day of July 2002.

/s/ Robert G. Culp, III ------------------- Robert G. Culp, III (Chairman of the Board of Directors)	/s/ Patrick H. Norton * ------------------- Patrick H. Norton (Director)
/s/ Franklin N. Saxon ----------------- Franklin N. Saxon (Director)	/s/ Judith C. Walker * ------------------ Judith C. Walker (Director)
/s/ Howard L. Dunn, Jr.* -------------------- Howard L. Dunn, Jr. (Director)	/s/ H. Bruce English* ----------------- H. Bruce English (Director)
/s/ Patrick B. Flavin* ------------------ Patrick B. Flavin (Director)	

* By Franklin N. Saxon, Attorney-in-Fact, pursuant to Powers of Attorney filed with the Securities and Exchange Commission.

EXHIBITS INDEX

Exhibit Number	Exhibit
10(hh)	Form of Change of Control and Noncompetition Agreement, each dated December 11, 2001, by and between the Company and each of Robert G. Culp, III, Howard L. Dunn, Jr., Franklin N. Saxon, Kenneth M. Ludwig, and Rodney A. Smith. (*)
10(ii)	Ninth Amendment to Credit Agreement dated May 30, 2002, among Culp, Inc., Wachovia Bank, N.A. (successor by merger to First Union National Bank), as agent and as the sole bank.
21	List of subsidiaries of the Company
23(a)	Consent of Independent Public Auditors in connection with the registration statements of Culp, Inc. on Form S-8 (File Nos. 33-13310, 33-37027, 33-80206, 33-62843, 333-27519, 333-59512 and 333-59514), dated March 20, 1987, September 18, 1990, June 13, 1994, September 22, 1995, May 21, 1997, April 25, 2001, and April 25, 2001.
24(a)	Power of Attorney of Howard L. Dunn, Jr., dated June 26, 2002
24(b)	Power of Attorney of H. Bruce English, dated July 12, 2002
24(c)	Power of Attorney of Patrick B. Flavin, dated July 8, 2002
24(d)	Power of Attorney of Patrick H. Norton, dated June 26, 2002
24(e)	Power of Attorney of Judith C. Walker, dated June 28, 2002

EXHIBIT 10(hh)

CHANGE OF CONTROL AND NONCOMPETITION AGREEMENT

THIS CHANGE OF CONTROL AND NONCOMPETITION AGREEMENT (the "Agreement") is made and entered into as of December 11, 2001 by and between CULP, INC., a North Carolina corporation headquartered in High Point, North Carolina (the "Company") and __________________________, a citizen and resident of ___________ County, North Carolina ("Employee").

Background Statement

Culp, Inc. (the "Company") has determined that it is in its best interests to have the continued dedication and services of certain employees, notwithstanding the possibility, threat, or occurrence of a Change of Control (as hereinafter defined) of the Company. It is imperative to diminish the inevitable distraction of senior management because of the personal uncertainties and risks created by any pending or threatened Change of Control, to encourage senior management's full attention and dedication to the Company in the event of any threatened or pending change of control, to provide an incentive for certain senior management members to continue in the employ of the Company for at least six months following a Change of Control in order to assure continuity in the management of the Company, and to provide certain senior management members with compensation arrangements upon a Change of Control which ensure that the compensation expectations of certain senior management members will be satisfied and that such compensation will be competitive with the compensation of corporations similarly situated. The Company has also determined that it is in its best interests to restrict competition with the Company by certain key management personnel upon termination of their employment with the Company following a Change of Control. The purpose of this Agreement is to memorialize the compensation Employee will receive upon termination of his employment in certain circumstances following a Change of Control.

In consideration of the foregoing and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Employee agree as follows:

A. For purposes of this Agreement, the following definitions and related provisions shall apply:

1. Total Compensation. "Total Compensation" shall mean Employee's annual salary in effect at the time of termination of employment ("Base Salary"), plus with respect to the Company's annual incentive plan, the annual targeted amount for the current year in which Employee's employment is terminated.

For purposes of the Company's incentive plan, and notwithstanding any terms or conditions of the plan or any of the Company's policies and procedures, if Employee's employment is terminated by the Company without Cause (as hereinafter defined) or by Employee for Good Reason (as hereinafter defined) or Employee terminates his employment during the Window Period (as hereinafter defined) for any reason other than death or Disability (as hereinafter defined), or Employee's employment is terminated in anticipation of a Change of Control, and in each case such termination occurs after the time the incentive payment or payments made under any such plan for the prior year have been earned and prior to the time the incentive payment or payments have been distributed, Employee shall nevertheless be entitled to receive such incentive payment or payments and any deferred incentive payment or payments.

2. Cause. "Cause" means (i) Employee's willful and continued failure to substantially perform his duties with the Company (other than any such failure resulting from Disability (as hereinafter defined) or occurring after issuance by Employee of a notice of termination for Good Reason (as hereinafter defined)), after a written demand for substantial performance is delivered to Employee that specifically identifies the manner in which the Company believes that Employee willfully failed to substantially perform his duties, and after Employee has failed to resume substantial performance of his duties on a continuous basis within thirty calendar days of receiving such demand; or (ii) Employee has committed an act which seriously and substantially damages or embarrasses the Company for which there is no cure (for example, and without limitation, sexual harassment). If Employee is charged with a felony, in the discretion of the board of directors, Employee may be placed on a paid leave of absence for six months pending a trial of such charge. If the charge is not brought on for trial within this six month period, in the discretion of the board of directors, Employee may be placed on an unpaid leave of absence until the charge is tried. If Employee is convicted of the felony, he may, in the discretion of the board of directors, be terminated for Cause. If Employee is acquitted of the felony, he shall be reinstated to active status to the position held at the beginning of the paid leave of absence and reimbursed for compensation and benefits he would have received during the unpaid leave of absence. For purposes of this definition, actions or failures to act will be deemed "willful" only if done or omitted in bad faith and without reasonable belief that the action or omission was in the best interests of the Company.

3. Disability. "Disability" shall have the same meaning as it does under the Company's Long-Term Disability policy, as maintained for employees. Employee shall be deemed to be disabled when Employee becomes eligible to commence benefits under the Company's Long-Term Disability policy.

4. Good Reason. "Good Reason" shall mean, without Employee's express written consent, the occurrence of any of the following circumstances unless such circumstances are fully corrected within thirty days after Employee notifies the Company of the existence of such circumstances as hereinafter provided:

(i) the assignment to Employee of any duties, functions or responsibilities materially inconsistent with the position with the Company Employee held immediately prior to the assignment of such duties or responsibilities or any adverse alteration in the nature or status of Employee's responsibilities or the condition of Employee's employment, in each case without Employee's consent;

(ii) a significant change in the persons in the Company reporting to Employee;

(iii) reduction by the Company in Employee's Total Compensation, except for across the board salary reductions similarly affecting all management personnel of the Company;

(iv) the relocation of the Company's headquarters to a location more than fifty miles from its current location and more than fifty miles from High Point, North Carolina, or the Company's requiring Employee to be based anywhere other than the Company's offices at such location, except for required travel on Company business; or

(v) the failure by the Company to pay Employee any portion of his compensation within the time guidelines established pursuant to standard Company policies, or any other material breach by the Company of any material provision of this Agreement.

Employee shall notify the Company that he believes that one or more of the circumstances described above exists, and of his intention to terminate this Agreement for Good Reason as a result thereof, within sixty days of the time that he gains knowledge of such circumstances. Employee shall not deliver a notice of termination of employment for Good Reason until thirty days after he delivers the notice described in the preceding sentence, and Employee may do so only if the circumstances described in such notice have not been fully corrected by the Company.

5. Change of Control. "Change of Control" means the occurrence of one of the following:

(i) any "person" (as that term is used in Sections 13(d)(3) of the Securities Exchange Act of 1934, as amended), other than (A) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or (B) Employee or a group of persons including Employee, is or becomes the beneficial owner (as determined pursuant to the provisions of Section 13(d) of the Securities Exchange Act of 1934, without regard to the requirements set forth in Section 13(d)(1) in regard to registration and also without regard to Section 13(d)(b)(3)), directly or indirectly, of 35% or more of the common voting stock of the Company or its successors, other than an underwriter or group of underwriters owning shares of common voting stock in connection with a bona fide public offering of such shares and the sale of such shares to the public;

(ii) there shall be any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or as a result of which the holders of 35% or more of the voting capital stock (if any) of the surviving corporation were not holders of voting capital stock of the Company immediately prior to the transaction;

(iii) there occurs the sale or transfer of all or substantially all of the assets of the Company or the liquidation or dissolution of the Company; or

(iv) individuals who constitute the Board as of the effective date of this Agreement (the "Incumbent Board"), cease for any reason (including but not limited to a change mandated by any statute or regulation) to constitute a majority of the Board; provided, however, that any individual becoming a director subsequent to the date of this Agreement whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Board shall be a member of the Incumbent Board; except that any individual whose initial assumption of office occurs as a result of any actual or threatened election contest that is subject to the provisions of Rule 14a-11 of the General Rules and Regulations under the Securities Exchange Act of 1934, shall not be deemed to be a member of the Incumbent Board. 6. Window Period. "Window Period" shall mean the thirty-day period immediately following elapse of six months after the occurrence of any Change of Control.

B. Payments upon Change of Control.

If

(i) a Change of Control occurs while this Agreement is in effect; and

(ii) (A) Employee's employment is terminated in anticipation of a Change of Control, or (B) Employee is employed by the Company or an affiliate thereof at the time such Change of Control occurs, and at any time during the three-year period following such Change of Control,

(1) Employee is given notice of non-renewal of this Agreement pursuant to Section E hereof, or Employee's employment is terminated by the Company or an affiliate thereof for any reason other than for death, Disability or Cause, or

(2) Employee terminates his employment during the Window Period, for any reason other than death or Disability, or Employee terminates his employment for Good Reason,

the Company (or its successors) shall pay Employee, or his beneficiary in the event of his subsequent death, subject to applicable federal and state income, social security and other employment tax withholdings, an amount (the "Change of Control Payment") equal to 1.99 times Employee's Total Compensation in effect at the date of termination of employment.

The Change of Control Payment is in addition to the payment for the covenant not to compete provided for under Section D of this Agreement. The Change of Control Payment shall be paid in equal monthly installments over the thirty-six month period following termination, or at Employee's option, shall be paid to Employee in a lump sum at the time of termination without any reduction for commutation to present value.

Notwithstanding anything in this Agreement to the contrary, if a Change of Control occurs and if Employee is entitled under any agreement or arrangement to receive compensation that would constitute a parachute payment (including, without limitation, the vesting of any rights) within the meaning of S-280G of the Internal Revenue Code (the "Code") but for the operation of this sentence, the Change of Control Payment shall be reduced to the extent necessary to cause the aggregate present value of all payments in the nature of compensation to Employee that are contingent on a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company, not to exceed 2.99 times the Base Amount, all within the meaning of Code S-280G. The parties intend for the preceding sentence to be interpreted and applied to prevent Employee from receiving, with respect to a Change of Control occurring, an excess parachute payment within the meaning of Code S-280G.

C. Confidential Information. Employee acknowledges that during, and as a result of, his employment with the Company, he will acquire, be exposed to and have access to, material, data and information of the Company and/or its customers or suppliers that is confidential or proprietary. At all times, both during and after the period of Employee's employment hereunder, Employee shall keep and retain in confidence and shall not disclose, except as required in the course of his employment with the Company, to any person or entity, or use for his own purposes, any of this proprietary or confidential information. For purposes of this Section C, such information shall include, but shall not be limited to: (i) the Company's standard operating procedures, processes, know-how and technical and product information, any of which is of value to the Company and not generally known by the Company's competitors or the public; (ii) all confidential information obtained from third parties and customers concerning the business of the Company, including any customer lists or data; and (iii) confidential business information of the Company, including marketing and business plans, strategies, projections, business opportunities, customer lists, sales and cost information and financial results and performance. Such information shall not include information that is disclosed pursuant to issuance of legal process or regulatory action. Employee acknowledges that the obligations pertaining to the confidentiality and non-disclosure of information shall remain in effect indefinitely, or until the Company has released any such information into the public domain, in which case Employee's obligation hereunder shall cease with respect only to such information so released.

D. Noncompetition.

(1) Noncompetition. Employee shall not take any of the following actions during the applicable Noncompetition Period (as defined below):

(i) Become employed by (as an officer, director, employee, consultant or otherwise), involved or engaged in, or otherwise commercially interested in or affiliated with (other than as a less than 5% equity owner of any corporation traded on any national, international or regional stock exchange or in the over-the-counter market) any person or entity that competes with the Company or an affiliate thereof in the business of designing, manufacturing, marketing and selling upholstery fabrics and mattress ticking primarily for use in the furniture (residential, commercial and juvenile) and bedding industries.

(ii) Solicit or attempt to solicit, for competitive purposes, the business of any of the clients or customers of the Company or an affiliate thereof, or otherwise induce such customers or clients or prospective customers or clients to reduce, terminate, restrict or alter their business relationship with the Company or an affiliate thereof in any fashion; or

(iii) Induce or attempt to induce any employee of any Company or an affiliate thereof to leave the Company for the purpose of engaging in a business operation that is competitive with the Company.

(2) Noncompetition Period. For purposes of this Section D "Noncompetition Period" shall mean the period commencing on the date of termination of employment (but only following a Change in Control) and ending twelve months thereafter.

(3) Geographic Scope. The restrictions on competition and solicitation set forth in this Section D shall apply to the forty-eight contiguous states of the United States of America.

(4) Providing Copy of Agreement. Employee agrees to provide a copy of this Agreement to any person or entity with whom he interviews that is in competition with the Company during the Noncompetition Period.

(5) Obligations Survive. Employee's obligations under this Section D shall survive any termination of employment with the Company.

(6) Payment for Noncompetition. In addition to the payments to Employee provided by Section B, Employee shall be paid for not competing with the Company as above provided his Total Compensation in effect at the time of termination of employment for a period of one year, such payment to be made in equal monthly installments during the Noncompetition Period with no option on Employee's part to receive a lump sum payment.

(7) Company's Right to Obtain an Injunction; Other Remedies. Employee acknowledges that the Company will have no adequate means of protecting its rights under Sections C and D of this Agreement other than by securing an injunction. Accordingly, Employee agrees that the Company is entitled to enforce this Agreement by obtaining a preliminary and permanent injunction and any other appropriate equitable relief in any court of competent jurisdiction. Employee acknowledges that the Company's recovery of damages will not be an adequate means to redress a breach of this Agreement. Nothing contained in this Section D shall prohibit the Company from obtaining any appropriate remedies in addition

to injunctive relief, including recovery of damages. All benefits and payments under Sections B and D of this Agreement shall be forfeitable and shall be discontinued in the event Employee breaches or fails to perform his obligations under Sections C and D of this Agreement, and all benefits and payments under this Agreement shall immediately cease from and after the date of such breach or failure of performance.

E. Term of Agreement. The term of this Agreement shall commence immediately upon the date hereof and shall continue until the third anniversary of the date hereof, unless terminated earlier (the "Term"); provided, however, that on each anniversary date of this Agreement, the Term shall be extended for one year (so that on each anniversary date the Term will be three years) unless at least 60 days prior to any such anniversary date either party gives to the other notice in writing of non-renewal.

F. General Provisions.

(1) Entire Agreement. This Agreement contains the entire understanding between the parties relating to the subject matter hereof and supersedes any and all prior agreements and discussions between the Company and Employee relating to the subject matter hereof.

(2) Assignability. Neither this Agreement nor any right or interest hereunder shall be assignable by Employee, his beneficiaries or legal representatives, without the Company's prior written consent; provided, however, that nothing shall preclude (i) Employee from designating a beneficiary to receive any benefit payable hereunder upon his death, or (ii) the executors, administrators or other legal representatives of Employee or his estate from assigning any rights hereunder to the person or persons entitled thereunto.

(3) Binding Agreement. This Agreement shall be binding upon, and inure to the benefit of, Employee and the Company and permitted successors and assigns.

(4) Amendment of Agreement. This Agreement may not be amended except by an instrument in writing signed by the parties hereto.

(5) Insurance. The Company, at its discretion, may apply for and procure in its own name and for its own benefit, life insurance on Employee in any amount or amounts considered advisable; and Employee shall have no right, title or interest therein. Employee agrees to submit to any medical or other examination and execute and deliver any applications or other instruments in writing as may be reasonably necessary to obtain such insurance.

(6) Severability. If any provision contained in this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. If a court determines that this Agreement or any covenant contained herein is unreasonable, void or unenforceable, for any reason whatsoever, then in such event the parties hereto agree that the duration, geographical or other limitation imposed herein should be such as the court, or jury, as the case may be, determines to be fair and reasonable, it being the intent of each of the parties hereto to be subject to an agreement that is necessary for the protection of the legitimate interest of the Company and its successors or assigns and that is not unduly harsh in curtailing Employee's legitimate rights.

(7) Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of North Carolina.

(8) Expenses in Enforcing Agreement. If there is a dispute concerning this Agreement, all reasonable expenses (including, without limitation, legal fees and expenses) incurred by Employee in connection with, or in prosecuting or defending, any claim or controversy arising out of or related to this Agreement shall be paid by the Company.

(9) Dispute Concerning Termination. If there is a dispute between the Company and Employee following a Change of Control concerning termination of this Agreement by the Company for Cause or termination of this Agreement by Employee for Good Reason or termination by Employee during the Window Period, the Company shall continue to pay to Employee his Total Compensation in effect at the time the dispute arises until the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected). Amounts paid under this section are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.

(10) Mitigation. The Company agrees that upon termination of Employee's employment following or in contemplation of a Change of Control, Employee is not required to seek other employment or to attempt in any way to reduce any amounts payable pursuant to this Agreement, and the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by Employee as the result of employment by another employer, by retirement benefits, be offset against any amount claimed to be owed by Employee to the Company, or otherwise, except as expressly provided to the contrary herein.

(11) Arbitration. Any controversy or claim arising out of or relating to this Agreement or the validity, interpretation, enforceability or breach thereof, which is not settled by agreement among the parties, shall be settled by arbitration in Greensboro, North Carolina, in accordance with the Rules of the American Arbitration Association, and judgment upon the award rendered in such arbitration may be entered in any court having jurisdiction. All expenses (including, without limitation, legal fees and expenses) incurred by Employee in connection with, or in prosecuting or defending, any claim or controversy arising out of or relating to this Agreement following a Change of Control shall be paid by the Company.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

CULP, INC.

By:___________________________________

________________________________(SEAL)

Exhibit 10(ii)

NINTH AMENDMENT TO CREDIT AGREEMENT

THIS NINTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is dated as of May 30, 2002, among CULP, INC. (the "Borrower"), WACHOVIA BANK, N.A. (successor by merger to First Union National Bank), as Agent (the "Agent") and the "Banks" party to the Credit Agreement (defined below);

W I T N E S S E T H :

WHEREAS, the Borrower, the Agent and the Banks executed and delivered that certain Credit Agreement, dated as of April 23, 1997, as amended by that certain First Amendment to Credit Agreement dated as of July 22, 1998, that certain Second Amendment to Credit Agreement dated as of October 26, 1998, that certain Third Amendment to Credit Agreement dated as of April 28, 2000, that certain Fourth Amendment to Credit Agreement dated as of July 30, 2000, that certain Fifth Amendment (the "Fifth Amendment") to Credit Agreement dated as of January 26, 2001, that certain Sixth Amendment to Credit Agreement dated as of March 28, 2001, that certain Seventh Amendment to Credit Agreement dated as of August 29, 2001, and that certain Eighth Amendment to Credit Agreement dated as of March 5, 2002 (as so amended, the "Credit Agreement"); and

WHEREAS, the Borrower has requested, and the Agent and the Banks have agreed to certain amendments to the Credit Agreement, subject to the terms and conditions hereof;

NOW, THEREFORE, for and in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which hereby is acknowledged by the parties hereto, the Borrower, the Agent and the Banks hereby covenant and agree as follows:

1. Definitions. Unless otherwise specifically defined herein, each term used herein which is defined in the Credit Agreement shall have the meaning assigned to such term in the Credit Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Credit Agreement shall from and after the date hereof refer to the Credit Agreement as amended hereby.

2. Amendments to Credit Agreement. (a) The following definition contained in Section 1.01 of the Credit Agreement is amended and restated in its entirety as set forth below: "Termination Date" means whichever is applicable of (i) August 22, 2002, (ii) the date the Commitments are terminated pursuant to Section 6.01 following the occurrence of an Event of Default, or (iii) the date the Borrower terminates the Commitments entirely pursuant to Section 2.08."

(b) Section 5.24 of the Credit Agreement is amended and restated in its entirety as set forth below:

SECTION 5.24. Capital Expenditures. Capital Expenditures will not exceed (i) for the period during the fourth Fiscal Quarter of Fiscal Year 2001, $1,500,000; and (ii) for the period after the fourth Fiscal Quarter of Fiscal Year 2001 through and including the fourth Fiscal Quarter of Fiscal Year 2002, $5,000,000.

3. Restatement of Representations and Warranties. The Borrower hereby restates and renews each and every representation and warranty heretofore made by it in the Credit Agreement and the other Loan Documents as fully as if made on the date hereof, except to the extent that any representation or warranty related to an earlier specified date, and with specific reference to this Amendment and all other loan documents executed and/or delivered in connection herewith.

4. Effect of Amendment. Except as set forth expressly hereinabove, all terms of the Credit Agreement and the other Loan Documents shall be and remain in full force and effect, and shall constitute the legal, valid, binding and enforceable obligations of the Borrower. The amendments contained herein shall be deemed to have prospective application only, unless otherwise specifically stated herein.

5. Ratification. The Borrower hereby restates, ratifies and reaffirms each and every term, covenant and condition set forth in the Credit Agreement and the other Loan Documents effective as of the date hereof.

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

7. Section References. Section titles and references used in this Amendment shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto evidenced hereby.

8. No Default. To induce the Agent and the Banks to enter into this Amendment and to continue to make advances pursuant to the Credit Agreement, the Borrower hereby acknowledges and agrees that, as of the date hereof, and after giving effect to the terms hereof, there exists (i) no Default or Event of Default and (ii) no right of offset, defense, counterclaim, claim or objection in favor of the Borrower arising out of or with respect to any of the Loans or other obligations of the Borrower owed to the Banks under the Credit Agreement.

9. Further Assurances. The Borrower agrees to take such further actions as the Agent shall reasonably request in connection herewith to evidence the amendments herein contained.

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

11. Conditions Precedent. This Amendment shall become effective only upon the execution and delivery of (i) this Amendment by each of the parties hereto, and (ii) receipt by the Agent of an amendment fee in immediately available funds in the amount of $12,500.00, which amendment fee shall be distributed by the Agent to the Banks which execute this Amendment, pro rata based on their respective proportionate share of all the Commitments.

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

CULP, INC.,
(SEAL)
as Borrower

By: ______________________________
Title:

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

By: ______________________________
Title:

EXHIBIT 21

LIST OF SUBSIDIARIES OF CULP, INC.

3096726 Canada Inc.
Incorporated under laws of Canada

Rayonese Textile Inc.
Incorporated under laws of Canada

EXHIBIT 23(a)

CONSENT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of Culp, Inc.:

We consent to incorporation by reference in the registration statement numbers 333-59512, 333-59514, 333-27519, 33-13310, 33-37027, 33-80206, and 33-62843 on Form S-8 of Culp, Inc. of our report dated May 31, 2002, relating to the consolidated balance sheets of Culp, Inc. and subsidiary as of April 28, 2002 and April 29, 2001, and the related consolidated statements of income (loss), shareholders' equity and cash flows for each of the years in the three-year period ended April 28, 2002, which report appears in the April 28, 2002 annual report on Form 10-K of Culp, Inc.

KPMG LLP
Greensboro, NC
July 26, 2002

Exhibit 24(a)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of CULP, INC., a North Carolina corporation, hereby constitutes and appoints FRANKLIN N. SAXON the true and lawful agent and attorney-in-fact to sign for the undersigned as a director of the Corporation the Corporation's Annual Report on Form 10-K for the year ended April 28, 2002 to be filed with the Securities and Exchange Commission, Washington, D. C., under the Securities Exchange Act of 1934, as amended, and to sign any amendment or amendments to such Annual Report, hereby ratifying and confirming all acts taken by such agent and attorney-in-fact, as herein authorized.

/s/ Howard L. Dunn, Jr.
Howard L. Dunn, Jr.

Date: June 26, 2002

Exhibit 24(b)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of CULP, INC., a North Carolina corporation, hereby constitutes and appoints FRANKLIN N. SAXON the true and lawful agent and attorney-in-fact to sign for the undersigned as a director of the Corporation the Corporation's Annual Report on Form 10-K for the year ended April 28, 2002 to be filed with the Securities and Exchange Commission, Washington, D. C., under the Securities Exchange Act of 1934, as amended, and to sign any amendment or amendments to such Annual Report, hereby ratifying and confirming all acts taken by such agent and attorney-in-fact, as herein authorized.

/s/ H. Bruce English
H. Bruce English

Date: July 12, 2002

Exhibit 24(c)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of CULP, INC., a North Carolina corporation, hereby constitutes and appoints FRANKLIN N. SAXON the true and lawful agent and attorney-in-fact to sign for the undersigned as a director of the Corporation the Corporation's Annual Report on Form 10-K for the year ended April 28, 2002 to be filed with the Securities and Exchange Commission, Washington, D. C., under the Securities Exchange Act of 1934, as amended, and to sign any amendment or amendments to such Annual Report, hereby ratifying and confirming all acts taken by such agent and attorney-in-fact, as herein authorized.

/s/ Patrick B. Flavin
Patrick B. Flavin

Date: July 8, 2002

Exhibit 24(d)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of CULP, INC., a North Carolina corporation, hereby constitutes and appoints FRANKLIN N. SAXON the true and lawful agent and attorney-in-fact to sign for the undersigned as a director of the Corporation the Corporation's Annual Report on Form 10-K for the year ended April 28, 2002 to be filed with the Securities and Exchange Commission, Washington, D. C., under the Securities Exchange Act of 1934, as amended, and to sign any amendment or amendments to such Annual Report, hereby ratifying and confirming all acts taken by such agent and attorney-in-fact, as herein authorized.

/s/ Patrick H. Norton
Patrick H. Norton

Date: June 26, 2002

Exhibit 24(e)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of CULP, INC., a North Carolina corporation, hereby constitutes and appoints FRANKLIN N. SAXON the true and lawful agent and attorney-in-fact to sign for the undersigned as a director of the Corporation the Corporation's Annual Report on Form 10-K for the year ended April 28, 2002 to be filed with the Securities and Exchange Commission, Washington, D. C., under the Securities Exchange Act of 1934, as amended, and to sign any amendment or amendments to such Annual Report, hereby ratifying and confirming all acts taken by such agent and attorney-in-fact, as herein authorized.

/s/ Judith C. Walker
Judith C. Walker

Date: June 28, 2002