

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 period ended April 30, 1995

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  
(Address of principal executive offices)

27261-2686  
(zip code)

(910) 889-5161

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: NONE

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

Common Stock, Par Value \$.05/Share

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. [check mark]

As of July 14, 1995, 11,209,641 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 \$62,807,672 based on the closing sales price of such stock as quoted through the National Association of Securities Dealers, Inc. Automated Quotation System (NASDAQ), assuming, for purposes of this report, that all executive officers and directors of the registrant are affiliates.

DOCUMENTS INCORPORATED BY REFERENCE

Part II

Portions of the company's Annual Report to Shareholders for the fiscal year ended April 30, 1995 are incorporated by reference into Items 5, 6, 7 and 8.

Part III

The company's Proxy Statement dated August 4, 1995 in connection with its Annual Meeting of Shareholders to be held on September 19, 1995 is incorporated by reference into Items 10, 11, 12 and 13.

Exhibits listed beginning on page 16

CULP, INC.

FORM 10-K REPORT  
TABLE OF CONTENTS

Item No. Page

PART I

1. Business	
General Development . . . . .	4
Industry Segment . . . . .	5
Products . . . . .	5

Manufacturing . . . . .	5
Product Design and Styling . . . . .	7
Sales and Distribution . . . . .	7
Sources and Availability of Raw Materials . . . . .	8
Patents, Trademarks and Licenses . . . . .	8
Customers . . . . .	8
Backlog . . . . .	8
Competition . . . . .	9
Research and Development . . . . .	9
Governmental Regulations . . . . .	9
Employees . . . . .	10
Foreign and Domestic Operations and Export Sales . . . . .	10
Seasonality . . . . .	10
Inflation . . . . .	10

2. Properties . . . . .	11
3. Legal Proceedings . . . . .	12
4. Submission of Matters to a Vote of Security Holders . . . . .	12

PART II

5. Market for the Registrant's Common Stock and Related Stockholder Matters . . . . .	12
6. Selected Financial Data . . . . .	12
7. Management's Discussion and Analysis of Financial Condition and Results of Operations . . . . .	13
8. Consolidated Financial Statements and Supplementary Data . . . . .	13

9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure . . . . .	13
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PART III

10.	Directors and Executive Officers of the Registrant . . . . .	13
11.	Executive Compensation . . . . .	13
12.	Security Ownership of Certain Beneficial Owners and Management . . . . .	14
13.	Certain Relationships and Related Transactions . . . . .	14

PART IV

14.	Exhibits, Financial Statement Schedules and Reports on Form 8-K . . . . .	15
	Documents filed as part of this report . . . . .	15
	Exhibits . . . . .	16
	Reports on Form 8-K . . . . .	22
	Financial Statement Schedules . . . . .	22
	Signatures . . . . .	23

PART I

ITEM 1. BUSINESS

GENERAL DEVELOPMENT

THE COMPANY. Culp, Inc. (the company) manufactures and markets upholstery fabrics and mattress tickings primarily for use in the furniture, bedding and institutional furnishings (contract) industries. The company's products are marketed throughout the United States by its own sales staff and internationally by a combination of a small, internal sales staff and a network of outside sales agents. The company ships directly to customers from its manufacturing facilities. In addition, under its National Warehouse Program, the company inventories popular patterns of its fabrics in its regional distribution facilities for immediate delivery to customers. The company's executive offices are located in High Point, North Carolina, and its ten (10) manufacturing facilities are located in, or near, Burlington and Stokesdale, North Carolina, Anderson and Pageland, South Carolina, West Hazleton, Pennsylvania, Rossville, Georgia and St. Jerome, Canada. The company was organized as a North Carolina corporation in 1972.

RAYONESE ACQUISITION. On March 6, 1995, the company completed the acquisition of all of the stock of Rayonese Textile Inc., a home furnishings fabric producer located in St. Jerome, Canada. The transaction was valued at approximately \$11 million and involved the purchase of a manufacturing facility that produces comforter fabrics, upholstery fabrics and ticking, as well as giving the company yarn spinning capability that it previously did not have. In addition to more fully utilizing the facilities currently in place at Rayonese, the company plans to increase capacity at this plant through additional capital expenditures, as described below.

CAPITAL EXPENDITURES. During the year ended April 30, 1995, the company spent approximately \$18.1 million in capital expenditures. These included planned expenditures of approximately \$11.3 million relating to continued expansion of vertical integration and yarn manufacturing, expansion of weaving capacity, and additional hardware purchases in connection with upgrading the company's information systems. The Rayonese acquisition included a plan for \$6 million of additional capital expenditures to substantially increase jacquard weaving capacity at the Rayonese plant, of which \$3.5 million was incurred in fiscal 1995. The company's capital expenditure budget for fiscal 1996 is approximately \$10 million, including the remaining \$2.5 million for expansion of Rayonese. Capital expenditures are being funded by internally generated funds, bank borrowings and vendor financing.

## INDUSTRY SEGMENT

The company operates in one segment and is principally involved in the designing, manufacturing and marketing of upholstery fabrics and mattress ticking used in the home and commercial furnishings (contract) industry on a world-wide basis.

## PRODUCTS

The company's products include principally upholstery fabrics and mattress ticking. The company is expanding its production of home textile fabrics, including fabrics used in comforters and bedspreads, but these products did not constitute a material part of the company's business in fiscal 1995.

**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 were 82% of sales in fiscal 1995, 84% in 1994 and 84% in 1993. The company has emphasized fabrics and patterns that have broad appeal at promotional to medium prices, generally ranging from \$2.25 per yard to \$5.95 per yard.

Principal types of upholstery fabrics sold include flat wovens (both jacquard and dobby constructions) velvets (woven, tufted and flocks), and prints (jacquards and dobby overprints).

**MATTRESS TICKING.** The company manufactures mattress ticking (fabric used for covering mattresses and box springs) for sale to bedding manufacturers. Sales of mattress ticking constituted 18% of sales in fiscal 1995 and 16% in both 1994 and 1993.

## MANUFACTURING

**GENERAL.** The company manufactures substantially all of the products it sells. Manufactured fabrics constituted approximately 99% of sales in fiscal 1995, 1994 and 1993.

**CULP WEAVING.** The Culp Weaving operation has two manufacturing plants. Its largest facility, located in Graham, North Carolina, houses upholstery jacquard weaving looms, ticking jacquard weaving looms, a package dye house and yarn preparation equipment. The second Culp Weaving plant, located in Pageland, South Carolina, manufactures flat woven dobby fabrics.

**UPHOLSTERY PRINTS.** The Upholstery Prints plant, near Burlington, North Carolina, uses a heat-transfer printing process to print primarily flocked upholstery fabrics and to print paper

for heat-transfer upholstery fabrics and mattress ticking. This plant also uses a wet printing process for velvet fabrics. In addition, Upholstery Prints produces tufted velvets and operates finishing ranges for back-coating and print preparation of fabric and several surface-finishing lines for its tufted velvet fabrics. In July 1994, a new distribution facility at the Upholstery Prints plant began operations, handling distribution for velvet fabrics from the Upholstery Prints and Culp Woven Velvets facilities.

CULP FINISHING. The Culp Finishing plant, located in Burlington, North Carolina, contains finishing ranges for finishing woven upholstery fabrics. The plant also houses significant distribution facilities, which handle distribution of upholstery fabrics to "direct-ship" customers and to the company's regional distribution facilities.

CULP WOVEN VELVETS. The Culp Woven Velvets plant, in Anderson, South Carolina, contains weaving machines for the production of woven velvets. In addition, the plant houses yarn preparation equipment, a finishing range and surface finishing equipment.

CULP TICKING. The Culp Ticking plant, in Stokesdale, North Carolina, produces mattress ticking and provides commission printing services. It utilizes both pigment and heat-transfer printing methods to print ticking material. The plant contains a rotary screen print operation, heat-transfer equipment and a finishing range. In addition, the plant houses finished goods for distribution of mattress ticking.

ROSSVILLE. The Rossville plant, located in Rossville, Georgia, is part of the Rossville/Chromatex Division, which was acquired by the company in November 1993. This facility contains yarn preparation equipment, dobby looms, and finishing equipment, all of which are used to produce flat woven dobby fabric. This plant also contains its own distribution and shipping facilities.

CHROMATEX. The Chromatex plant is located in West Hazleton, Pennsylvania, and it comprises the remainder of the Rossville/Chromatex Division. This plant produces jacquard upholstery fabrics, and it contains all of the yarn preparation equipment, looms, finishing equipment and distribution facilities used by the Rossville/Chromatex Division for woven jacquard fabrics.

RAYONESE. The Rayonese plant is owned by the company's subsidiary, Rayonese Textile Inc., and is located in St. Jerome, Canada. Rayonese was acquired by the company in March 1995. This plant produces comforter fabrics, upholstery fabrics and mattress

ticking and also contains yarn spinning equipment. The plant also contains its own distribution facilities.

#### PRODUCT DESIGN AND STYLING

The company has a staff of designers that specializes in development of new patterns for upholstery fabrics and mattress tickings. The company also purchases some fabric designs from independent artists. The company believes styling and design are key elements to its success and has increased significantly the number of people and other resources dedicated to this area in recent years. The company's design staff works closely with marketing personnel to identify and respond to market trends. The Rossville/Chromatex Division separately maintains its own design staff.

#### SALES AND DISTRIBUTION

UPHOLSTERY FABRICS. The company markets upholstery fabrics in the United States through two primary methods: (i) a "direct-ship" operation from its fabric-manufacturing facilities and (ii) a National Warehouse Program whereby inventory is stocked in regional distribution facilities located in High Point, North Carolina, Tupelo, Mississippi and Los Angeles, California. The "direct-ship" program permits customers to arrange for direct shipments from the company's manufacturing facilities. This method generally permits lower pricing, but requires longer delivery times than the National Warehouse Program, which is dependent upon maintenance of current pattern inventories. The company closely monitors current demand in each distribution territory and believes it is therefore able to respond quickly to the needs of customers. The company receives higher prices for products sold through its National Warehouse Program to compensate it for the cost of maintaining inventories and local distribution facilities. In addition, the company markets contract upholstery fabric lines. A small sales staff is responsible for sales and marketing of products for the company's "direct ship" program.

RAYONESE. Rayonese has its own sales staff and distribution facilities (both upholstery and ticking).

MATTRESS TICKING. The company distributes mattress ticking from its facility in Stokesdale, North Carolina, and from the company's Los Angeles, California warehouse.

INTERNATIONAL SALES. In addition to its domestic operations, the company sells and distributes upholstery fabrics and mattress ticking in many countries abroad. The largest volume of export sales during fiscal 1995 was to Europe. In the year

ended April 30, 1995, export sales, including sales to exporters, totaled \$56,099,000, approximately 18% of the company's net sales. Export sales were \$44,038,000, or approximately 18% of net sales, in fiscal 1994 and \$41,471,000, or approximately 21% of net sales, in fiscal 1993.

Additional information relating to international sales may be found in note 14 of the company's consolidated financial statements, included in the Annual Report to Shareholders.

#### SOURCES AND AVAILABILITY OF RAW MATERIALS

The company purchases various types of primarily man-made yarns, greige goods and fibers for the manufacture of upholstery fabrics and mattress ticking. Future price levels of raw materials will depend upon supply and demand conditions and general inflation. Generally, the company has not had significant difficulty in obtaining raw materials.

#### PATENTS, TRADEMARKS, AND LICENSES

The company believes that its patents, trademarks and licenses are not material to its business.

#### CUSTOMERS

The company is not dependent upon a single customer or a group of customers, the loss of which would have a materially adverse effect upon the business of the company, except for one significant customer that accounted for 6.7% of the company's net sales in fiscal 1995. The company sells upholstery fabrics primarily to domestic upholstered furniture manufacturers, institutional furnishings manufacturers and foreign distributors and manufacturers of upholstered furniture. The company markets its mattress ticking principally to bedding manufacturers. The company's domestic customers are distributed throughout the nation; however, its greatest sales are in areas where there is a heavy concentration of furniture manufacturing.

#### BACKLOG

As of April 30, 1995, the company had a backlog of \$59,500,000, compared to \$46,200,000 at June 5, 1994 and \$23,900,000 at June 30, 1993. All of these orders, if filled at all, will be filled in the current fiscal year. Because a large portion of the company's customers have an opportunity to cancel orders, however, 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 the National Warehouse Program from in-stock order positions. On April 30, 1995, the portion of the backlog with confirmed shipping dates prior to June 5, 1995 was \$39,400,000, and the company would expect that most of these orders would be filled.

#### COMPETITION

The upholstery fabrics market is highly fragmented and competitive and no one firm dominates the United States market. The company believes its principal upholstery fabrics competitors are the Burlington House Fabrics division of Burlington Industries, Inc., Joan Fabrics Corporation, Malden Mills, Inc., the Mastercraft and Cavel Divisions of Collins & Aikman Company, Guilford Mills, Inc., and Quaker Fabric Corporation.

The mattress ticking market is concentrated in a few relatively large suppliers. The company believes its principal mattress ticking competitors are Blumenthal Print Works, Inc., Burlington Industries, Inc., and Tietex, Inc.

Competition for the company's products is based primarily on design, quality, timing of delivery, service, and price. Some of the company's competitors have greater resources than the company. Although U.S. statistics for the upholstery fabric and mattress ticking markets are not generally available, the company believes it is the second largest supplier of upholstery fabrics to the furniture trade and one of the four largest suppliers of mattress ticking to the bedding trade. To date, the company has experienced no significant competition from imports.

#### RESEARCH AND DEVELOPMENT

The company's only material research and development is done in the product design and styling area previously described in this report under the subheading "Product Design and Styling".

#### GOVERNMENTAL 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. Rayonese is subject to similar laws and regulations in Canada. The company is not aware of any material violation of such laws and regulations. Continued compliance is not expected to have a material effect upon capital expenditures, earnings or the competitive position of the company.

## EMPLOYEES

At April 30, 1995 the company had 2,647 employees. A small portion (approximately 15%) of the company's work force is represented by a union. This includes all of the hourly employees at the Chromatx facility and all of the hourly employees at the Rayonese facility. The company is not aware of any attempt to organize any more of its employees and believes its employee relations are good.

## FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES

Information concerning the company's domestic operations and export sales is included in this report under the subheading "Sales and Distribution".

Rayonese Textile Inc., located in St. Jerome, Canada, constitutes the company's only foreign operation, and this subsidiary was not acquired until March 6, 1995. During the 56 days that the company owned Rayonese during fiscal 1995, Rayonese had revenues of approximately \$2,272,000, of which \$894,000 were intercompany transfers. The operation of Rayonese did not have a material effect on the company's export sales totals or net income for fiscal 1995.

## SEASONALITY

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

## INFLATION

During fiscal 1995, the company experienced increases in its raw material costs that were significantly greater than the increases in recent prior years. Increases also were experienced in other operating costs such as manufacturing supplies and spare parts. Market conditions have not allowed the company to pass all of these cost increases along to customers through price increase for its products. These factors created downward pressure on the company's profit margins during the latter stages of fiscal 1995, and this pressure will continue into fiscal 1996.

ITEM 2. PROPERTIES

As of April 30, 1995, the company operated in ten (10) manufacturing facilities, three (3) additional distribution facilities and a corporate headquarters. One (1) of the manufacturing facilities, two (2) of the distribution facilities and the corporate headquarters are leased from entities related to the company or its shareholders and directors. The related party leases are described in Item 13 of this report.

Following is a summary of the company's principal administrative, manufacturing and distribution facilities as of April 30, 1995.

Location	Principal Use	Total Area (Sq. Ft.)	Expiration Date (1)
High Point, NC (2)	Corporate headquarters	33,440	2015
High Point, NC (2)	Distribution	65,000	2003
Los Angeles, CA (5)	Distribution	45,000	2002
Tupelo, MS (2)	Distribution	35,000	2002
Tupelo, MS (5)	Distribution	19,000	1996
Burlington, NC (2)	Manufacturing	199,000	2009
Anderson, SC (3) (4)	Manufacturing	103,000	N/A
Burlington, NC (3) (4)	Manufacturing and distribution	302,000	N/A
Graham, NC (3) (4)	Manufacturing	341,000	N/A
Stokesdale, NC (3) (4)	Manufacturing and distribution	140,000	N/A
Pageland, SC (3) (4)	Manufacturing	93,000	N/A
Rossville, GA (5)	Manufacturing and distribution	396,000	2001
W. Hazleton, PA (5)	Manufacturing and distribution	100,000	2013
W. Hazleton, PA (5)	Manufacturing	110,000	2008
St. Jerome, Canada (3)	Manufacturing and distribution	202,000	N/A

- 
- (1) Includes all options to renew
  - (2) Leased from related party
  - (3) Owned by the company
  - (4) Subject to a deed of trust
  - (5) Leased from unrelated party

The company also leases showrooms in Tupelo, Mississippi and High Point, North Carolina.

The company believes its manufacturing and distribution facilities, and its equipment, are generally in excellent condition, suitable and adequate for its current operations. The company's productive capacity has expanded to meet growing needs.

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 30, 1995.

PART II

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

Information with respect to the market for the company's common stock and related shareholder matters is included in the company's Annual Report to Shareholders for the year ended April 30, 1995, in the Consolidated Statements of Shareholders' Equity (dividend information), in the Selected Quarterly Data under the caption "Stock Data," in the Selected Annual Data under the caption "Stock Data," and on the back cover page, in the Corporate Directory, under the caption "Stock Listing," which information is herein incorporated by reference.

ITEM 6. SELECTED FINANCIAL DATA

This information is included in the company's above referenced Annual Report to Shareholders, under the caption "Selected Annual Data," and is herein incorporated by reference.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations is included in the company's above referenced Annual Report to Shareholders under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations", and is herein incorporated by reference.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements and supplementary data are included in the company's above referenced Annual Report to Shareholders, and are herein incorporated by reference. Item 14 of this report contains specific page number references to the consolidated financial statements and supplementary data included in the Annual Report.

EXCEPT FOR SUCH PORTIONS OF THE COMPANY'S ANNUAL REPORT TO SHAREHOLDERS FOR THE YEAR ENDED APRIL 30, 1995 THAT ARE EXPRESSLY INCORPORATED BY REFERENCE INTO THIS REPORT, SUCH REPORT IS NOT TO BE DEEMED FILED AS PART OF THIS FILING.

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

During the two years ended April 30, 1995 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 on or about August 4, 1995 pursuant to Regulation 14A of the Securities and Exchange Commission, under the caption "Nominees, Directors and Executive Officers" and "Reports Of Securities Ownership", 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 on

or about August 4, 1995 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 on or about August 4, 1995, 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 on or about August 4, 1995, 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. from the company's Annual Report to Shareholders for the year ended May 1, 1994, are incorporated by reference into this report.

Item	Page of Annual Report to Shareholders [Exhibit 13(a)]
Consolidated Balance sheets - April 30, 1995 and May 1, 1994 . . . . .	.10
Statements of income - for the years ended April 30, 1995, May 1, 1994 and May 2, 1993 . . . . .	.11
Statements of shareholders' equity - for the years ended April 30, 1995, May 1, 1994 and May 2, 1993 . . . . .	.12
Statements of cash flows - for the years ended April 30, 1995, May 1, 1994 and May 2, 1993 . . . . .	.13
Notes to consolidated financial statements . . . . .	.14
Report of independent auditors for the years ended April 30, 1995, May 1, 1994 and May 2, 1993 . . . . .	.21

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.

With the exception of portions expressly incorporated by reference into this report in Items 5, 6, 7 and 8, the company's Annual

Report to Shareholders for the year ended April 30, 1995 is not to be deemed filed as a part of this report.

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 asterick (\*).

- 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, were filed as Exhibit 3(b) to the company's Form 10-K for the year ended April 28, 1991, filed on July 25, 1991, and are incorporated herein by reference.
- 4(a) Form of Common Stock Certificate of the company was filed as Exhibit 4(a) to Amendment No. 1 to the company's registration statement No. 2-85174, filed on August 30, 1983, and is incorporated herein by reference.
- 10(a) Copies of 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 and related Letter of Credit and Reimbursement Agreement dated December 1, 1988 with First Union National Bank of North Carolina were filed as Exhibit 10(n) to the company's Form 10-K for the year ended April 29, 1989, and are incorporated herein by reference.
- 10(b) Copies of 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, and related Letter of Credit and Reimbursement Agreement dated November 1, 1988 with First Union National Bank of North Carolina were filed as exhibit 10(o) to the company's Form 10-K for the year ended



April 29, 1990, and  
are incorporated herein by reference.

- 10(c) Copies of 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, and related Letter of Credit and Reimbursement Agreement dated January 5, 1990 with First Union National Bank of North Carolina were filed as Exhibit 10(d) to the company's Form 10-K for the year ended April 19, 1990, filed on July 15, 1990, and are incorporated herein by reference.
- 10(d) Copy of Severance Protection Agreement, dated September 21, 1989, was filed as Exhibit 10(f) 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(e) Copy of 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) Copy of 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(g) Copy of the 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(h) Copy of the Amendment and Restatement of the Employees' Retirement Builder Plan of the company dated May 1, 1981 with amendments dated January 1, 1990 and January 8, 1990 were filed as Exhibit 10(p) 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(i) Copy of the 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) Copy of the 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(k) Copy of 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(l) Copies of 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, and related Letter of Credit and Reimbursement Agreement dated as of December 1, 1993 by and between the company and First Union National Bank of North Carolina were filed as Exhibit 10(o) to the Company's Form 10-Q for the quarter ended January 30, 1994, filed March 16, 1994, and are incorporated herein by reference.
- 10(m) Copies of 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, and related Reimbursement and Security Agreement dated as of December 1, 1993 between the company and Wachovia Bank of North Carolina, National Association were filed as Exhibit 10(p) to the Company's Form 10-Q for the quarter ended January 30, 1994, filed March 16, 1994, and are incorporated herein by reference.
- 10(n) Copies of 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, and related First Amendment to Letter of Credit and Reimbursement Agreement dated as of December 16, 1993 between First Union National Bank of North Carolina and the company were filed as Exhibit 10(q) to the Company's Form 10-Q for the quarter ended January 30, 1994, filed March 16, 1994, and are incorporated herein by reference.

- 10(o) Copies of First Amendment to Loan Agreement dated as of December 16, 1993 by and between Chesterfield County, South Carolina and the company, and related First Amendment to Letter of Credit and Reimbursement Agreement dated as of December 16, 1993 by and between First Union National Bank of North Carolina and the company were filed as Exhibit 10(r) to the Company's Form 10-Q for the quarter ended January 30, 1994, filed March 16, 1994, and are incorporated herein by reference.
- 10(p) Copy of 1994 Amended and Restated Credit Agreement dated as of April 15, 1994 by and among the company, First Union National Bank of North Carolina and Wachovia Bank of North Carolina was filed as Exhibit 10(r) to the company's Form 10-K for the fiscal year ended May 1, 1994, filed July 27, 1994, and is incorporated herein by reference.
- 10(q) Copy of First Amendment to 1994 Amended and Restated Credit Agreement dated as of April 30, 1994 by and among the company, First Union National Bank of North Carolina and Wachovia Bank of North Carolina was filed as Exhibit 10(s) to the company's Form 10-K for the fiscal year ended May 1, 1994, filed July 27, 1994, and is incorporated herein by reference.
- 10(r) Copy of Interest Rate Swap Agreements between company and NationsBank of Georgia (formerly The Citizens and Southern National Bank) dated July 14, 1989 were filed as Exhibit 10(t) to the company's Form 10-K for the fiscal year ended May 1, 1994, filed July 27, 1994, and are incorporated herein by reference.

- 10(s) Copy of Second Amendment to 1994 Amended and Restated Credit Agreement dated as of April 30, 1994 by and among the company, First Union Bank of North Carolina, and Wachovia Bank of North Carolina was filed as Exhibit 10(s) to the company's Form 10-Q for the quarter ended July 31, 1994, filed September 13, 1994, and is incorporated herein by reference.
- 10(t) Copy of Second Amended Memorandum of Lease with Partnership 74 dated June 15, 1994 was filed as Exhibit 10(t) to the company's Form 10-Q for the quarter ended July 31, 1994, filed September 13, 1994, and is incorporated herein by reference.
- 10(u) Copy of Share Purchase Agreement dated as of December 22, 1994, between Masgan Inc. and Salorna Inc. as Vendors and 3096726 Canada Inc. as Purchaser, relating to the purchase of Rayonese Textile Inc. was filed as Exhibit 10(u) to the company's Form 10-Q for the quarter ended January 29, 1994 filed March 15, 1995, and is incorporated herein by reference.
- 10(v) Copy of Third Amendment to 1994 Amended and Restated Credit Agreement, dated as of November 1, 1994, by and among the company, First Union National Bank of North Carolina, N.A. and Wachovia Bank of North Carolina, N.A. was filed as Exhibit 10(v) to the company's Form 10-Q for the quarter ended January 29, 1995, filed March 15, 1995, and is incorporated herein by reference.
- 10(w) Copy of the Amendment to Lease dated as of November 4, 1994, by and between the company and RDC, Inc. was filed as Exhibit 10(w) to the company's Form 10-Q for the quarter ended January 29, 1994, filed March 15, 1995, and is incorporated herein by reference.
- 10(x) Copy of the Amendment and Agreement dated as of December 14, 1994, by and between the company, Rossville Investments, Inc., Rossville Companies, Inc., Chromatex, Inc., Rossville Velours, Inc. and RDC, Inc. was filed as Exhibit 10(x) to the company's Form 10-Q for the quarter ended January 29, 1995, filed on March 15, 1995, and is incorporated herein by reference.

- 10(y) Copy of the Amendment to Lease Agreement dated as of December 14, 1994, by and between the company and Rossville Investments, Inc. (formerly known as A & E Leasing, Inc.). was filed as Exhibit 10(y) to the company's Form 10-Q for the quarter ended January 29, 1995, filed March 15, 1995, and is incorporated herein by reference.
- 10(z) Copy of Fourth Amendment to 1994 Amended and Restated Credit Agreement, dated as of March 6, 1995, by and among the company, First Union National Bank of North Carolina, N.A., and Wachovia Bank of North Carolina, N.A.
- 10(aa) Copy of Interest Rate Swap Agreement between company and First Union National Bank of North Carolina dated April 17, 1995.
- 10(bb) Copy of Performance-Based Stock Option Plan, dated June 21, 1994.
- 11 Schedule of computation of earnings per share.
- 13(a) Copy of the company's 1995 Annual Report to Shareholders, for the year ended April 30, 1995, furnished for information only except with respect to those portions incorporated by reference into this report.
- 22 List of subsidiaries of the company.
- 24(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, and 33-80206), dated March 20, 1987, September 18, 1990, and June 13, 1994.
- 25(a) Power of Attorney of Andrew W. Adams, dated June 19, 1995
- 25(b) Power of Attorney of Judith C. Walker dated June 26, 1995.
- 25(c) Power of Attorney of Howard L. Dunn, Jr., dated June 20, 1995.
- 25(d) Power of Attorney of Baxter P. Freeze, dated 6/20/95.

- 25(e) Power of Attorney of Earl M. Honeycutt, dated June 12, 1995.
- 25(f) Power of Attorney of Patrick H. Norton, dated June 14, 1995.
- 25(g) Power of Attorney of Earl N. Phillips, Jr., dated June 10, 1995.
- 25(h) Power of Attorney of Bland W. Worley, dated June 12, 1995.
- 27 Financial Data Schedule

b) Reports on Form 8-K:

The company filed the following report on Form 8-K during the quarter ended April 30, 1995:

- (1) Form 8-K dated February 13, 1995, included under Item 5, Other Events, disclosure of the company's press release for quarterly earnings and Financial Information Release relating to financial information for the quarter ended January 29, 1995.
- (2) Form 8-K dated March 7, 1995, included under Item 5, Other Events, disclosure of the company's press release relating to the completion of the acquisition of Rayonese Textile Inc.

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 24 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, 1995.

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  
(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, 1995.

/s/ Robert G. Culp, III Robert G. Culp, III (Chairman of the Board of Directors)	/s/ Franklin N. Saxon Franklin N. Saxon (Director)
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/s/ Earl N. Phillips, Jr.* Earl N. Phillips, Jr. (Director)	/s/ Judith C. Walker * Judith C. Walker (Director)
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/s/ Howard L. Dunn, Jr.* Howard L. Dunn, Jr. (Director)	/s/ Baxter P. Freeze * Baxter P. Freeze (Director)
---	--

/s/ Andrew W. Adams * Andrew W. Adams (Director)	/s/ Patrick H. Norton * Patrick H. Norton (Director)
--	--

/s/ Earl M. Honeycutt* Earl M. Honeycutt (Director)	/s/ Bland W. Worley * Bland W. Worley (Director)
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\* By Franklin N. Saxon, Attorney-in-Fact, pursuant to Powers of Attorney filed with the Securities and Exchange Commission.

EXHIBITS INDEX

- 10(z) Copy of Fourth Amendment to 1994 Amended and Restated Credit Agreement, dated as of March 6, 1995, by and among the company, First Union National Bank of North Carolina, N.A., and Wachovia Bank of North Carolina, N.A.
- 10(aa) Copy of Interest Rate Swap Agreement between company and First Union National Bank of North Carolina dated April 17, 1995.
- 10(bb) Copy of Performance-Based Stock Option Plan, dated June 21, 1994.
- 11 Schedule of computation of earnings per share.
- 13(a) Copy of the company's 1995 Annual Report to Shareholders, for the year ended April 30, 1995, furnished for information only except with respect to those portions incorporated by reference into this report.
- 22 List of subsidiaries of the company.
- 24(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 and 33-80206, dated March 20, 1987, September 18, 1990, and June 13, 1994.
- 25(a) Power of Attorney of Andrew W. Adams, dated June 19, 1995.
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- 25(f) Power of Attorney of Patrick H. Norton, dated June 14, 1995.
- 25(g) Power of Attorney of Earl N. Phillips, Jr., dated June 10, 1995.
- 25(h) Power of Attorney of Bland W. Worley, dated June 12, 1995
- 27 Financial Data Schedule



FOURTH AMENDMENT  
TO 1994 AMENDED AND RESTATED CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO 1994 AMENDED AND RESTATED CREDIT AGREEMENT, dated as of March 6, 1995, (the "Amendment" or "Fourth Amendment") is made by and between

CULP, INC., a North Carolina corporation with its principal office in High Point, North Carolina (the "Borrower"); and

FIRST UNION NATIONAL BANK OF NORTH CAROLINA, N.A., a national banking association, as Agent (the "Agent"); and

FIRST UNION NATIONAL BANK OF NORTH CAROLINA, N.A., a national banking association ("First Union") and WACHOVIA BANK OF NORTH CAROLINA, N.A., a national banking association ("Wachovia" and collectively with First Union, the "Banks"),

to the 1994 Amended and Restated Credit Agreement dated as of April 15, 1994 (as amended, modified, restated or supplemented from time to time, the "Loan Agreement"). All capitalized terms not otherwise defined in this Amendment shall have the meanings assigned to them in the Loan Agreement.

RECITALS

A. Pursuant to the Loan Agreement, the Banks have made available to the Borrower Term Loans in the aggregate principal amount of \$44,000,000 evidenced by Term Notes of the Borrower in the aggregate principal amount of \$44,000,000, and a Revolving Loan in the aggregate principal amount of \$27,000,000 evidenced by Revolving Credit Notes of the Borrower in the aggregate principal amount of \$27,000,000.

B. The Borrower has requested that the Banks (i) modify certain terms and provisions of the Loan Agreement to permit a Subsidiary of the Borrower to purchase the stock of a Canadian corporation and to incur indebtedness in connection with such acquisition, (ii) modify certain terms and provisions of the Loan Agreement to permit the Borrower to guaranty the Subsidiary's indebtedness in connection with such acquisition, (iii) change and adjust certain covenants of the Loan Agreement, (iv) allow for the proceeds of the Loans made available by the Banks pursuant to the Loan Agreement to be used by the Subsidiary to make such acquisition and for a possible prepayment of indebtedness incurred in connection with the acquisition, (v) increase the aggregate amount of the Revolving Loan to \$33,500,000 and (vi) make certain other conforming modifications to the Loan Agreement.

C. The Borrower, the Agent and the Banks have agreed to amend the Loan Agreement as set forth herein.

STATEMENT OF AGREEMENT

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

ARTICLE I

AMENDMENTS

The Loan Agreement is hereby amended as follows:

1.1. Definitions. Section 1 of the Loan Agreement is hereby amended by making the following changes:

(a) Section 1.44 containing the definition of "Loan Documents" is hereby amended by adding the following sentence to the end of such section: "In addition, "Loan Documents" shall refer to any Interest Rate Agreement that may exist between the Borrower and any of the Banks."

(b) Section 1.53 containing the definition of "Permitted Encumbrances" is hereby amended by deleting the word "and" at the end of clause (i), deleting the period at the end of clause (j) and inserting in its place "; and" and adding the following clause to the end of the section: "(k) liens on the assets of Canada or Rayonese granted to the former shareholders of Rayonese securing the Rayonese Note."

(c) Section 1 is hereby amended by adding the following definitions:

1.6.1. "Canada" means 3096726 Canada Inc., a Canadian corporation and a wholly-owned Subsidiary of the Borrower.

1.16.1 "Consolidated Shareholders' Equity" of the Borrower and its Subsidiaries shall mean at any time as of which the amount thereof is to be determined, the sum of the following in respect of the Borrower and its Subsidiaries (on a consolidated basis and excluding intercompany items):

- (i) the amount of issued and outstanding share capital, plus
- (ii) the amount of additional paid-in capital, retained earnings (or, in the case of a deficit, minus the amount of such deficit).

1.39.1 "Interest Rate Agreement" shall mean any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, currency hedge agreement or other similar agreement or arrangement designed to protect the Borrower against fluctuations in interest rates or currency exchange rates, including, without limitation, any "swap agreement" as defined in 11 U.S.C. [section mark] 101(55).

1.56.1. "Rayonese" means Rayonese Textile Inc., a Canadian corporation.

1.56.2. "Rayonese Acquisition" means the acquisition of the stock of Rayonese by Canada pursuant of the Share Purchase Agreement dated as of December 22, 1994 between Canada and certain shareholders of Rayonese.

1.56.3. "Rayonese Note" means the promissory note or notes evidencing indebtedness of Canada to the former shareholders of Rayonese in partial payment for the stock of Rayonese purchased by Canada in the Rayonese Acquisition.

1.2. Loans Evidenced by Revolving Credit Notes.

(a) Section 4 of the Loan Agreement is hereby amended by deleting "\$27,000,000" each time it appears in Section 4 and replacing it with "\$33,500,000."

(b) Section 4.4 is hereby amended by adding the following paragraph to the end of such section:

"(g) Notwithstanding the foregoing, the Bankers' Acceptances option described in this Section 4.4 shall be available to the Borrower only in the event that, and so long as, the ratio of Consolidated Funded Debt to Operating Cash Flow shall be no greater than 2.25 to 1.0."

1.3. Facility Fee. Section 5 of the Loan Agreement is hereby amended by deleting "\$81,000" each time it appears in Section 5 and replacing it with "100,500."

1.4. Use of Proceeds. Section 6 of the Loan Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

SECTION 6. Use of Proceeds. The proceeds of the Revolving Loans shall be used by the Borrower for Capital Expenditures, for normal working capital requirements, to finance the Rayonese Acquisition (including the possible prepayment of the Rayonese Note in accordance with its terms) and to repay from time to time Accepted Drafts.

The proceeds of the Term Loans, other than the proceeds made available by the Banks pursuant to the Third Amendment, shall be used by the Borrower to refinance and restructure existing indebtedness of the Borrower to First Union and Wachovia and for ongoing corporate purposes, and the additional Term Loan proceeds made available by the Banks pursuant to the Third Amendment shall be used, at such time or times as the Borrower may determine, to prepay in whole or in part certain subordinated indebtedness evidenced by a promissory note dated November 1, 1993 in the principal amount of \$9,632,724 from the Borrower to Rossville Investments, Inc.

1.5. Affirmative Covenants. Section 9 of the Loan Agreement is hereby amended as set forth below:

(a) Section 9.16 of the Loan Agreement is hereby amended by deleting such Section in its entirety and replacing it with the following:

9.16. Shareholders' Equity. Maintain Consolidated Shareholders' Equity of not less than \$67,500,000 from and after April 30, 1995 through that date which is one day prior to the last day of the Borrower's Fiscal Year ending in 1996; on the last day of the Borrower's Fiscal Year ending in 1996 and on the last day of each subsequent Fiscal Year of the Borrower (the "Computation Date") and continuing in each period from the applicable Computation Date through that date which is one day prior to the end of the next Fiscal Year, the Borrower shall maintain Consolidated Shareholders' Equity of not less than the previous period's required Consolidated Shareholders' Equity plus fifty percent (50%) of Net Income (excluding for purposes of this Section 9.16 any net loss) of the Borrower for the Fiscal Year ending on such Computation Date (hereinafter referred to as the "Required Shareholders' Equity"); provided, that in the event for any Computation Date the Borrower's Consolidated Shareholders' Equity on such Computation Date exceeds the Required Shareholders' Equity on such Computation Date by more than \$4,000,000, the Required Shareholders' Equity shall be increased for the period beginning on such Computation Date to that amount which is \$4,000,000 less than the Borrower's Consolidated Shareholders' Equity on such Computation Date.

(b) Section 9.19 of the Loan Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

9.19. Operating Cash Flow to Interest Expense. Maintain a ratio of (x) Operating Cash Flow less Capital Expenditures for such period, to (y) Interest Expense for

such period, of at least 2.0 to 1.0 for each Fiscal Quarter from the Fiscal Quarter ending April 30, 1995 through and including the Fiscal Quarter ending January, 1996; 2.5 to 1.0 for each Fiscal Quarter thereafter through and including the Fiscal Quarter ending October, 1996; and 3.0 to 1 for each Fiscal Quarter thereafter.

(c) Section 9.20 of the Loan Agreement is hereby amended by deleting such Section in its entirety and replacing it with the following:

9.20. Consolidated Funded Debt to Total Capitalization. Maintain a ratio of Consolidated Funded Debt to Total Capitalization not in excess of 1 to 1.67 (60%) for each Fiscal Quarter from the Fiscal Quarter ending April 1995 through and including the Fiscal Quarter ending October, 1995; 1 to 1.82 (55%) for each Fiscal Quarter from the Fiscal Quarter ending January, 1996 through and including the Fiscal Quarter ending October, 1996; and 1 to 2.0 (50%) for each Fiscal Quarter thereafter.

1.6. Negative Covenants of the Borrower. Section 10 of the Loan Agreement is hereby amended as set forth below:

(a) Section 10.2 of the Loan Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

10.2. Guarantee. Guarantee, assume, endorse or otherwise become or remain directly or contingently liable in connection with the obligations of any other Person, excluding any Subsidiary, or permit any Subsidiary to guarantee, assume, endorse or otherwise become or remain directly or contingently liable in connection with the obligations of any other Person, excluding the Borrower, other than:

- (i) the endorsement of negotiable instruments in the ordinary course of business for deposit or collection;
- (ii) guaranties by the Borrower or any of its Subsidiaries with respect to industrial revenue bonds and the obligations listed on Exhibit 6 hereof and any extensions, modifications, refinancings, refundings or replacements thereto or thereof;
- (iii) guaranties by the Borrower of the Rayonese Note;
- (iv) guaranties of debts incurred by Globaltex LLC or Globaltex S.A. de C.V. in amounts that do not exceed \$700,000 in the aggregate; and

(v) other guaranties not exceeding \$750,000 in the aggregate.

(b) Section 10.7 of the Loan Agreement is hereby amended by adding the following language at the end of the section: "provided, however, that the Borrower may make investments in and advances to Canada and Rayonese in an amount not to exceed \$17,000,000, which shall be used to consummate the Rayonese Acquisition, to pay off debt of Rayonese, to purchase equipment to be used by Rayonese in its operations, to prepay the Rayonese Note if required in accordance with the terms of the Rayonese Note and to provide working capital to Canada and Rayonese."

(c) Section 10.11 of the Loan Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

10.11. Prepayments. Retire or prepay prior to its stated maturity any Consolidated Funded Debt (other than (i) non interest-bearing purchase money obligations payable over a period of not to exceed two (2) years, given to vendors of equipment, (ii) certain subordinated indebtedness evidenced by a promissory note dated December 14, 1994 in the principal amount of \$1,000,000 payable by the Borrower to Rossville Investments, Inc., and (iii) certain indebtedness to be evidenced by the Rayonese Note as contemplated by the Rayonese Acquisition) having a term of repayment in excess of one year, including any renewals, other than indebtedness to either of the Banks arising hereunder or obligations under industrial revenue bonds, or pay rental obligations more than 30 days in advance of the time for payment called for in the lease.

(d) Section 10.12 of the Loan Agreement is hereby amended by deleting the parenthetical phrase beginning in the second line of such section in its entirety and replacing it with the following: "(other than (1) indebtedness existing as of the date of this Agreement and any refinancings, refundings or extensions thereof, (2) the Rayonese Note, and (3) non interest-bearing purchase money obligations payable over a period not to exceed two years given to vendors of equipment)."

1.7. Miscellaneous. Section 13.2 of the Loan Agreement is hereby amended by adding the following sentence to the end of such section:

"Each Bank further agrees that, after the occurrence of an Event of Default and acceleration pursuant to Section 11.2 hereof, proceeds from any property securing the Loans shall be applied pro rata to the indebtedness (if any) owing to each Bank under Interest Rate Agreements between Borrower and such Bank only at such time after all of the principal and interest with respect to the Notes and other amounts due to each Bank

hereunder (including, without limitation, those due under Section 4.4 hereof) shall have been paid in full."

1.8. Annex I. Annex I to the Loan Agreement is hereby amended by deleting it in its entirety and replacing it with a new Annex I in the form of Annex I attached hereto.

1.9. Exhibits. Exhibits 2-A, 2-B and 3 of the Loan Agreement are hereby amended by deleting each exhibit in its entirety and replacing them with new Exhibits 2-A, 2-B and 3 in the form of Exhibits 2-A, 2-B and 3 attached hereto. Exhibit 5 of the Loan Agreement is deleted and will be replaced by a form of quarterly officers certificate in form and substance to be agreed upon by the Borrower and the Banks, which shall be designed to set forth the calculation of financial information required to be reported by the Borrower to the Banks and to demonstrate the Borrower's compliance with the financial covenants set forth in the Loan Agreement.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants that:

2.1. Compliance with Loan Agreement. As of the execution of this Amendment, the Borrower and each of its Subsidiaries are, and upon the closing of the Rayonese Acquisition will be, in compliance with all terms and provisions set forth in the Loan Agreement to be observed or performed, except where the failure of the Borrower and each of its Subsidiaries to comply has been waived in writing by the Agent and the Banks.

2.2. Representations in Loan Agreement. The representations and warranties of the Borrower set forth in the Loan Agreement are true and correct in all material respects except (a) to the extent that such representations and warranties relate solely to or are specifically expressed as of a particular date or period which has passed or expired as of the date hereof, (b) as may have been disclosed in writing by the Borrower to the Banks prior to the date hereof, and (c) any changes in the nature of the Borrower's business that have occurred since the date of the Loan Agreement that would render any such representation or warranty inaccurate or incomplete, so long as such changes (i) have occurred in the ordinary course of the Borrower's business and have not had, and will not have, a material adverse effect on the business, prospects or condition (financial or otherwise) of the Borrower, (ii) have been consented to in writing by the Banks, or (iii) are expressly permitted by the Loan Agreement, as amended.

2.3. No Event of Default. No Event of Default, nor any event that upon notice, lapse of time or both would become an Event of

Default is continuing other than those, if any, waived in writing by the Agent and the Banks.

### ARTICLE III

#### MODIFICATION OF LOAN DOCUMENTS AND CONDITIONS

3.1. Loan Documents. The other Loan Documents, as defined in the Loan Agreement, are amended as follows:

Any individual or collective reference to any of the Loan Documents in any of the other Loan Documents to which the Borrower or any of its Subsidiaries is a party shall mean, unless otherwise specifically provided, such Loan Document as amended by this Fourth Amendment to 1994 Amended and Restated Credit Agreement, and as it is further amended, restated, supplemented or modified from time to time and any substitute or replacement therefor or renewals thereof, including without limitation, all references to the Loan Agreement, which shall mean the Loan Agreement as amended hereby and as further amended from time to time.

3.2. Conditions. The effectiveness of this Amendment is conditioned upon payment by the Borrower to the Agent for the ratable benefit of the Banks, of an amendment fee in the amount of \$25,000 and an additional facility fee in the amount of \$2,167.

### ARTICLE IV

#### GENERAL

4.1. Full Force and Effect. As expressly amended hereby, the Loan Agreement shall continue in full force and effect in accordance with the provisions thereof. As used in the Loan Agreement, "hereinafter," "hereto," "hereof," and words of similar import shall, unless the context otherwise requires, mean the Loan Agreement as amended by this Amendment.

4.2. Applicable Law. This Amendment shall be governed by and construed in accordance with the internal laws and judicial decisions of the State of North Carolina.

4.3. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall constitute an original, but all of which when taken together shall constitute but one instrument.

4.4. Further Assurance. The Borrower shall execute and deliver to the Agent and the Banks such documents, certificates and opinions as the Agent may reasonably request to effect the amendment contemplated by this Amendment.



4.5. Headings. The headings of this Amendment are for the purposes of reference only and shall not affect the construction of this Amendment.

4.6. Valid Amendment. The parties acknowledge that this Amendment complies in all respects with Section 13.1 of the Loan Agreement, which sets forth the requirements for amendments thereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers to be effective as of the date first above written.

FIRST UNION NATIONAL BANK OF NORTH  
CAROLINA, N.A., individually and as  
Agent

By: /s/ Kent L. Phillips  
Title: Vice President

WACHOVIA BANK OF NORTH CAROLINA, N.A.

By: /s/ Pete T. Callahan  
Title: Vice President

CULP, INC.

By: /s/ Franklin N. Saxon  
Title: Vice President and Chief  
Financial Officer

Annex I

Name of Banks	Commitment Amount Term Loans	Commitment Amount Revolving Loans	Percentage of Aggregate Commitments
First Union National Bank of North Carolina 209 North Main Street High Point, NC 27260	\$26,400,000	\$20,100,000	60.0%
Wachovia Bank of North Carolina, N.A. 200 North Main Street Post Office Box 631 High Point, NC 27261	\$17,600,000	\$13,400,000	40.0%

SECOND AMENDED AND RESTATED REVOLVING CREDIT NOTE

\$20,100,000

High Point, North Carolina  
March 6, 1995

FOR VALUE RECEIVED, CULP, INC., a North Carolina corporation (herein called the "Borrower") , promises to pay to the order of FIRST UNION NATIONAL BANK OF NORTH CAROLINA (the "Bank"), or order, on the Revolving Loan Termination Date (as defined in the 1994 Amended and Restated Credit Agreement dated as of April 15, 1994 between the Borrower, the Bank (for itself and as Agent) and Wachovia Bank of North Carolina, N.A. (as amended, restated, modified or supplemented, the "Credit Agreement")), at the office of FIRST UNION NATIONAL BANK OF NORTH CAROLINA, High Point, North Carolina, in lawful money of the United States of America, the principal amount of Twenty Million One Hundred Thousand and No/100 Dollars (\$20,100,000). This Revolving Credit Note shall bear interest on the outstanding principal balance from time to time as provided in the Credit Agreement and interest shall be payable at the times set forth in the Credit Agreement.

Notwithstanding the foregoing, the Borrower shall be liable for payment to the Bank only for such principal amount of the First Union Revolving Loan (as defined in the Credit Agreement) as is outstanding, together with interest at the rate per annum as aforesaid on the principal amount outstanding from the date of advance.

This Note is the First Union Revolving Credit Note referred to in the Credit Agreement and is entitled to the benefits thereof and may be prepaid in whole or in part as provided therein. Capitalized terms used herein without definition have the meanings specified in the Credit Agreement.

Upon the occurrence of any one or more of the Events of Default specified in the Credit Agreement, or in any other document or instrument delivered in connection therewith, all amounts then remaining unpaid on this Note may be declared to be immediately due and payable as provided in the Credit Agreement.

In the event the indebtedness evidenced or secured hereby be collected by or through an attorney at law after maturity, the holder shall be entitled to collect reasonable attorneys' fees. Demand, presentment, protest, notice of protest, and notice of dishonor are hereby waived by all parties bound hereon.

[CORPORATE SEAL]

CULP, INC.

ATTEST:

By: \_\_\_\_\_  
\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

SECOND AMENDED AND RESTATED REVOLVING CREDIT NOTE

\$13,400,000

High Point, North Carolina  
March 6, 1995

FOR VALUE RECEIVED, CULP, INC., a North Carolina corporation (herein called the "Borrower") , promises to pay to the order of WACHOVIA BANK OF NORTH CAROLINA, N.A. (the "Bank"), or order, on the Revolving Loan Termination Date (as defined in the 1994 Amended and Restated Credit Agreement dated as of April 15, 1994 between the Borrower, the Bank and First Union National Bank of North Carolina (for itself and as Agent) (as amended, restated, modified or supplemented, the "Credit Agreement")), at the office of FIRST UNION NATIONAL BANK OF NORTH CAROLINA (as the Bank's Agent and for the benefit of the Bank), High Point, North Carolina, in lawful money of the United States of America, the principal amount of Thirteen Million Four Hundred Thousand and No/100 Dollars (\$13,400,000). This Revolving Credit Note shall bear interest on the outstanding principal balance from time to time as provided in the Credit Agreement and interest shall be payable at the times set forth in the Credit Agreement.

Notwithstanding the foregoing, the Borrower shall be liable for payment to the Bank only for such principal amount of the Wachovia Revolving Loan (as defined in the Credit Agreement) as is outstanding, together with interest at the rate per annum as aforesaid on the principal amount outstanding from the date of advance.

This Note is the Wachovia Revolving Credit Note referred to in the Credit Agreement and is entitled to the benefits thereof and may be prepaid in whole or in part as provided therein. Capitalized terms used herein without definition have the meanings specified in the Credit Agreement.

Upon the occurrence of any one or more of the Events of Default specified in the Credit Agreement, or in any other document or instrument delivered in connection therewith, all amounts then remaining unpaid on this Note may be declared to be immediately due and payable as provided in the Credit Agreement.

In the event the indebtedness evidenced or secured hereby be collected by or through an attorney at law after maturity, the holder shall be entitled to collect reasonable attorneys' fees. Demand, presentment, protest, notice of protest, and notice of dishonor are hereby waived by all parties bound hereon.

[CORPORATE SEAL]

CULP, INC.

ATTEST:

By: \_\_\_\_\_  
\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

SUBSIDIARIES

1. Culp International, Inc.
2. Guilford Printers, Inc.
3. 3096726 Canada Inc.
4. Rayonese Textile Inc.

ISDA (Registration mark)  
International Swap Dealers Association, Inc.  
MASTER AGREEMENT  
dated as of.....

First Union National Bank of North Carolina and Culp, Inc. have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties confirming those Transactions.

Accordingly, the parties agree as follows:-

1. Interpretation

(a) Definitions. The terms defined in Section 12 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.

(b) Inconsistency. In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purpose of the relevant Transaction.

(c) Single Agreement. All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. Obligations

(a) General Conditions.

(i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement.

(b) Change of Account. Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the scheduled date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) Netting. If on any date amounts would otherwise be payable:-

(i) in the same currency; and

(ii) in respect of the same Transaction.

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount will be determined in respect of all amounts payable on the same date in the same currency in respect of such Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or a Confirmation by specifying that subparagraph (ii) above will not apply to the Transactions identified as being subject to the election, together with the starting date (in which case subparagraph (ii) above will not, or will cease to, apply to such Transactions from such date). This election may be made separately for different groups of Transactions and will apply separately to each pairing of branches or offices through which the parties make and receive payments or deliveries.

(d) Default Interest; Other Amounts. Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party that defaults in the performance of any payment obligation will, to the extent permitted by law and subject to Section 6(c), be required to pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as such overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment, at the Default Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed. If, prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party defaults in the performance of any obligation required to be settled by delivery, it will compensate the other party on demand if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

### 3. Representations

Each party represents to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into) that:-

(a) Basic Representations.

(i) Status. It is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing;

(ii) Powers. It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorize such execution, delivery and performance;

(iii) No Violation or Conflict. Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;





(iv) Consents. All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(v) Obligations Binding. Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) Absence of Certain Events. No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) Absence of Litigation. There is not pending or, to its knowledge, threatened against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) Accuracy of Specified Information. All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

#### 4. Agreements

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:-

(a) Furnish Specified Information. It will deliver to the other party any forms, documents or certificates specified in the Schedule or any Confirmation by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) Maintain Authorizations. It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) Comply with Laws. It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

#### 5. Events of Default and Termination Events

(a) Events of Default. The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes an event of default (an "Event of Default") with respect to such party:-

(i) Failure to Pay or Deliver. Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a) (i) or 2(d) required to be made by it if such failure is not remedied on or before the third Local Business Day after notice of such failure is given to the party;

(ii) Breach of Agreement. Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a) (i) or 2(d) or to give notice of a Termination Event) to be complied with or

performed

3

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by the party in accordance with this Agreement if such failure is not remedied on or before the thirtieth day after notice of such failure is given to the party;

(iii) Credit Support Default.

(1) Failure by the party or any Credit Support Provider of such Party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document to be in full force and effect for the purpose of this Agreement (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document;

(iv) Misrepresentation. A representation made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) Default under Specified Transaction. The party, any Credit Support Provider of such party or any applicable Specified Entity of such party (1) defaults under a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction, (2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment or delivery due on the last payment, delivery or exchange date of, or any payment on early termination of, a Specified Transaction (or such default continues for at least three Local Business Days if there is no applicable notice requirement or grace period) or (3) disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) Cross Default. If "Cross Default" is specified in the Schedule as applying to the party, the occurrence or existence of (1) a default, event of default or other similar condition or event (however, described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the applicable Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);

(vii) Bankruptcy. The party, any Credit Support Provider of such party or any applicable Specified Entity of such party;-

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law

affecting creditors' rights, or a petition is presented for its

4

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winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) Merger Without Assumption. The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer: -

(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) Termination Events. The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes an Illegality if the event is specified in (i) below, and, if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to (ii) below or an Additional Termination Event if the event is specified pursuant to (iii) below: -

(i) Illegality. Due to the adoption of, or any change in, any applicable law after the date on which a Transaction is entered into, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful (other than as a result of a breach by the party of Section 4(b)) for such party (which will be the Affected Party); -

(1) to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

(2) to perform, or for any Credit Support Provider of such party to perform, any contingent or other obligation which the party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction:

(ii) Credit Event Upon Merger. If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, such party ("X"), any Credit Support Provider of X or any applicable Specified Entity of X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and such action does not constitute an event described in Section 5(a)(viii) but the creditworthiness of the resulting, surviving or transferee entity is materially weaker than that of X, such Credit Support Provider or such Specified Entity, as the case may be, immediately prior to such action (and, in such event, X or its successor or transferee, as appropriate, will be the Affected Party); or



(iii) Additional Termination Event. If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties shall be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) Event of Default and Illegality. If an event or circumstance which would otherwise constitute or give rise to an Event of Default also constitutes an Illegality, it will be treated as an Illegality and will not constitute an Event of Default.

## 6. Early Termination

(a) Right to Terminate Following Event of Default. If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) Right to Terminate Following Termination Event.

(i) Notice. If a Termination Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction and will also give such other information about that Termination Event as the other party may reasonably require.

(ii) Two Affected Parties. If an Illegality under Section 5(b)(i)(1) occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice thereof is given under Section 6(b)(i) on action to avoid that Termination Event.

(iii) Right to Terminate. If:-

(1) an agreement under Section 6(b)(ii) has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(2) an Illegality other than that referred to in Section 6(b)(ii), a Credit Event Upon Merger or an Additional Termination Event occurs.

either party in the case of an Illegality, any Affected Party in the case of an Additional Termination Event if there is more than one Affected Party, or the party which is not the Affected Party in the case of a Credit Event Upon Merger of an Additional Termination Event if there is only one Affected Party may, by not more than 20 days notice to the other party and provided that the relevant Termination Event is then continuing, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(c) Effect of Designation.

(i) If notice designation an Early Termination Date is given under Section 6(a) or (b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.



(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments of deliveries under Section 2(a)(i) or 2(d) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date shall be determined pursuant to Section 6(e).

(d) Calculations.

(i) Statement. On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including all relevant quotations and specifying any amount payable under Section 6(e)) and (2) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation obtained in determining a Market Quotation, the records of the party obtaining such quotation will be conclusive evidence of the existence and accuracy of such quotation.

(ii) Payment Date. An amount calculated as being due in respect of any Early Termination Date under Section 6(e) will be payable on the day that notice of the amount payable is effective (in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default) and on the day which is two Local Business Days after the day on which notice of the amount payable is effective (in the case of an Early Termination Date which is designated as a result of a Termination Event). Such amount will be paid together with (to the extent permitted under applicable law) interest thereon (before as well as after judgment), from (and including) the relevant Early Termination Date to (but excluding) the date such amount is paid, at the Applicable Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(e) Payments on Early Termination. If an Early Termination Date occurs, the following provisions shall apply based on the parties' election in the Schedule of a payment measure, either "Market Quotation" or "Loss", and a payment method, either the "First Method" or the "Second Method". If the parties fail to designate a payment measure or payment method in the Schedule, it will be deemed that "Market Quotation" or the "Second Method", as the case may be, shall apply. The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off.

(i) Events of Default. If the Early Termination Date results from an Event of Default:-

(1) First Method and Market Quotation. If the First Method and Market Quotation apply, the Defaulting Party will pay to the Non-defaulting Party the excess, if a positive number, of (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Unpaid Amounts owing to the Non-defaulting Party over (B) the Unpaid Amounts owing to the Defaulting Party.

(2) First Method and Loss. If the First Method and Loss apply, the Defaulting Party will pay to the Non-defaulting Party, if a positive number, the Non-defaulting Party's Loss in respect of this Agreement.

(3) Second Method and Market Quotation. If the Second Method and Market Quotation apply, an amount will be payable equal to (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Unpaid Amounts owing to the Non-defaulting Party less (B) the Unpaid Amounts owing to the Defaulting Party. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of the amount to the Defaulting Party.

(4) Second Method and Loss. If the Second Method and Loss apply, an amount will be payable equal to the Non-defaulting Party's Loss in respect of this Agreement. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative



number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(ii) Termination Events. If the Early Termination Date results from a Termination Event:-

(1) One Affected Party. If there is one Affected Party, the amount payable will be determined in accordance with Section 6(e) (i) (3), if Market Quotation applies, or Section 6(e) (i) (4), if Loss applies, except that, in either case, references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and the party which is not the Affected Party, respectively, and, if Loss applies and fewer than all the Transactions are being terminated. Loss shall be calculated in respect of all Terminated Transactions.

(2) Two Affected Parties. If there are two Affected Parties:-

(A) if Market Quotation applies, each party will determine a Settlement Amount in respect of the Terminated Transactions, and an amount will be payable equal to (I) the sum of (a) one-half of the difference between the Settlement Amount of the party with the higher Settlement Amount ("X") and the Settlement Amount of the party with the lower Settlement Amount ("Y") and (b) the Unpaid Amounts owing to X less (II) the Unpaid Amounts owing to Y: and

(B) if Loss applies, each party will determine its Loss in respect of this Agreement (or, if fewer than all the Transactions are being terminated, in respect of all Terminated Transactions) and an amount will be payable equal to one-half of the difference between the Loss of the party with the higher Loss ("X") and the Loss of the party with the lower Loss ("Y").

If the amount payable is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of the amount to Y.

(iii) Adjustment for Bankruptcy. In circumstances where an Early Termination Date occurs because "Automatic Early Termination" applies in respect of a party, the amount determined under this Section 6(e) will be subject to such adjustments as are appropriate and permitted by law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d) (ii).

(iv) Pre-Estimate. The parties agree that if Market Quotation applies an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks and except as otherwise provided in this Agreement neither party will be entitled to recover any additional damages as a consequence of such losses.

## 7. Transfer

Neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:-

(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into; or transfer of all substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(e).

Any purported transfer that is not in compliance with this Section will be void.

## 8. Miscellaneous

(a) Entire Agreement. This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

(b) Amendments. No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.

(c) Survival of Obligations. Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) Remedies Cumulative. Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) Counterparts and Confirmations.

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation shall be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex or electronic message constitutes a Confirmation.

(f) No Waiver of Rights. A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) Headings. The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

## 9. Expenses

A Defaulting Party will, on demand, indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

## 10. Notices

(a) Effectiveness. Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system) to the address or number or in accordance with the electronic messaging system details provided (see the Schedule) and will be deemed effective as indicated:-

(i) if in writing and delivered in person or by courier, on the date it is delivered;

(ii) if sent by telex, on the date the recipient's answerback is received;

(iii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine):

(iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted: or

(v) if sent by electronic messaging system, on the date that electronic message is received.

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Local Business Day.

(b) Change of Addresses. Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

## 11. Governing Law and Jurisdiction

(a) Governing Law. This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) Jurisdiction. With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably:-

(i) submits to the jurisdiction of the English courts, if this Agreement is expressed to be governed by English law, or to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, if this Agreement is expressed to be governed by the laws of the State of New York; and

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction (outside, if this Agreement is expressed to be governed by English law, the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re-enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(c) Waiver of Immunities. Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property; (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

## 12. Definitions

As used in this Agreement:-

"Additional Termination Event" has the meaning specified in Section 5(b).

"Affected Party" has the meaning specified in Section 5(b).



"Affected Transactions" means (a) with respect to any Termination Event consisting of an Illegality, all Transactions affected by the occurrence of such Termination Event and (b) with respect to any other Termination Event all Transactions.

"Affiliate" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"Applicable Rate" means:-

(a) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(b) in respect of an obligation to pay an amount under Section 6(e) of either party from and after the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable, the Default Rate;

(c) in respect of all other obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate; and

(d) in all other cases, the Termination Rate.

"consent" includes a consent, approval, action, authorization, exemption, notice, filing, registration or exchange control consent.

"Credit Event Upon Merger" has the meaning specified in Section 5(b).

"Credit Support Document" means any agreement or instrument that is specified as such in this Agreement.

"Credit Support Provider" has the meaning specified in the Schedule.

"Default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

"Defaulting Party" has the meaning specified in Section 6(a).

"Early Termination Date" means the date determined in accordance with Section 6(a) or 6(b)(iii).

"Event of Default" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"Illegality" has the meaning specified in Section 5(b).

"law" includes any treaty, law, rule or regulation and "lawful" and "unlawful" will be construed accordingly.

"Local Business Day" means, subject to the Schedule, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) (a) in relation to any obligation under Section 2(a)(i), in the place(s) specified in the relevant Confirmation or, if not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) in relation to any other payment, in the place where the relevant account is located, (c) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), in the city specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (d) in relation to Section 5(a)(v)(2), in the relevant locations for performance with respect to such Specified Transaction.

"Loss" means, with respect to this Agreement or one or more Terminated Transactions, as the case may be, and a party, an amount that party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with this Agreement or that Terminated Transaction or group of Terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of such party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain





resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made (assuming satisfaction of each applicable condition precedent) on or before the relevant Early Termination Date and not made, except, so as to avoid duplication, if Section 6(e)(i)(1) or (3) or 6(e)(ii)(2)(A) applies. Loss does not include a party's legal fees and out-of-pocket expenses referred to under Section 9. A party will determine its Loss as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter as is reasonably practicable. A party may (but need not) determine its Loss by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant markets.

"Market Quotation" means, with respect to one or more Terminated Transactions and a party making the determination, an amount determined on the basis of quotations from Reference Market-makers. Each quotation will be for an amount, if any, that would be paid to such party (expressed as a negative number) or by such party (expressed as a positive number) in consideration of an agreement between such party (taking into account any existing Credit Support Document with respect to the obligations of such party) and the quoting Reference Market-maker to enter into a transaction (the "Replacement Transaction") that would have the effect of preserving for such party the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under Section 2(a)(i) in respect of such Terminated Transaction or group of Terminated Transactions that would but for the occurrence of the relevant Early Termination Date, have been required after that date. For this purpose, Unpaid Amounts in respect of the Terminated Transaction or group of Terminated Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included. The Replacement Transaction would be subject to such documentation as such party and the Reference Market-maker may, in good faith, agree. The party making the determination (or its agent) will request each Reference Market-maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the party obliged to make a determination under Section 6(e), and, if each party is so obliged, after consultation with the other. If more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations, without regard to the quotations having the highest and lowest values. If exactly three such quotations are provided, the Market Quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the Market Quotation in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.

"Non-default Rate" means a rate per annum equal to the cost (without proof of evidence of any actual cost) to the Non-defaulting Party (as certified by it) if it were to fund the relevant amount.

"Non-defaulting Party" has the meaning specified in Section 6(a).

"Potential Event of Default" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Reference Market-makers" means four leading dealers in the relevant market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among such dealers having an office in the same city.

"Schedule Payment Date" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"Set-off" means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the payer of an amount under Section 6 is entitled or subject (whether arising under



this Agreement, another contract, applicable law or otherwise) that is exercised by, or imposed on, such payer.

"Settlement Amount" means, with respect to a party and any Early Termination Date, the sum of:-

(a) the Market Quotations (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation is determined; and

(b) such party's Loss (whether positive or negative and without reference to any Unpaid Amounts) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation cannot be determined or would not (in the reasonable belief of the party making the determination) produce a commercially reasonable result.

"Specified Entity" has the meaning specified in the Schedule.

"Specified Indebtedness" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"Specified Transaction" means, subject to the Schedule, (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party of this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions), (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"Terminated Transactions" means with respect to any Early Termination Date (a) if resulting from a Termination Event, all Affected Transactions and (b) if resulting from an Event of Default, all Transactions (in either case) in effect immediately before the effectiveness of the notice designating that Early Termination Date (or, if "Automatic Early Termination" applies, immediately before that Early Termination Date).

"Termination Event" means an Illegality or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"Termination Rate" means a rate per annum equal to the arithmetic mean of the cost (without proof of evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

"Unpaid Amounts" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii)) to such party under Section 2(a)(i) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date and (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been out for Section 2(a)(iii)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest, in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Rate. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market value of any obligation referred to in clause (b) above shall be reasonably determined

by the party obligated to make the determined under Section 6(e) or, if each party is so obligated, it shall be the average of the fair market values reasonably determined by both parties.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

First Union National Bank of North Carolina

Culp, Inc.

(Name of Party)

(Name of Party)

By: /s/ John F. Wheatley  
Name: John F. Wheatley  
Title: Vice President  
Date:

By: /s/ Franklin N. Saxon  
Name: Franklin N. Saxon  
Title: VP & CFO  
Date: 4/18/95

SCHEDULE

to the

Master Agreement

dated as of \_\_\_\_\_, 19\_\_

between

First Union National Bank of North Carolina ("Party A") and Culp, Inc. ("Party B")

Part 1

Termination Provisions

In this Agreement:

(1) "Specified Entity" means, for the purposes of Section 5(a)(v), (vi) and (vii) and Section 5(b)(ii) of this Agreement, in the case of Party A, any Affiliate of Party A, and in the case of Party B, any Affiliate of Party B.

(2) "Specified Transaction" will have the meaning specified in Section 12 of this Agreement.

(3) The "Cross Default" provisions of Section 5(a)(vi) of this Agreement will apply to Party A and Party B; provided, however, that clause (2) of such Section 5(a)(vi) shall be amended to read as follows:

"(2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof, or in performing any other delivery obligation on the date required, in an aggregate amount of not less than the applicable Threshold Amount (or its U.S. dollar equivalent in the case of payment or other obligations not denominated in U.S. dollars or other delivery obligations) under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);".

For the purposes of Section 5(a)(vi) of this Agreement:

(a) "Specified Indebtedness" means any obligation (whether present, future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money or relating to the payment or delivery of funds or other property (including, without limitation, securities or any form of collateral) it being understood that, in any event, Specified Indebtedness with respect to Party B shall include its obligations under the Amended and Restated Credit Agreement among Culp, Inc. and First Union Bank of North Carolina as agent for First Union National Bank of North Carolina and Wachovia Bank of North Carolina, N.A. as amended from time to time (each as amended or modified, a "Loan Agreement").

(b) "Threshold Amount" means (A) with respect to Party A \$50,000,000, and (B) with respect to Party B, \$100,000; provided that the Threshold Amount with respect to Party B's obligations under a Loan Agreement means \$0.00.

(4) The "Credit Event Upon Merger" provisions of Section 5(b)(ii) will apply to Party A and Party B.

(5) The "Automatic Early Termination" provision of Section 6(a) will not apply to Party A or Party B.

(6) For the purpose of Section 6(e) of this Agreement, the Second Method and Market Quotation will apply.

(7) Additional Termination Events will not apply.

(8) Additional Event of Default will apply. The following event shall constitute additional Event of Default with respect to Party B:

Breach of Loan Agreement. Failure by Party B to comply with or perform any agreement or obligation set forth in a Loan Agreement (after the expiration of any applicable cure period specified therein) or any representation or warranty made by Party B in any Loan Agreement shall cease to be accurate and complete in any material respect, each of which agreements, obligations representations and warranties is hereby incorporated by reference as if fully set forth herein and which shall continue in full force and effect until each of the obligations of Party B hereunder have been paid in full and this Agreement has been terminated, notwithstanding the earlier termination of the Loan Agreement.

(9) Security Agreements. If Party B enters into any pledge or security agreement, or any similar agreement constituting a pledge of, or a grant of a security interest in, collateral (each a "Collateral Agreement") with Party A or any Affiliate of Party A, in order to secure the obligations of Party B under any Loan Agreement, and Party A and Party B enter into a Transaction

pursuant to this Agreement in connection with such Loan Agreement, Party B shall assure (1) that the obligations of Party B under this Agreement are included as secured obligations under such Collateral Agreement, and (2) that Party A is included as a secured party under the Collateral Agreement, pari passu with the other secured obligations under such Collateral Agreement, is granted a security interest in the collateral which is the subject of such Collateral Agreement and is entitled to exercise the rights of a secured party under such Security Agreement with respect to such collateral. Any such Security Agreement shall be a Credit Support Document.

Part 2

Documents to be Delivered

For the purpose of Sections 4(a) of this Agreement, each party agrees to deliver the following documents as applicable:

Party required to deliver document	Form/Document/Certificate	Date by which to be Delivered	Covered by Section 3(d) Rep.
Party B	An opinion of counsel to Party B substantially in the form of Exhibit B to this Schedule.	Upon execution of this Agreement.	Yes
Party B	Certified copies of its charter, by-laws and resolutions authorizing the execution, delivery and performance hereof.	Upon execution of this Agreement.	Yes
Party B	An incumbency certificate with respect to the signatory of this Agreement.	Upon execution of this Agreement.	Yes

Party required to deliver document	Form/Document/Certificate	Date by which to be Delivered	Covered by Section 3(d) Rep.
Party B	Financial Statements of Party B as required under the terms of the Loan Agreements between Party A and Party B.	In accordance with the delivery requirements defined in the Loan Agreements.	Yes
Party B	Fully executed copies of each Credit Support Document to which it or any Credit Support Provider for it is a party.	Upon execution of this Agreement.	Yes

PART 3

Miscellaneous

(1) Address for Notices. For the purpose of Section 10(a) of this Agreement:

Address for notices or communications to Party A:

Address: 301 South College  
Charlotte, NC 28288-0601

Attention: John Wheatley

Telex No.: 6827051 Answerback: 55555

Facsimile No.: (704) 374-4484 Telephone No.: (704) 374-4283  
(704) 383-5389

Address for notices or communications to Party B:

Address: \_\_\_\_\_

Attention: \_\_\_\_\_

Telex No.: \_\_\_\_\_ Answerback: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_ Telephone No.: \_\_\_\_\_

(2) Calculation Agent. The Calculation Agent is Party A.



(3) Credit Support Documents means with respect to Party B, the Amended and Restated Credit Agreement among Culp, Inc. and First Union National Bank of North Carolina as agent for First Union National Bank of North Carolina and Wachovia Bank of North Carolina, N.A. as amended from time to time.

(4) Credit Support Providers. Not applicable.

(5) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York without reference to choice of law doctrine.

(6) Netting of Payments. Subparagraph (ii) of Section 2(c) of this Agreement will not apply to all Transactions entered into under this Agreement unless provided otherwise in the Confirmation relating to a specific Transaction.

(7) "Affiliate" in the case of Party A means First Union Corporation and in the case of Party B has the meaning specified in Section 12 of this Agreement.

#### PART 4

##### Other Provisions

(1) Confirmation. A form of Confirmation is set forth as Exhibit A hereto. An execution copy of each Confirmation incorporating the terms of the related Transaction will be prepared by Party A and forwarded to Party B.

(2) ISDA Definitions. Reference is hereby made to the 1991 ISDA Definitions (the "1991 Definitions") published by the International Swaps and Derivatives Association, Inc., which is hereby incorporated by reference herein. Any terms used and not otherwise defined herein which are contained in the 1991 Definitions shall have the meaning set forth therein.

(3) Additional Representations. (a) In entering into each Relevant Agreement and each Transaction: (i) it is acting as principal and not as agent, (ii) it is relying solely upon its own evaluation of the Relevant Agreement or Transaction (including the present and future results, consequences, risks, and benefits thereof, whether financial, accounting, tax, legal, or otherwise) and their suitability for it and upon advice from its own professional advisors, (iii) it understands the Relevant Agreement or Transaction and those risks and is willing to assume those risks, and (iv) it has not relied and will not be relying upon any evaluation or advice (including any recommendation, opinion, or representation) from the other party or the other party's representatives or advisors (except any made in, or required

to be delivered under, any Relevant Agreement and is expressly set forth in writing).

"Relevant Agreement" means this Agreement, each Confirmation, any Credit Support Document, and any agreement (including any amendment, modification, transfer or early termination) between the parties relating thereto or to any Transaction.

"representative" of a party means any officer, director, employee, agent, or affiliate of the party or any of such affiliate's officers, directors, employees, agents, or affiliates.

(b) it is an "eligible swap participant" within the meaning of 17 C.F.R. (Section mark) 35.1.

(4) Right of Setoff. Without affecting the provisions of this Agreement requiring the calculation of certain net payment amounts, all payments under this Agreement will be made without setoff or counterclaim; provided, however, that if the Non-defaulting Party owes any amount pursuant to Section 6(e) of this Agreement, then in addition to and not in limitation of any other right or remedy (including any right to setoff, counterclaim, or otherwise withhold payment) under applicable law, it may set off against such amount the U.S. dollar equivalent of any sum or obligation (whether or not arising under this Agreement, and whether or not then due) of the Defaulting Party or any Affiliate of the Defaulting Party to the Non-defaulting Party or any of its Affiliates. For this purpose, the equivalent of any amount, and the present value of any amount not yet due, shall be determined by the Non-defaulting Party.

(5) Consent to Telephonic Recording. Each party hereby agrees that the other party or its agents may electronically record all telephone conversations between officers or employees of the consenting party and the officers or employees of the other party who quote swap transactions on behalf of the party. Any such recordings will be used only in connection with any misunderstanding or question arising with respect to any transaction discussed over the telephone by or on behalf of the parties. Each party further agrees to notify its officers or employees that telephone conversations with such persons acting on behalf of the other party may be recorded.

(6) Waiver of Right to Trial by Jury. Party A and Party B hereby irrevocably waive any and all right to trial by jury with respect to any legal proceeding arising out of or relating to this Agreement or any transaction contemplated hereby.

(7) Additional Agreements. (i) Each party agrees, upon learning of the occurrence of any event or commencement of any condition that constitutes (or that with the giving of notice or passage of time or both would constitute) an Event of Default or Termination Event with respect to the party, promptly to give the other party, notice of such event or condition (or, in lieu of giving notice of such event or condition in the case of an event or condition that with the giving of notice or passage of time or both would constitute an Event of Default or Termination Event with respect to the party, to cause such event or condition to cease to exist before becoming an Event of Default or Termination Event).

(ii) Party B agrees to give all notices described in 6(i) of this Part 5 with respect to any Credit Support Provider.

(8) Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability of such provision in such jurisdiction and such prohibition or unenforceability shall not impair the validity of such provision in any other jurisdiction. The parties hereto shall endeavor in good faith negotiations to replace the prohibited or unenforceable provision with a valid provision, the economic effect of which comes as close as possible to that of the prohibited or unenforceable provision.

IN WITNESS WHEREOF, the parties have executed this document as of the date specified on the first page of this Schedule.

FIRST UNION NATIONAL BANK  
OF NORTH CAROLINA

By: \_\_ (Signature of John F. Wheatley appears here) \_\_  
Name: (Hand stamped name of John G. Wheatley appears here)  
Title: (Hand stamped Vice President appears here)

CULP, INC.

By: \_\_ (Signature of Franklin N. Saxon appears here) \_\_  
Name: (Hand written name of Franklin N. Saxon appears here)  
Title: (Hand written VP & CP appears here)

(First Union Logo appears on left side of page)

Interest Rate Swap

Date: July 6, 1995

To: Mr. Franklin N. Saxon  
Culp, Inc.  
101 South Main Street  
7th Floor  
High Point, NC 27261-2686  
Phone: 910-888-6266 Fax: 910-887-7089

From: First Union National Bank of North Carolina

Subject: Interest Rate Swap

Ref. No. 9956-A

Dear Mr. Saxon:

The purpose of this letter agreement is to set forth the terms and conditions of the Interest Rate Swap Transaction entered into between Culp, Inc. ("Counterparty") and First Union National Bank of North Carolina ("First Union") on the Trade Date specified below (the "Swap Transaction"). This letter agreement constitutes a "Confirmation" as referred to in the Master Agreement specified below.

1. The definitions and provisions contained in the 1991 ISDA Definitions (as published by the International Swap Dealers Association, Inc.) (the "Definitions"), are incorporated into this Confirmation. In the event of any inconsistency between those definitions and the provisions and this Confirmation, this Confirmation will govern.

If you and we are parties to a Master Agreement that sets forth the general terms and conditions applicable to Swap Transactions between us (a "Swap Agreement"), this Confirmation supplements, forms a part of, and is subject to, such Swap Agreement. If you and we are not yet parties to a Swap Agreement, this Confirmation will supplement, form a part of, and be subject to, a Swap Agreement upon its execution by you and us. All provisions contained or incorporated by reference in such Swap Agreement shall govern this Confirmation except as expressly modified below. In addition, if a Swap Agreement has not been executed, this Confirmation will itself evidence a complete binding agreement between you and us as to the terms and conditions of the Swap Transaction to which this Confirmation relates.

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in (or refrained from engaging in) substantial financial transactions and has taken other

material actions in reliance upon the parties' entry into the Swap Transaction to which this Confirmation relates on the terms and conditions set forth below.

If on any Calculation Date (or if, for any Calculation period, as applicable), (a) the product of the Fixed Rate and the Fixed Rate Day Count Fraction exceeds the product of the Floating Rate (plus or minus the Spread, if applicable) and the Floating Rate Day Count Fraction, the Fixed Rate Payer shall pay the Floating Rate Payer, on the relevant Payment Date, an amount equal to such excess multiplied by the Notional amount, (b) the product of the Floating Rate (plus or minus the spread if applicable) and the Floating Rate Day Count Fraction exceeds the product of the Fixed Rate and the Fixed Rate Day Count Fraction, the Floating Rate Payer shall pay the Fixed Rate Payer, on the relevant Payment Date, an amount equal to such excess multiplied by the Notional Amount, or (c) the product of the Fixed Rate and the Fixed Rate Day Count Fraction is equal to the product of the Floating Rate (plus or minus the Spread, if applicable) and the Floating Rate Day Count Fraction, no amount shall be due by either side on the relevant Payment Date. Each party's obligation to make payment of any amount which would otherwise be due hereunder on a Payment Date shall be automatically satisfied and discharged by payment of the net amount due on such Payment Date, determined in the foregoing manner.

This Confirmation will be governed by and construed in accordance with the laws of the State of New York, without reference to choice of law doctrine, provided that this provision will be superseded by any choice of law provisions contained in the Swap Agreement.

2. The terms of the particular Swap Transaction to which this Confirmation relates are as follows:

Transaction Type:	Interest Rate Swap
Trade Date:	April 17, 1995
Effective Date:	April 19, 1995
Termination Date:	April 19, 2000, subject to adjustment in accordance with the Modified Following Business Day Convention
Notional Amount:	USD 15,000,000.00

Fixed Amounts:

Fixed Rate Payer: Counterparty

Fixed Rate Payment Dates: Monthly on the 19th day of each month, starting May 19, 1995, through and including the Termination Date, subject to the Modified Following Business Day Convention.

Fixed Rate: 7.34%

Fixed Rate Day  
Count Fraction: ACT/360

Floating Amounts:

Floating Rate Payer: First Union

Floating Rate Payment Dates: Monthly on the 19th day of each month, starting May 19, 1995, through and including the Termination Date, subject to the Modified Following Business Day Convention.

Floating Rate for Initial  
Calculation Period: 6.1250%

Floating Rate Option: USD-LIBOR-BBA

Designated Maturity: 1 Month

Spread: 0.50%

Floating Rate Day  
Count Fraction: ACT/360

Reset Dates: Monthly on the 19th day of each month, starting May 19, 1995, through and including March 19, 2000, subject to the Modified Following Business Day Convention.

Calculation Agent: First Union

Business Days: New York

Business Day Convention: Modified Following

Governing Law: State of New York

Payments to First Union: First Union Charlotte  
Capital Markets  
Attention: Derivatives Desk  
Fed. ABA No. 053000219  
Ref. No.: 9956-A

First Union Settlements: Brian Hall  
Derivatives Desk  
Ph. No.: 704-383-1185, Fax  
No.: 704-383-9139

Payments to Counterparty: Please forward instructions to  
FUNB-NC. No  
payments will be made prior to  
receipt of  
Counterparty's payment  
instructions.

First Union Address: One First Union Center  
301 South College Street TW-9  
Charlotte, NC 28288-0601

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation enclosed for that purpose and returning it to us.

Very truly yours,

FIRST UNION NATIONAL BANK  
OF NORTH CAROLINA

By: (Sig of Joseph M. Nenichka)  
Name: Joseph M. Nenichka  
Title: Vice President  
Date: (handwritten copy--4/17/95)

By: (sig of Kenneth A. Gill, III)  
Name: Kenneth A. Gill, III  
Title: Vice President  
Date: (handwritten copy--4/17/95)

Accepted and confirmed as of  
the date first above written:

CULP, INC.

By: (Signature of Franklin N. Saxon)  
Name: (handwritten--Franklin N. Saxon)  
Title: (handwritten--VP & CFO)  
Date: (handwritten--4/18/95)





## CULP, INC.

## 1994 PERFORMANCE-BASED OPTION PLAN

1. Purpose of Plan. This Performance-Based Option Plan (the "Plan") is intended to increase the incentive for participants to contribute to the success of Culp, Inc. and its subsidiaries ("Culp") and to reward them for their contribution to that success.

2. Shares Subject to Plan. The options granted under this Plan will be options to acquire shares of Culp's common stock, \$.05 par value. The maximum number of shares that may be issued pursuant to this Plan is 128,000.

3. Administration of Plan. The Compensation Committee (the "Committee") of Culp's Board of Directors will administer the Plan. Except to the extent permitted under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, during the year prior to commencement of service on the Committee, the Committee members will not have participated in or received securities under, and while serving and for one year after serving on the Committee, such members shall not receive securities under or be eligible for selection as persons to whom shares may be transferred or to whom stock options may be granted under, the Plan or any other discretionary plan of Culp (or an affiliate of Culp) under which participants are entitled to acquire shares, stock options or stock appreciation rights of Culp (or an affiliate of Culp).

The Committee, in addition to any other powers granted to it hereunder, shall have the powers, subject to the expressed provisions of the Plan:

(a) in its discretion, to determine the Employees (defined in Section 4(a) hereof) to receive options, the times when options shall be granted, the times when options may be exercised, the number of shares to be subject to each option, and any restrictions on the transfer or ownership of shares purchased pursuant to an option;

(b) to prescribe, amend and repeal rules and regulations of general application relating to the Plan;

(c) to construe and interpret the Plan;

(d) to require of any person exercising an option granted under the Plan, at the time of such exercise, the execution of any paper or making or any representation or the giving of any commitment that the Committee shall, in its discretion, deem necessary or advisable by reason of the securities laws of the United States or any State, or the execution of any paper or the payment of any sum of money in respect of taxes or the undertaking to pay or

have paid any such sum that the Committee shall, in its discretion, deem necessary by reason of the Internal Revenue Code or any rule or regulation thereunder, or by reason of the tax laws of any State;

(e) to amend stock options previously granted and outstanding, but no amendment to any such agreement shall be made without the consent of the optionee if such amendment would adversely affect the rights of the optionee under his stock option agreement; and no amendment shall be made to any stock option agreement that would cause the inclusion therein of any term or provision inconsistent with the Plan; and

(f) to make all other determinations necessary or advisable for the administration of the Plan. Determinations of the Committee with respect to the

matters referred to in this section shall be conclusive and binding on all persons eligible to participate under the Plan and their legal representatives and beneficiaries. The Committee shall have full authority to act with respect to the participation of any Employee, and nothing in the Plan shall be construed to be in derogation of such authority.

The Committee may designate selected Committee members or employees of Culp to assist the Committee in the administration of the Plan and may grant authority to such persons to execute documents, including options, on behalf of the Committee, subject in each such case to the requirements of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended.

Decisions and determinations of the Committee on all matters relating to the Plan shall be in its sole discretion and shall be conclusive. No member of the Committee, nor any person authorized to act on behalf of the Committee, shall be liable for any action taken or decision made in good faith relating to the Plan or any award thereunder.

4. Grant of Option to Employees.

(a) Employees to Whom Options May Be Granted. The Committee may grant an option to any employee of Culp who is a corporate officer or who is determined by the Committee to be a key senior manager ("Employee"). In determining which Employees will be granted an option, the Committee shall consider the duties of the Employees, their present and potential contributions to the success of Culp, and such other factors as the Committee deems relevant in connection with accomplishing the purposes of the Plan.

(b) Number of Shares. The Committee may grant to an Employee

an option to purchase such number of shares as the Committee may chose.

(c) Exercise Price. The exercise price with respect to each option granted hereunder will be \$.05, the par value of the company's stock.

(d) Date of Grants; Term of Options. On June 21, 1994, the Committee will grant to Employees hereunder options to purchase 128,000 shares, all of which options will be on the terms specified on Schedule 4(d) attached hereto.

5. Exercise. An option granted hereunder may be exercised as to part or all of the shares covered thereby. During the participant's lifetime, only the participant or his legal guardian may exercise an option granted to the participant. If a participant dies prior to the expiration date of an option granted to him, without having exercised his option as to all of the shares covered thereby, the option may be exercised by the estate or a person who acquired the right to exercise the option by bequest or inheritance or by reason of the death of the Employee.

6. Payment of Exercise Price. The exercise price will be payable upon exercise of the option to purchase shares. Payment of the exercise price shall be made in cash or, to the extent permitted by the Committee and as set forth in the Memorandum of Option, with shares of Culp common stock, valued at the fair market value on the date of exercise, delivered to or withheld by Culp at the time of exercise.

7. Transferability. No option granted hereunder may be transferred by the participant except by will or by the laws of descent and distribution, upon the death of the participant.

8. Memorandum of Option. The Committee will deliver to each participant to whom an option is granted a Memorandum of Option, stating the terms of the option.

9. Capital Adjustments. The number of shares of common stock covered by each outstanding option granted under the Plan, and the option price thereof, will be subject to an appropriate and equitable adjustment, as determined by the Committee, to reflect any stock dividend, stock split or share combination, and will be subject to such adjustment as the Committee may deem appropriate to reflect any exchange of shares, recapitalization, merger, consolidation, separation, reorganization, liquidation or the like, of or by Culp.

10. Amendment or Discontinuance. The Plan may be amended, altered or discontinued by the Board of Directors of Culp. No termination or amendment of the Plan shall materially and adversely

affect any rights or obligations of the holder of an option theretofore granted under the Plan without his consent.

11. Effect of the Plan. Neither the adoption of this Plan nor any action of the Board or the Committee shall be deemed to give any person any right to be granted an option to purchase common stock of Culp or any other rights hereunder except as may be expressly granted by the Committee and evidenced by a Memorandum of Option described in Section 8.

12. Effectiveness of the Plan; Duration. The Plan shall be effective upon the approval of the Plan by the Board of Directors of Culp, but the Plan shall be subject to approval by the vote of the holders of a majority of the shares of stock of Culp entitled to vote. The Committee shall grant options as contemplated in Section 4(d) before submission of the Plan to the shareholders for their approval, but if such approval is not obtained within six months of the approval by the Board of Directors, then the Plan shall terminate and any options theretofore granted shall be void. No options may be granted under this Plan except the initial grants as contemplated in Section 4(d).

Schedule 4(d)

1. Vesting/Exercisability. Except as provided below, the options would not become exercisable until January 1, 2003.

(a) Earnings. If the Company's reported audited earnings over a 3-year period ending with the end of fiscal 1997 average a compound growth rate of 17%, the options would become exercisable five business days after the Company makes a public announcement of such earnings. (The Committee would have the discretion to determine appropriate treatment for extraordinary items or accounting changes.)

(b) Death, Disability, Retirement. If the employee's employment terminates on account of death, disability or retirement after reaching age 65, his options will become immediately exercisable.

2. Duration of Options. Once the options become exercisable, they remain exercisable until December 31, 2003.

3. Early Termination of Options. If the employee's employment is terminated for cause, the option expires upon termination; otherwise the option expires three months after termination of employment.

CULP, INC.  
SCHEDULE OF COMPUTATION OF EARNINGS PER SHARE  
For the years ended April 30, 1995,  
May 1, 1994 and May 2, 1993

EXHIBIT 11

PRIMARY	YEARS ENDED		
	April 30, 1995	May 1, 1994	May 2, 1993
Net income	\$ 9,775,000	\$ 7,665,000	\$ 4,501,000
Weighted average common shares and other common stock equivalents:			
Common stock outstanding	11,203,160	11,075,988	10,874,622
Stock options	269,991	195,149	172,912
	11,473,151	11,271,137	11,047,534
Shares used in computation	11,203,160 (1)	11,075,988 (1)	10,874,622 (1)
Primary earnings per share	\$ 0.87	\$ 0.69	\$ 0.41
 FULLY DILUTED			
Net income	\$ 9,775,000	\$ 7,665,000	\$ 4,501,000
Weighted average common shares, other common stock equivalents and other potentially dilutive securities:			
Common stock outstanding	11,203,160	11,075,988	10,874,622
Stock options	271,108	195,149	172,912
Convertible note payable	66,955	-	-
	11,541,223 (2)	11,271,137 (2)	11,047,534 (2)
Shares used in computation	11,203,160	11,075,988	10,874,622
Fully diluted earnings per share	\$ 0.87	\$ 0.69	\$ 0.41

(1) Dilution is less than 3%. Therefore, common stock equivalents have been excluded from the total weighted average common shares.

(2) Dilution is less than 3%. Therefore, common stock equivalents and other potentially dilutive securities have been excluded from the total weighted average common shares.

LIST OF SUBSIDIARIES OF CULP, INC.

GUILFORD PRINTERS, INC.  
INCORPORATED IN NORTH CAROLINA

CULP INTERNATIONAL, INC.  
INCORPORATED IN VIRGIN ISLANDS

3096726 CANADA INC.  
INCORPORATED UNDER LAWS OF CANADA

RAYONESE TEXTILE INC.  
INCORPORATED UNDER LAWS OF CANADA



CONSENT OF INDEPENDENT AUDITORS

The Board of Directors  
Culp, Inc.:

We consent to incorporation by reference in the Registration Statements (Nos. 33-80206, 33-37027, and 33-13310) on Form S-8 of Culp, Inc. of our report dated June 1, 1995, relating to the consolidated balance sheets of Culp, Inc. as of April 30, 1995 and May 1, 1994, and the related consolidated statements of income, shareholders' equity and cash flows for each of the years in the three-year period ended April 30, 1995 which report is incorporated by reference in the April 30, 1995 annual report on Form 10-K of Culp, Inc.

Our report refers to the adoption of the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," in 1994.

KPMG PEAT MARWICK LLP

Greensboro, North Carolina  
July 14, 1995

## 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 30, 1995 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/ Andrew W. Adams  
Andrew W. Adams

Date: June 19 1995



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 30, 1995 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 26 1995



POWER OF ATTORNEY

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

Date: June 20 1995



POWER OF ATTORNEY

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/s/ Baxter P. Freeze  
Baxter P. Freeze

Date: June 20 1995





POWER OF ATTORNEY

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/s/ Earl M. Honeycutt  
Earl M. Honeycutt

Date: June 12 1995



POWER OF ATTORNEY

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/s/ Patrick H. Norton  
Patrick H. Norton

Date: June 14 1995



POWER OF ATTORNEY

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/s/ Earl N. Phillips, Jr.  
Earl N. Phillips, Jr.

Date: June 10 1995



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 30, 1995 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/ Bland W. Worley  
Bland W. Worley

Date: June 12 1995





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APR-30-1995  
APR-30-1995

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		(1,076)	
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55,998			
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		0.87	