UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

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

For the quarterly period ended February 1, 2004

Commission File No. 0-12781

CULP, INC.

(Exact name of registrant as specified in its charter)

NORTH CAROLINA	56-1001967
(State or other jurisdiction of incorporation or other organization)	(I.R.S. Employer Identification No.)
101 S. Main St., High Point, North Carolina	27261-2686
(Address of principal executive offices)	(zip code)

(336) 889-5161
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to the filing requirements for at least the past 90 days.

YES X NO

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

YES NO X

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

Common shares outstanding at February 1, 2004: 11,528,834
Par Value: $.05

INDEX TO FORM 10-Q
For the period ended February 1, 2004

CULP, INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FOR THE THREE MONTHS AND NINE MONTHS ENDED FEBRUARY 1, 2004 AND JANUARY 26, 2003
Unaudited
(Amounts in Thousands, Except for Per Share Data)

		THREE MONTHS ENDED				
		Amounts			Percent of Sales	
		February 1, 2004	January 26, 2003	% Over (Under)	February 1, 2004	January 26, 2003
Net sales	$	76,561	79,492	(3.7) %	100.0 %	100.0 %
Cost of sales		62,093	65,704	(5.5) %	81.1 %	82.7 %
Gross profit		14,468	13,788	4.9 %	18.9 %	17.3 %
Selling, general and administrative expenses		10,282	9,798	4.9 %	13.4 %	12.3 %
Restructuring expense		0	(354)	(100.0) %	0.0 %	(0.4)%
Income from operations		4,186	4,344	3.6 %	5.5 %	5.5 %
Interest expense		1,534	1,665	(7.9) %	2.0 %	2.1 %
Interest income		(113)	(143)	(21.0) %	(0.1)%	(0.2)%
Early extinguishment of debt		1,672	0	100.0 %	2.2 %	0.0 %
Other expense (income), net		229	192	19.3 %	0.3 %	0.2 %
Income before income taxes		864	2,630	(67.1) %	1.1 %	3.3 %
Income taxes*		112	963	(88.4) %	13.0 %	36.6 %
Net income	$	752	1,667	(54.9) %	1.0 %	2.1 %
Net income per share-basic		$0.07	$0.15	(53.3) %		
Net income per share-diluted		$0.06	$0.14	(57.1) %		
Average shares outstanding-basic		11,529	11,485	0.4 %		
Average shares outstanding-diluted		11,859	11,714	1.2 %		

		NINE MONTHS ENDED				
		Amounts			Percent of Sales	
		February 1, 2004	January 26, 2003	% Over (Under)	February 1, 2004	January 26, 2003
Net sales	$	232,968	249,240	(6.5) %	100.0 %	100.0 %
Cost of sales		190,283	207,855	(8.5) %	81.7 %	83.4 %
Gross profit		42,685	41,385	3.1 %	18.3 %	16.6 %
Selling, general and administrative expenses		31,089	29,716	4.6 %	13.3 %	11.9 %
Restructuring expense		0	13,006	(100.0) %	0.0 %	5.2 %
Income (loss) from operations		11,596	(1,337)	967.3 %	5.0 %	(0.5)%
Interest expense		4,540	5,244	(13.4) %	1.9 %	2.1 %
Interest income		(356)	(414)	(14.0) %	(0.2)%	(0.2)%
Early extinguishment of debt		1,672	0	100.0 %	0.7 %	0.0 %
Other expense (income), net		536	645	(16.9) %	0.2 %	0.3 %
Income (loss) before income taxes		5,204	(6,812)	176.4 %	2.2 %	(2.7)%
Income taxes*		1,717	(2,804)	161.2 %	33.0 %	41.2 %
Income (loss) before cumulative effect of accounting change		3,487	(4,008)	187.0 %	1.5 %	(1.6)%
Cumulative effect of accounting change, net of income taxes		0	(24,151)			
Net income (loss)	$	3,487	(28,159)			
Basic income (loss) per share:						
Income (loss) before cumulative effect of accounting change	$	0.30	(0.35)	186.5 %		
Cumulative effect of accounting change		0.00	(2.11)	100.0 %		
Net income (loss)	$	0.30	(2.46)	112.3 %		
Diluted income (loss) per share:						

Income (loss) before cumulative effect of accounting change	$	0.30	(0.35)	184.7 %
Cumulative effect of accounting change		0.00	(2.11)	100.0 %
Net income (loss)	$	0.30	(2.46)	112.1 %
Average shares outstanding-basic		11,522	11,450	0.6 %
Average shares outstanding-diluted		11,764	11,450	2.7 %

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

See accompanying notes to consolidated financial statements

CULP, INC.
CONSOLIDATED BALANCE SHEETS
FEBRUARY 1, 2004, JANUARY 26, 2003 AND APRIL 27, 2003
Unaudited
(Amounts in Thousands)

	Amounts		Increase (Decrease)		
	February 1, 2004	January 26, 2003	Dollars	Percent	* April 27, 2003
Current assets					
Cash and cash equivalents	$ 8,932	38,480	(29,548)	(76.8)%	14,355
Short-term investments	0	0	0	0.0 %	10,043
Accounts receivable	28,282	32,427	(4,145)	(12.8)%	32,259
Inventories	52,000	53,560	(1,560)	(2.9)%	49,552
Deferred income taxes	12,303	9,447	2,856	30.2 %	12,303
Other current assets	2,610	5,892	(3,282)	(55.7)%	3,204
Total current assets	104,127	139,806	(35,679)	(25.5)%	121,716
Property, plant & equipment, net	78,909	85,396	(6,487)	(7.6)%	84,962
Goodwill	9,240	9,240	0	0.0 %	9,240
Other assets	1,577	2,311	(734)	(31.8)%	2,235
Total assets	$ 193,853	236,753	(42,900)	(18.1)%	218,153
Current liabilities					
Current maturities of long-term debt	$ 544	13,133	(12,589)	(95.9)%	500
Accounts payable	17,790	21,924	(4,134)	(18.9)%	19,874
Accrued expenses	12,901	14,646	(1,745)	(11.9)%	14,071
Accrued restructuring	6,353	8,465	(2,112)	(24.9)%	7,743
Income taxes payable	2,428	0	2,428	100.0 %	349
Total current liabilities	40,016	58,168	(18,152)	(31.2)%	42,537
Long-term debt	50,519	83,008	(32,489)	(39.1)%	76,000
Deferred income taxes	3,851	3,502	349	10.0 %	3,851
Total liabilities	94,386	144,678	(50,292)	(34.8)%	122,388
Shareholders' equity	99,467	92,075	7,392	8.0 %	95,765
Total liabilities and shareholders' equity	$ 193,853	236,753	(42,900)	(18.1)%	218,153
Shares outstanding	11,529	11,487	42	0.4 %	11,515

* Derived from audited financial statements

See accompanying notes to consolidated financial statements

CULP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED FEBRUARY 1, 2004 AND JANUARY 26, 2003
Unaudited
(Amounts in Thousands)

	NINE MONTHS ENDED	
	Amounts	
	February 1, 2004	January 26, 2003
Cash flows from operating activities:		
Net income (loss)	$ 3,487	(28,159)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Cumulative effect of accounting change, net of income taxes	0	24,151
Depreciation	10,294	10,554
Amortization of other assets	136	286
Stock-based compensation	157	158
Restructuring expense	0	13,006
Changes in assets and liabilities:		
Accounts receivable	3,977	10,939
Inventories	(2,448)	4,339
Other current assets	594	(1,885)
Other assets	522	295
Accounts payable	544	(5,477)
Accrued expenses	(1,170)	(1,551)
Accrued restructuring expenses	(1,390)	(2,792)
Income taxes payable	2,079	0
Net cash provided by operating activities	16,782	23,864
Cash flows used in investing activities:		
Capital expenditures	(4,097)	(5,224)
Proceeds from the sale of short-term investments	10,043	0
Net cash provided by (used in) investing activities	5,946	(5,224)
Cash flows used in financing activities:		
Payments on vendor-financed capital expenditures	(2,772)	(778)
Principal payments of long-term debt	(25,437)	(12,343)
Proceeds from common stock issued	58	968
Net cash used in financing activities	(28,151)	(12,153)
Increase (decreases) in cash and cash equivalents	(5,423)	6,487
Cash and cash equivalents at beginning of period	14,355	31,993
Cash and cash equivalents at end of period	$ 8,932	38,480

See accompanying notes to consolidated financial statements

CULP, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

(Dollars in thousands, except share and per share data)

	Common Stock Shares	Common Stock Amount	Capital Contributed in Excess of Par Value	Unearned Compensation	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, April 28, 2002	11,319,584	$ 566	38,375	(769)	80,886	7	$ 119,065
Net loss					(24,887)		(24,887)
Net loss on cash flow hedges						(7)	(7)
Stock-based compensation				210			210
Common stock issued in connection with stock option plans	195,875	10	1,374				1,384
Balance, April 27, 2003	11,515,459	$ 576	39,749	(559)	55,999	0	$ 95,765
Net income					3,487		3,487
Stock-based compensation				157			157
Common stock issued in connection with stock option plans	13,375	1	57				58
Balance, February 1, 2004	11,528,834	$ 577	39,806	(402)	59,486	0	$ 99,467

See accompanying notes to consolidated financial statements

Culp, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Culp, Inc. and subsidiaries (the "company") include all adjustments, which are, in the opinion of management, necessary for fair presentation of the results of operations and financial position. All of these adjustments are of a normal recurring nature except as disclosed in notes 9 and 13 to the consolidated financial statements, which relate to fiscal 2003. Results of operations for interim periods may not be indicative of future results. The unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements, which are included in the company's annual report on Form 10-K filed with the Securities and Exchange Commission on July 28, 2003 for the fiscal year ended April 27, 2003.

The company's nine months ended February 1, 2004 and January 26, 2003 represent 40 and 39 week periods, respectively.

==

2. Stock-Based Compensation

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

The following table illustrates the effect on net income and income per share if the company had applied the fair value recognition provisions of SFAS No. 123, as amended by SFAS No. 148, for the three months ended February 1, 2004 and January 26, 2003.

(dollars in thousands, except per share data)

	February 1, 2004	January 26, 2003
Net income, as reported	$ 752	$ 1,667
Add: Total stock-based employee compensation expense included in net income, net of tax	39	17
Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards, net of tax	(116)	(56)
Pro forma net income	$ 675	$ 1,627
Income per share:		
Basic - as reported	$ 0.07	$ 0.15
Basic - pro forma	0.06	0.14
Diluted - as reported	0.06	0.14
Diluted - pro forma	0.06	0.14

The following table illustrates the effect on net income (loss) and income (loss) per share if the company had applied the fair value recognition provisions of SFAS No. 123, as amended by SFAS No. 148, for the nine months ended February 1, 2004 and January 26, 2003.

(dollars in thousands, except per share data)

	February 1, 2004	January 26, 2003
Net income (loss), as reported	$ 3,487	$ (28,159)
Add: Total stock-based employee compensation expense included in net income (loss), net of tax	105	50
Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards, net of tax	(356)	(169)

Pro forma net income (loss)	$ 3,236	$ (28,278)
Income (loss) per share:		
Basic - as reported	$ 0.30	$ (2.46)
Basic - pro forma	0.28	(2.47)
Diluted - as reported	0.30	(2.46)
Diluted - pro forma	0.28	(2.47)

3. Accounts Receivable

A summary of accounts receivable follows:

(dollars in thousands)	February 1, 2004	April 27, 2003
Customers	$ 30,864	$ 34,580
Allowance for doubtful accounts	(1,673)	(1,558)
Reserve for returns and allowances	(909)	(763)
	$ 28,282	$ 32,259

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

	Nine months ended	
(dollars in thousands)	February 1, 2004	January 26, 2003
Beginning balance	$ (1,558)	$ (2,465)
(Provision for) reversal of bad debt expense	(162)	512
Net write-offs	47	328
Ending balance	$ (1,673)	$ (1,625)

4. Inventories

Inventories are carried at the lower of cost or market. Cost is determined for substantially all inventories using the LIFO (last-in, first-out) method.

A summary of inventories follows:

(dollars in thousands)	February 1, 2004	April 27, 2003
Raw materials	$ 22,174	$ 23,269
Work-in-process	4,345	2,917
Finished goods	25,481	23,366
Total inventories valued at FIFO	52,000	49,552
Adjustments of certain inventories to LIFO	0	0
	$ 52,000	$ 49,552

5. Accounts Payable

A summary of accounts payable follows:

(dollars in thousands)	February 1, 2004	April 27, 2003
Accounts payable-trade	$ 14,933	$ 14,389
Accounts payable-capital expenditures	2,857	5,485
	$ 17,790	$ 19,874

6. Accrued Expenses

A summary of accrued expenses follows:

(dollars in thousands)	February 1, 2004	April 27, 2003

Compensation, commissions and related benefits	$ 7,430	$ 9,683
Interest	1,506	763
Other	3,965	3,625
	$ 12,901	$ 14,071

7. Long-Term Debt

A summary of long-term debt follows:

(dollars in thousands)	February 1, 2004	April 27, 2003
Unsecured term notes	$ 49,975	$ 75,000
Canadian government loan	1,088	1,500
	51,063	76,500
Less current maturities	(544)	(500)
	$ 50,519	$ 76,000

In August 2002, the company entered into an agreement with its principal bank lender that provides for a revolving loan commitment of $15.0 million, including letters of credit up to $2.5 million. Borrowings under the facility generally carry interest at the London Interbank Offered Rate plus an adjustable margin based upon the company's debt/EBITDA ratio, as defined by the agreement. As of February 1, 2004, there were $168,000 in outstanding letters of credit in support of inventory purchases and no borrowings outstanding under the agreement. The credit facility expires in August 2004.

During the third quarter of fiscal 2004, the company elected to make a $25.0 million prepayment on the unsecured term notes. As a result of this prepayment, the company incurred a consent fee and prepayment premium of $1.3 million, additional debt issue cost amortization of $144,000 and approximately $202,000 in other professional fees. The remaining principal balance is payable over an average remaining term of five years beginning March 2006 through March 2010. Interest is payable semi-annually at a fixed coupon rate of 7.76%.

The company's loan agreements require, among other things, that the company maintain compliance with certain financial ratios. At February 1, 2004, the company was in compliance with these financial covenants.

The principal payment requirements of long-term debt during the next five fiscal years are: 2004 - $0; 2005 - $544,000; 2006 - $8,079,000; 2007 - $7,535,000; and 2008 - $19,835,000.

8. Cash Flow Information

Payments for interest and income taxes follow:

	Nine months ended	
(dollars in thousands)	February 1, 2004	January 26, 2003
Interest	$ 3,835	$ 3,954
Income tax refunds	(362)	(1,746)

The non-cash portion of capital expenditures representing vendor financing totaled $331,000 and $3.7 million for the nine months ended February 1, 2004 and January 26, 2003, respectively.

9. Restructuring and Asset Impairment Charges

A summary of accrued restructuring follows:

(dollars in thousands)	February 1, 2004	April 27, 2003
Fiscal 2003 CDF	$ 5,833	$ 6,989
Wet Printed Flock	486	543
Fiscal 2001 CDF	34	211
	$ 6,353	$ 7,743

Fiscal 2003 CDF Restructuring

In August 2002, management approved a restructuring plan within the Culp Decorative Fabrics division aimed at lowering manufacturing costs, simplifying the dobby fabric upholstery line, increasing asset utilization and enhancing the division's manufacturing competitiveness. The restructuring plan principally involved (1) consolidation of the division's weaving, finishing, yarn making and distribution operations by closing the facility in Chattanooga, Tennessee and integrating these functions into other plants, (2) a significant reduction in the number of stock keeping units (SKUs) offered in the dobby product line and (3) a net reduction in workforce of approximately 300 positions. During fiscal 2003, the total restructuring and related charges incurred were $15.0 million, of which approximately $4.1 million represented non-cash items, including $2.8 million in impairment of property, plant and equipment and $1.3 million in inventory write-downs. Of the total charge, $12.0 million was recorded in restructuring expense in the 2003 Consolidated Statement of Income (Loss); and $1.3 million, related to inventory write-downs, and $1.7 million, related to equipment moving and relocation expense, were recorded in cost of sales in the 2003 Consolidated Statement of Income (Loss).

As of February 1, 2004, assets classified as held for sale consisted of machinery and equipment with a value of $166,000 and are included in other assets. Management is actively marketing these assets and anticipates their successful disposal.

The following summarizes the activity in the restructuring accrual:

(dollars in thousands)	Employee Termination Benefits	Lease Termination and Other Exit Costs	Total
Accrual established in fiscal 2003	$ 1,972	$ 7,194	$ 9,166
Paid in fiscal 2003	(1,228)	(949)	(2,177)
Balance, April 27, 2003	744	6,245	6,989
Paid in fiscal 2004	(354)	(802)	(1,156)
Balance, February 1, 2004	$ 390	$ 5,443	$ 5,833

Wet Printed Flock Restructuring

In April 2002, management approved a plan to exit the wet printed flock upholstery fabric business and has been actively seeking to sell the assets related to this product line. The exit plan involved closing a printing facility and flocking operation within the Culp Velvets/Prints division (CVP), reduction in related selling and administrative expenses and termination of 86 employees. The total charge for the exit plan was $9.7 million, of which approximately $8.2 million represented non-cash items, including $7.6 million in impairment of property, plant and equipment and $619,000 in inventory write-downs. Of the total charge, $9.1 million was recorded in restructuring expense in the 2002 Consolidated Statement of Income (Loss), and $619,000, related to inventory write-downs, was recorded in cost of sales in the 2002 Consolidated Statement of Income (Loss). During the fiscal year ended April 28, 2002, sales of the wet printed flock product contributed $17.1 million, or 4.5%, of the company's total sales and resulted in an operating loss of approximately $2.1 million.

During fiscal 2003, an additional restructuring expense of $1.3 million was recorded for the non-cash write-down of assets to reflect the deterioration in market value experienced since April 2002. Due to management's continual evaluation of the restructuring accrual, the reserve was reduced $313,000 to reflect current estimates of future health care claims. Additionally, the reserve was reduced $42,000 to reflect current estimates of future security expenses and other costs.

As of February 1, 2004, assets classified as held for sale, including a building, machinery and equipment of $170,000 are included in other assets. Management is actively marketing these assets and anticipates their successful disposal.

The following summarizes the activity in the CVP restructuring accrual:

(dollars in thousands)	Employee Termination Benefits	Lease Termination and Other Exit Costs	Total
Accrual established in fiscal 2002	$ 842	$ 610	$ 1,452
Paid in fiscal 2002	(5)	(5)	(10)
Balance, April 28, 2002	837	605	1,442
Adjustments in fiscal 2003	(313)	(42)	(355)
Paid in fiscal 2003	(428)	(116)	(544)
Balance, April 27, 2003	96	447	543
Paid in fiscal 2004	1	(58)	(57)
Balance, February 1, 2004	$ 97	$ 389	$ 486

Fiscal 2001 CDF Restructuring

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

During fiscal 2003, as a result of management's continual evaluation of the restructuring accrual, the reserve was reduced $275,000 to reflect current estimates of future health care claims and increased $276,000 to reflect current estimates of remaining lease expenses, property taxes, insurance and other exit costs.

As of February 1, 2004, there were no assets classified as held for sale in relation to the CDF restructuring.

The following summarizes the activity in the CDF restructuring accrual:

(dollars in thousands)	Employee Termination Benefits	Lease Termination and Other Exit Costs	Total
Accrual established in fiscal 2001	$ 969	$ 2,116	$ 3,085
Paid in fiscal 2001	(491)	(211)	(702)
Balance, April 29, 2001	478	1,905	2,383
Additions in fiscal 2002	925	218	1,143
Paid in fiscal 2002	(891)	(1,632)	(2,523)
Balance, April 28, 2002	512	491	1,003
Adjustments in fiscal 2003	(275)	276	1
Paid in fiscal 2003	(202)	(591)	(793)
Balance, April 27, 2003	35	176	211
Paid in fiscal 2004	(33)	(144)	(177)
Balance, February 1, 2004	$ 2	$ 32	$ 34

10. Comprehensive Income (Loss)

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

A summary of total comprehensive income (loss) follows:

	Three months ended	
(dollars in thousands)	February 1, 2004	January 26, 2003
Net income	$ 752	$ 1,667
Unrealized gain (loss) on foreign currency contracts, net of taxes:		
Unrealized holding gains arising during the period	0	99
Less: reclassification adjustment for gains included in net income	0	(85)
Unrealized gain (loss) on short-term investments:		
Add: reclassification adjustment for losses included in net income	57	0
Net comprehensive income	$ 809	$ 1,681

	Nine months ended	
(dollars in thousands)	February 1, 2004	January 26, 2003
Net income (loss)	$ 3,487	$ (28,159)
Unrealized gain (loss) on foreign currency contracts, net of taxes:		
Unrealized holding gains arising during the period	0	49
Less: reclassification adjustment for gains included in net income	0	(6)
Net comprehensive income (loss)	$ 3,487	$ (28,116)

===

11. Income (Loss) per Share

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

	Three months ended	
(dollars in thousands)	February 1, 2004	January 26, 2003
Weighted average common shares outstanding, basic	11,529	11,485
Effect of dilutive stock options	330	229
Weighted average common shares outstanding, diluted	11,859	11,714

Options to purchase 247,625 shares and 456,875 shares of common stock were not included in the computation of diluted income per share for the three months ended February 1, 2004 and January 26, 2003, respectively, because the exercise price of the options was greater than the average market price of the common shares.

	Nine months ended	
(dollars in thousands)	February 1, 2004	January 26, 2003
Weighted average common shares outstanding, basic	11,522	11,450
Effect of dilutive stock options	242	0
Weighted average common shares outstanding, diluted	11,764	11,450

Options to purchase 392,606 shares and 357,625 shares of common stock were not included in the computation of diluted income per share for the nine months ended February 1, 2004 and January 26, 2003, respectively, because the exercise price of the options was greater than the average market price of the common shares.

For the nine months ended January 26, 2003 options to purchase 640,875 shares were not included in the computation of diluted net loss per share because the company incurred a net loss for the period.

12. Segment Information

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

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

Net sales and gross profit for the company's operating segments follow:

	Three months ended	
(dollars in thousands)	February 1, 2004	January 26, 2003
Net sales:		
Upholstery Fabrics	$ 51,447	$ 55,995
Mattress Ticking	25,114	23,497
	$ 76,561	$ 79,492
Gross profit:		
Upholstery Fabrics	$ 9,375	$ 8,088
Mattress Ticking	5,093	5,700
	$ 14,468	$ 13,788

Net sales and gross profit for the company's operating segments follow:

(dollars in thousands)	Nine months ended February 1, 2004	Nine months ended January 26, 2003
Net sales:		
Upholstery Fabrics	$ 153,846	$ 174,452
Mattress Ticking	79,122	74,788
	$ 232,968	$ 249,240
Gross profit:		
Upholstery Fabrics	$ 25,191	$ 23,738
Mattress Ticking	17,494	17,647
	$ 42,685	$ 41,385

Identifiable assets, consisting of accounts receivable, inventories, property, plant and equipment and goodwill, for the company's operating segments follow:

(dollars in thousands)	February 1, 2004	pril 27, 2003
Upholstery Fabrics	$ 114,497	$ 124,889
Mattress Ticking	53,934	51,124
	168,431	176,013
Non-identifiable assets:		
Cash and cash equivalents	8,932	14,355
Short-term investments	0	10,043
Deferred income taxes	12,303	12,303
Other current assets	2,610	3,204
Other assets	1,577	2,235
Total assets	$ 193,853	$ 218,153

13. Cumulative Effect of Accounting Change

The company adopted SFAS No. 142, "Goodwill and Other Intangible Assets" effective April 29, 2002. SFAS No. 142 requires that goodwill no longer be amortized and that goodwill be tested for impairment by comparing each reporting unit's carrying value to its fair value. SFAS No. 142 requires that any goodwill impairment loss recognized as a result of initial application be reported as a change in accounting principle, and that the income per share effects of the accounting change be separately disclosed. For the initial application of SFAS No. 142, an independent business valuation specialist was engaged to assist the company in the determination of the fair market value of the Culp Decorative Fabrics (CDF) division because of the significance of the goodwill associated with the division and due to its operating performance for fiscal 2002 and 2001. The fair value of the CDF division as determined using several different valuation methods, including comparable companies, comparable transactions and discounted cash flow analysis, was determined to be less than its carrying value. Accordingly, the company recorded a goodwill impairment charge of $37.6 million ($24.2 million net of taxes of $13.4 million), or $2.11 per share diluted, related to the goodwill associated with the CDF division during the first quarter of fiscal 2003. After the goodwill impairment charge, the company's goodwill by division is: Culp Decorative Fabrics - $4.4 million, Culp Yarn - $700,000 and Culp Home Fashions - $4.1 million.

ITEM 2.

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

Results of Operations

The following analysis of financial condition and results of operations should be read in conjunction with the Financial Statements and Notes and other exhibits included elsewhere in this report.

Overview

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

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

The following table sets forth the company's sales and gross profit by segment/division for the three and nine months ended February 1, 2004 and January 26, 2003.

CULP, INC.
SALES / GROSS PROFIT BY SEGMENT/DIVISION
FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 1, 2004 AND JANUARY 26, 2003

(Amounts in thousands)

		THREE MONTHS ENDED (UNAUDITED)				
		Amounts			Percent of Total Sales	
Segment/Division Sales (1)		February 1, 2004	January 26, 2003	% Over (Under)	February 1, 2004	January 26, 2003
Upholstery Fabrics						
Culp Decorative Fabrics	$	29,173	31,798	(8.3)%	38.1 %	40.0 %
Culp Velvets/Prints		21,769	22,841	(4.7)%	28.4 %	28.7 %
Culp Yarn		505	1,356	(62.8)%	0.7 %	1.7 %
		51,447	55,995	(8.1)%	67.2 %	70.4 %
Mattress Ticking						
Culp Home Fashions		25,114	23,497	6.9 %	32.8 %	29.6 %
	$	76,561	79,492	(3.7)%	100.0 %	100.0 %

Segment Gross Profit					Gross Profit Margin	
Upholstery Fabrics (2)	$	9,375	8,088	15.9 %	18.2 %	14.4 %
Mattress Ticking		5,093	5,700	(10.6)%	20.3 %	24.3 %
Gross profit	$	14,468	13,788	4.9 %	18.9 %	17.3 %

		NINE MONTHS ENDED (UNAUDITED)				
		Amounts			Percent of Total Sales	
Segment/Division Sales (1)		February 1, 2004	January 26, 2003	% Over (Under)	February 1, 2004	January 26, 2003
Upholstery Fabrics						
Culp Decorative Fabrics	$	88,002	100,473	(12.4)%	37.8 %	40.3 %
Culp Velvets/Prints		62,093	69,277	(10.4)%	26.7 %	27.8 %
Culp Yarn		3,751	4,702	(20.2)%	1.6 %	1.9 %
		153,846	174,452	(11.8)%	66.0 %	70.0 %
Mattress Ticking						
Culp Home Fashions		79,122	74,788	5.8 %	34.0 %	30.0 %
	$	232,968	249,240	(6.5)%	100.0 %	100.0 %

Segment Gross Profit					Gross Profit Margin	
Upholstery Fabrics (2)	$	25,191	23,738	6.1 %	16.4 %	13.6 %
Mattress Ticking		17,494	17,647	(0.9)%	22.1 %	23.6 %
Gross profit	$	42,685	41,385	3.1 %	18.3 %	16.6 %

(1) International Sales and portion of total sales is: Q3 - $8.5 million FY04 (11.1%) & $8.2 million FY03 (10.3%); YTD - $26.1 million FY04 (11.2%) & $29.8 million FY03 (12.0%)
(2) Gross profit includes $751,000 and $1.9 million of restructuring related charges from the shut down of the Chattanooga operation for the three and nine month period of fiscal 2003, respectively.

Three and Nine Months ended February 1, 2004 compared with Three and Nine Months ended January 26, 2003

For the third quarter of fiscal 2004, net sales decreased 3.7% to $76.6 million; and the company reported net income of $752,000, or $0.06 per share diluted, compared with net income of $1.7 million, or $0.14 per share diluted, in the third quarter of fiscal 2003. The current quarter results include a $1.7 million charge, or $0.10 per share diluted, associated with a $25.0 million prepayment of the company's $75 million of outstanding senior notes. The financial results for the third quarter of fiscal 2003 included $397,000, or $.02 per share diluted, in restructuring and related charges.

For the first nine months of fiscal 2004, net sales decreased 6.5% to $233 million; and the company reported net income of $3.5 million, or $0.30 per share diluted, compared with a loss before the cumulative effect of accounting change of $4.0 million, or $0.35 per share diluted, for the same period last year. The financial results for the first nine months of fiscal 2004 include the $1.7 million prepayment charge ($0.10 per share diluted) described above. Including the cumulative effect of accounting change, the company reported a net loss for the first nine months of fiscal 2003 of $28.2 million, or $2.46 share. In the first quarter of 2003, the company recorded a non-cash goodwill impairment charge, net of income taxes, of $24.2 million, or $2.11 per share. Additionally, the financial results for the first nine months of fiscal 2003 included $14.9 million in restructuring and related charges. As reflected in the financial statements for fiscal 2003, restructuring and related charges were recorded as $13.0 million in the line item "restructuring expense" and $1.9 million in "cost of sales," reducing net income by $9.1 million, net of taxes (or $0.80 per share). Year-to-date results for fiscal 2004 include 40 weeks versus 39 weeks for the same period of fiscal 2003.

Upholstery Fabrics Segment

Net Sales -- Upholstery fabric sales for the third quarter of fiscal 2004 decreased 8.1% to $51.4 million compared with the third quarter of fiscal 2003, primarily reflecting a decline in orders in the Culp Decorative Fabrics (CDF) division, which management believes is related to an increasing consumer preference for leather and competition from imported fabrics, including cut and sewn kits. Although the 8.1% decline is higher than the 4.3% decline experienced during the previous quarter, this quarterly sales decline is a substantial improvement over the 22.5% decrease in the first quarter of fiscal 2004 and the 17.2% decrease in the fourth quarter of fiscal 2003.

Upholstery fabric yards sold during the third quarter were 11.8 million versus 13.2 million in the third quarter of fiscal 2003, a decline of 10.6%. Average selling price was $4.28 for the third quarter compared with $4.11 in the same quarter of last year, an increase of 4.1%, due primarily to higher average selling prices in the CDF division.

With the company's offshore sourcing efforts, including the China platform, the company is increasing significantly sales of upholstery fabric products produced outside of the company's U.S. manufacturing plants. These sales, which include microdenier suedes, accounted for approximately 8.5% of upholstery fabric sales for the third quarter of fiscal 2004, almost double the percentage from the year earlier quarter.

Year-to-date upholstery fabric sales decreased 11.8% to $153.8, reflecting weak consumer demand for furniture earlier in the fiscal year, an increase in consumer demand for leather furniture and an increase in imported upholstery fabrics, both in piece goods and cut and sewn kits. Year-to-date yards sold for the upholstery fabrics segment were 35.7 million versus 41.7 million in the same period last year. The year-to-date average selling price was $4.18 compared with $4.06 in the same period last year.

Gross Profit -- Gross profit for the third quarter of fiscal 2004 was $9.4 million, or 18.2%, versus $8.1 million, or 14.4%, for the same quarter of last year. For the first nine months of fiscal 2004, upholstery fabrics gross profit was $25.2 million, or 16.4% compared with $23.7 million, or 13.6% in the same period last year. Restructuring related charges of $751,000 and $1.9 million were included in gross profit for the third quarter and first nine months of fiscal 2003, respectively. The increase in gross profit and margins for both the quarter and year-to-date results primarily reflects significant gains in manufacturing operating efficiencies within the CDF division.

China Operations -- The start up of the company's China operation is generally proceeding in accordance with previously announced plans. During the third quarter, the company completed the installation of manufacturing equipment and began running some production trials. During the fourth quarter, the company expects to begin incoming fabric inspection and testing, and to start shipping fabric to customers. Limited finishing operations are also anticipated to begin in the fourth quarter of this fiscal year. As expected, the company is experiencing modest operating losses in its China operation during the start up phase, which is expected to be completed by the end of this fiscal year, although some level of operating losses from the China operation is expected to continue until some time in fiscal 2005.

Mattress Ticking Segment

Net Sales -- Mattress ticking sales for the third quarter of fiscal 2004 increased 6.9% to $25.1 million, due to better industry demand and continued gains with key customers. The 5.8% fiscal year to date sales gain in this segment is especially noteworthy because it has occurred during the bedding industry's ongoing transition to selling predominantly one-sided mattresses, which utilize about one-third less mattress ticking. This transition at retail began in late calendar year 2002 and is expected to continue through early calendar year 2005.

Mattress ticking yards sold during the third quarter of fiscal 2004 were 10.0 million compared with 9.0 million yards in the third quarter of last year, an increase of 11.1%. The average selling price was $2.50 for the third quarter, compared with $2.59 in the same quarter last year. Year-to-date yards sold were 31.5 million versus 29.8 million for the same period last year, a 5.7% increase. The $2.50 average selling price for the first nine months of fiscal 2004 was unchanged from the same period last year.

The company previously announced that it has entered into an agreement with another company to distribute flame-resistant fabrics to its customers in the bedding industry. This product is designed to help bedding customers comply with new safety standards, especially the State of California's new open flame mattress flammability standard, currently scheduled to go into effect January 1, 2005.

Gross Profit -- For the third quarter of fiscal 2004, the mattress ticking segment reported gross profit dollars and margins of $5.1 million and 20.3%, respectively, compared with $5.7 million and 24.3% for the same period of last year. Year-to-date gross profit for mattress ticking was $17.5 million, or 22.1% compared with 17.6 million, or 23.6% for the same period last year. This reduction in gross profit for both the third quarter and year-to-date was due principally to a modest change in product mix toward lower margin fabrics.

Other Corporate Expenses

Selling, General and Administrative Expenses -- SG&A expenses of $10.3 million for the third quarter increased approximately $500,000, or 4.9%, from the prior year amount. As a percent of net sales, SG&A expenses increased to 13.4% from 12.3% the previous year. This increase over the prior year was due primarily to a $435,000 credit to bad debt expense in the third quarter of fiscal 2003 resulting from a net reduction in the allowance for doubtful accounts, due to a decrease in past due receivable balances. The company did not have any bad debt expense or credit to bad debt expense in the third quarter of fiscal 2004.

SG&A expenses for the first nine months of fiscal 2004 increased 4.6% to $31.1 million, due primarily to higher professional fees and higher bad debt expense.

Interest Expense(Income) - Interest expense totaled $1.5 million and $4.5 million for the third quarter and first nine months of fiscal 2004, respectively, compared with $1.7 million and $5.2 million for the prior year comparable periods. The decrease in interest expense during the periods resulted from lower borrowings outstanding. Interest income decreased to $113,000 from $143,000 the previous year due to lower interest rates earned in fiscal 2004 compared with the previous year.

Early Extinguishment of Debt - See "Financing Arrangements" discussion below.

Income Taxes -- The effective tax rate (taxes as a percentage of pretax income (loss)) for the first nine months of fiscal 2004 was 33.0% compared with 41.2% for the first nine months of fiscal 2003. The higher rate for the prior period reflects the increased tax benefits related to the company's loss in the U.S. resulting from the restructuring charges recorded in the fiscal 2003 second quarter. The lower rate for fiscal 2004 also reflects the benefit from the company's decrease in estimated tax accruals during the third quarter, which reduced the annual effective rate from 37.0% to 33.0%, and increased earnings for the quarter and year-to-date by $208,000, or $0.02 per diluted share.

Liquidity and Capital Resources

Liquidity - The company's sources of liquidity include cash and cash equivalents, cash flow from operations and amounts available under its revolving credit line. These sources have been adequate for day-to-day operations and capital expenditures. The company expects these sources of liquidity to continue to be adequate for the foreseeable future. Cash and cash equivalents as of February 1, 2004 decreased to $8.9 million from $24.4 million at the end of fiscal 2003, reflecting free cash flow of $9.9 million for the first nine months of fiscal 2004, a $.4 million repayment of the term loan with the Canadian government and the $25.0 million prepayment of the company's $75.0 million outstanding senior notes (see additional discussion of free cash flow and debt below).

Accounts receivable as of February 1, 2004 decreased 12.8% from the year-earlier level, principally due to lower sales and an increase in the number of customers taking the cash discount for shorter payment terms. Days sales outstanding totaled 31 days at February 1, 2004, compared with 34 days at the same time last fiscal year. Inventories at the close of the third quarter decreased 2.9% from a year ago. Inventory turns for the third quarter were 4.7 versus 4.8 for the year-earlier period. Operating working capital (comprised of accounts receivable, inventories and trade accounts payable) was $62.5 million at February 1, 2004, down from $64.1 million a year ago.

Financing Arrangements -- During the third quarter of fiscal 2004, the company made a $25.0 million prepayment on its $75.0 million of outstanding senior notes. As part of the transaction, the company negotiated a five percent, or $1.25 million, premium to be paid to the current note holders for the prepayment of this principal amount. This premium amount, along with other related transaction costs, resulted in a charge of $1.7 million, or $0.10 per share, in the third quarter of fiscal 2004. As a result of this prepayment, the company will realize annualized savings of approximately $1.7 million, or $0.09

per share, in net interest expense in each of the next two years, and a declining amount over the reminder of the notes' term until 2010. In addition, the company's long-term debt to capital ratio improved to 33.9% compared with 51.1% for the same period last year. During the past three and one half years the company has generated sufficient cash flow from operations to reduce long-term debt by $86.0 million, or 62.0%.

The company's remaining $51.1 million in long-term debt is unsecured and is comprised of $50 million in outstanding senior notes, with a fixed interest rate of 7.76%, and a $1.1 million, non-interest bearing term loan with the Canadian government. Additionally, the company has a $15.0 million revolving credit line with a bank, of which no balance was outstanding at February 1, 2004. The bank agreement expires in August 2004. The first scheduled principal payment on the $50 million senior notes is due March 2006 in the amount of $7.5 million. The Canadian government loan is repaid in annual installments of approximately $500,000 per year. The company was in compliance with all financial covenants in its loan agreements as of February 1, 2004.

Capital Expenditures -- Capital spending for the first nine months of fiscal 2004 was $4.2 million. Depreciation is estimated at $14.0 million for the full fiscal year, which is unchanged from the previous year. For fiscal 2004, the company expects capital expenditures to be approximately $7.0 million, of which approximately $3.5 million is related to the company's China operations. The China investment includes manufacturing equipment and leasehold improvements. For fiscal 2005, the company anticipates capital expenditures to be approximately $8.0 million, of which approximately $4.4 million will be used for the purchase and up fit of an office building to be used for the company's corporate offices and showrooms (see discussion below).

The company's board of directors recently approved the purchase and up fit of an approximately 55,000 square foot building in High Point, North Carolina that will serve as the company's new corporate offices and as new space for the company's showrooms. This purchase will involve about one-half of the company's capital expenditure budget for fiscal 2005 and will result in the company's headquarters and showroom space being in the same facility for the first time. The move to the new space is expected to occur during the late summer and early fall of 2004, at which time the company will vacate leased space that it currently occupies in downtown High Point. In connection with vacating these leased premises, the company expects to take a charge related primarily to the remaining lease obligations of approximately $600,000, or $0.03 per share, during the second quarter of fiscal 2005. On an ongoing basis, however, the company will avoid lease expenses of approximately $750,000 per year that are currently being paid for rent and related expenses on its present office and showroom space. The company expects the annual operating costs of the new building to be significantly lower than the lease and related costs associated with the leased facilities.

Free Cash Flow -- Free cash flow is a non-GAAP performance measure that management believes provides useful information to investors because it measures the company's available cash flow for potential debt repayment, stock repurchases and additions to cash and cash equivalents. Free cash flow was $9.9 million for the first nine months of fiscal 2004, compared with $17.9 million for the same period last year. This decrease is primarily due to less cash flow generated from working capital. For fiscal 2004, the company believes free cash flow will be substantially less than fiscal 2003 primarily because the company does not expect the continued significant reduction in working capital reflected in each of the previous three years. In addition, the company will have higher payments on vendor-financed capital expenditures ($3.7 million in fiscal 2004 compared with $1.3 million in fiscal 2003).

A reconciliation of net cash provided by operating activities to free cash flow is set forth below:

(dollars in thousands)	Nine months ended	
	February 1, 2004	January 26, 2003
Net cash provided by operating activities	$16,782	$23,864
Minus: Capital expenditures	(4,097)	(5,224)
Minus: Payments on vendor-financed capital expenditures	(2,772)	(778)
Free Cash flow	$9,913	$17,862

Business Outlook

While the home furnishings retail environment appears to be improving, the company expects that fourth quarter consolidated sales will decrease slightly from the same quarter of last year. Mattress ticking segment sales are expected to continue to increase in the fourth quarter at a significantly higher rate than the 6.9% growth in the third quarter. Upholstery fabric segment sales are expected to decline from the same quarter of last year at about the same rate of 8.1% experienced in the third quarter, due primarily to softness in incoming orders for CDF. With these sales expectations and the current industry outlook, the company expects to report net income in the range of $0.31 to $0.35 per diluted share, with actual results primarily depending upon the level of demand throughout the quarter.

Seasonality

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

Critical Accounting Policies and Recent Accounting Developments

The company considered the disclosure requirements of Financial Reporting Release No. 60 regarding critical accounting policies and Financial Reporting Release No. 61 regarding liquidity and capital resources, certain trading activities and related party/certain other disclosures, and concluded that there were no material changes during the first nine months of fiscal 2004 that would warrant further disclosure beyond those matters previously disclosed in the company's Annual Report on Form 10-K for the year ended April 27, 2003.

Forward-Looking Information

This Report contains statements that may be deemed "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995 (Section 27A of the Securities Act of 1933 and Section 27A of the Securities and Exchange Act of 1934). Such statements are inherently subject to risks and uncertainties. Further, forward looking statements are intended to speak only as of the date on which they are made. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often but not always characterized by qualifying words such as "expect," "believe," "estimate," "plan" and "project" and their derivatives, and include but are not limited to statements about expectations for the company's future sales, gross profit margins, SG&A or other expenses, and earnings, as well as any statements regarding the company's view of estimates of the company's future results by analysts. Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income, and general economic conditions. Decreases in these economic indicators could have a negative effect on the company's business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could affect the company adversely. In addition, strengthening of the U. S. dollar against other currencies could make the company's products less competitive on the basis of price in markets outside the United States. Also, economic and political instability in international areas could affect the company's operations or sources of goods in those areas, as well as demand for the company's products in international markets. Finally, unanticipated delays or costs in executing restructuring actions could cause the cumulative effect of restructuring actions to fail to meet the objectives set forth by management. Other factors that could affect the matters discussed in forward looking statements are included in the company's periodic reports filed with the Securities and Exchange Commission.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The company is exposed to market risk from changes in interest rates on debt and foreign currency exchange rates. The company's market risk sensitive instruments are not entered into for trading purposes. The company's exposure to interest rate risk consists of floating rate debt based on the London Interbank Offered Rate plus an adjustable margin under the company's revolving credit agreement. As of February 1, 2004 there were no borrowings outstanding under the company's revolving credit agreement. Additionally, approximately 98% of the company's long-term debt is at a fixed rate. Thus, any reasonably foreseeable change in interest rates would have no material effect on the company's interest expense.

The company's exposure to fluctuations in foreign currency exchange rates is due primarily to a foreign subsidiary domiciled in Canada and firmly committed and anticipated purchases of certain machinery, equipment and raw materials in foreign currencies. The company's Canadian subsidiary uses the United States dollar as its functional currency. The company generally does not use financial derivative instruments to hedge foreign currency exchange rate risks associated with the Canadian subsidiary. However, the company generally enters into foreign exchange forward and option contracts as a hedge against its exposure to currency fluctuations on firmly committed and anticipated purchases of certain machinery, equipment and raw materials. The amount of Canadian-denominated sales and manufacturing costs are not material to the company's total sales and total manufacturing costs. Therefore, a 10% change in the exchange rate at February 1, 2004 would not have a material impact on the company's results of operations or financial position. Additionally, as the company utilizes foreign currency instruments for hedging anticipated and firmly committed transactions, a loss in fair value for those instruments is generally offset by an increase in the value of the underlying exposure.

ITEM 4. CONTROLS AND PROCEDURES

The company conducted a review and evaluation of its disclosure controls and procedures, under the supervision and with the participation of the company's Chief Executive Officer and Chief Financial Officer as of February 1, 2004, and the Chief Executive Officer and Chief Financial Officer have concluded that the company's disclosure controls and procedures are adequate and effective. In addition, no change in the company's internal control over financial reporting has occurred during, or subsequent to, the period covered by this report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

Part II - Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are filed as part of this report.

3(i)	Articles of Incorporation of the company, as amended, were filed as Exhibit 3(i) to the company's Form 10-Q for the quarter ended July 28, 2002, filed September 11, 2002, and are incorporated herein by reference.
3(ii)	Restated and Amended Bylaws of the company, as amended June 12, 2001, were filed as Exhibit 3(ii) to the company's Form 10-Q for the quarter ended July 29, 2001, filed September 12, 2001, and are incorporated herein by reference.
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K:

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

Form 8-K dated November 12, 2003, included under Item 7, Financial Statements and Exhibits, the notice to Culp, Inc. Directors and Executive Officers, dated November 12, 2003, and under Item 11, a description of the company's notice of blackout period for its Culp, Inc. Employees' Retirement Builder Plan because the Plan will be changing investment options and recordkeeper providers.

Form 8-K dated November 24, 2003, included under Item 12, Results of Operations and Financial Condition, the Company's press release for quarterly earnings and the Financial Information Release relating to certain financial information for the quarter ended November 2, 2003.

Form 8-K dated January 29, 2004, included under Item 9, Regulation FD, the company's press release to disclose a $25.0 million prepayment on the company's $75.0 million of outstanding senior notes.

SIGNATURE

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

CULP, INC.
(Registrant)

Date: March 17, 2004 By: /s/ Franklin N. Saxon

Franklin N. Saxon
Executive Vice President and Chief Financial Officer

(Authorized to sign on behalf of the registrant and also signing as principal financial officer)

Exhibit 31.1

CERTIFICATION

I, Robert G. Culp, III, Chairman of the Board and Chief Executive Officer of Culp, Inc., certify that:

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

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

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

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

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

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

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

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

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

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

Date: March 17, 2004

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

Exhibit 31.2

CERTIFICATION

I, Franklin N. Saxon, Executive Vice President and Chief Financial Officer of Culp, Inc., certify that:

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

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

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

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

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

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

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

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

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

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

Date: March 17, 2004

/s/ Franklin N. Saxon
Franklin N. Saxon
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Culp, Inc. (the "Company") on Form 10-Q for the period ended February 1, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert G. Culp,III, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

/s/ Robert G. Culp, III

Chairman of the Board and
Chief Executive Officer

March 17, 2004

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

Exhibit 32.2

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

In connection with the Quarterly Report of Culp, Inc. (the "Company") on Form 10-Q for the period ended February 1, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Franklin N. Saxon, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

/s/ Franklin N. Saxon

Executive Vice President and
Chief Financial Officer

March 17, 2004

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