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 October 31, 1999

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

Common shares outstanding at October 31, 1999: 11,320,184
Par Value: $.05

INDEX TO FORM 10-Q
For the period ended October 31, 1999

CULP, INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FOR THE THREE MONTHS AND SIX MONTHS ENDED OCTOBER 31, 1999 AND NOVEMBER 1, 1998

(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Sales	
	October 31, 1999	November 1, 1998	% Over (Under)	2000	1999
Net sales	$ 129,542	128,159	1.1 %	100.0 %	100.0 %
Cost of sales	105,835	107,685	(1.7)%	81.7 %	84.0 %
Gross profit	23,707	20,474	15.8 %	18.3 %	16.0 %
Selling, general and administrative expenses	16,035	15,474	3.6 %	12.4 %	12.1 %
Income from operations	7,672	5,000	53.4 %	5.9 %	3.9 %
Interest expense	2,484	2,464	0.8 %	1.9 %	1.9 %
Interest income	(16)	(19)	(15.8)%	(0.0)%	(0.0)%
Other expense (income), net	416	604	(31.1)%	0.3 %	0.5 %
Income before income taxes	4,788	1,951	145.4 %	3.7 %	1.5 %
Income taxes *	1,628	644	152.8 %	34.0 %	33.0 %
Net income	$ 3,160	1,307	141.8 %	2.4 %	1.0 %
Net income per share	$0.27	$0.10	170.0 %		
Net income per share, assuming dilution	$0.27	$0.10	170.0 %		
Dividends per share	$0.035	$0.035	0.0 %		
Average shares outstanding	11,749	12,995	(9.6)%		
Average shares outstanding, assuming dilution	11,868	13,120	(9.5)%		

	SIX MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Sales	
	October 31, 1999	November 1, 1998	% Over (Under)	2000	1999
Net sales	$ 245,479	238,826	2.8 %	100.0 %	100.0 %
Cost of sales	201,360	204,741	(1.7)%	82.0 %	85.7 %
Gross profit	44,119	34,085	29.4 %	18.0 %	14.3 %
Selling, general and administrative expenses	31,073	29,947	3.8 %	12.7 %	12.5 %
Income from operations	13,046	4,138	215.3 %	5.3 %	1.7 %
Interest expense	4,900	4,825	1.6 %	2.0 %	2.0 %
Interest income	(33)	(72)	(54.2)%	(0.0)%	(0.0)%
Other expense (income), net	971	1,374	(29.3)%	0.4 %	0.6 %
Income (loss) before income taxes	7,208	(1,989)	462.4 %	2.9 %	(0.8)%
Income taxes *	2,451	(656)	473.6 %	34.0 %	33.0 %
Net income (loss)	$ 4,757	(1,333)	456.9 %	1.9 %	(0.6)%
Net income (loss) per share	$0.40	($0.10)	500.0 %		
Net income (loss) per share, assuming dilution	$0.39	($0.10)	490.0 %		
Dividends per share	$0.07	$0.07	0.0 %		
Average shares outstanding	11,906	12,998	(8.4)%		
Average shares outstanding, assuming dilution	12,044	13,175	(8.6)%		

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

CULP, INC.
CONSOLIDATED BALANCE SHEETS
OCTOBER 31, 1999, NOVEMBER 1, 1998 AND MAY 2, 1999
Unaudited
(Amounts in Thousands)

		Amounts		Increase (Decrease)		* May 2,
		October 31, 1999	November 1, 1998	Dollars	Percent	1999
Current assets						
Cash and cash investments	$	790	1,177	(387)	(32.9)%	509
Accounts receivable		69,749	72,998	(3,249)	(4.5)%	70,503
Inventories		78,234	72,392	5,842	8.1 %	67,070
Other current assets		8,865	7,230	1,635	22.6 %	9,633
Total current assets		157,638	153,797	3,841	2.5 %	147,715
Restricted investments		1,085	3,409	(2,324)	(68.2)%	3,340
Property, plant & equipment, net		124,318	126,050	(1,732)	(1.4)%	123,310
Goodwill		50,571	54,433	(3,862)	(7.1)%	51,269
Other assets		5,064	4,333	731	16.9 %	4,978
Total assets	$	338,676	342,022	(3,346)	(1.0) %	330,612
Current liabilities						
Current maturities of long-term debt	$	1,678	1,678	0	0.0 %	1,678
Accounts payable		38,427	32,640	5,787	17.7 %	25,687
Accrued expenses		22,947	17,143	5,804	33.9 %	21,026
Income taxes payable		1,786	0	1,786	100.0 %	0
Total current liabilities		64,838	51,461	13,377	26.0 %	48,391
Long-term debt		133,875	150,210	(16,335)	(10.9)%	140,312
Deferred income taxes		14,583	11,227	3,356	29.9 %	14,583
Total liabilities		213,296	212,898	398	0.2 %	203,286
Shareholders' equity		125,380	129,124	(3,744)	(2.9)%	127,326
Total liabilities and shareholders' equity	$	338,676	342,022	(3,346)	(1.0)%	330,612
Shares outstanding		11,320	12,995	(1,675)	(12.9)%	12,079

* Derived from audited financial statements.

CULP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED OCTOBER 31, 1999 AND NOVEMBER 1, 1998
Unaudited
(Amounts in Thousands)

	SIX MONTHS ENDED	
	Amounts	
	October 31, 1999	November 1, 1998
Cash flows from operating activities:		
Net income (loss)	$ 4,757	(1,333)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	9,516	9,198
Amortization of intangible assets	798	829
Changes in assets and liabilities:		
Accounts receivable	754	775
Inventories	(11,164)	6,202
Other current assets	768	578
Other assets	(186)	(93)
Accounts payable	7,937	(2,395)
Accrued expenses	1,921	(793)
Income taxes payable	1,786	(1,282)
Net cash provided by operating activities	16,887	11,686
Cash flows from investing activities:		
Capital expenditures	(10,524)	(6,443)
Purchases of restricted investments	(27)	(66)
Sale of restricted investments	2,282	678
Net cash used in investing activities	(8,269)	(5,831)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	5,333	2,535
Principal payments on long-term debt	(11,770)	(6,284)
Change in accounts payable-capital expenditures	4,803	(2,179)
Dividends paid	(822)	(910)
Payments to acquire common stock	(5,901)	(160)
Proceeds from common stock issued	20	8
Net cash used in financing activities	(8,337)	(6,990)
Increase (decrease) in cash and cash investments	281	(1,135)
Cash and cash investments at beginning of period	509	2,312
Cash and cash investments at end of period	$ 790	1,177

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

(Dollars in thousands, except per share data)

	Common Stock		Capital Contributed in Excess of Par Value	Retained Earnings	Total Shareholders' Equity
	Shares	Amount			
Balance, May 3, 1998	13,007,021	$ 650	$ 40,882	$ 89,987	$ 131,519
Cash dividends ($0.14 per share)				(1,788)	(1,788)
Net income				3,102	3,102
Common stock issued in connection with stock option plans	10,750	1	34		35
Common stock purchased	(938,600)	(47)	(2,950)	(2,545)	(5,542)
Balance, May 2, 1999	12,079,171	604	37,966	88,756	127,326
Cash dividends ($0.07 per share)				(822)	(822)
Net income				4,757	4,757
Common stock issued in connection with stock option plans	7,313		20		20
Common stock purchased	(766,300)	(38)	(2,408)	(3,455)	(5,901)
Balance, October 31, 1999	11,320,184	$ 566	$ 35,578	$ 89,236	$ 125,380

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

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Culp, Inc. and subsidiary include all adjustments, consisting only of normal, recurring adjustments and accruals, which are, in the opinion of management, necessary for fair presentation of the results of operations and financial position. 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 incorporated by reference in the company's annual report on Form 10-K filed with the Securities and Exchange Commission on July 30, 1999 for the fiscal year ended May 2, 1999.

2. Accounts Receivable

A summary of accounts receivable follows (dollars in thousands):

	October 31, 1999	May 2, 1999
Customers	$ 72,033	$ 73,089
Allowance for doubtful accounts	(1,587)	(1,452)
Reserve for returns and allowances	(697)	(1,134)
	$ 69,749	$ 70,503

3. 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):

	October 31, 1999	May 2, 1999
Raw materials	$ 47,698	$ 40,728
Work-in-process	6,627	6,790
Finished goods	30,487	24,885
Total inventories valued at FIFO cost	84,812	72,403
Adjustments of certain inventories to the LIFO cost method	(1,478)	(1,478)
Adjustments of certain inventories to market	(5,100)	(3,855)
	$ 78,234	$ 67,070

4. Restricted Investments

Restricted investments were purchased with proceeds from industrial revenue bond issues and are invested pending application of such proceeds to project costs or repayment of the bonds. The investments are stated at cost which approximates market value.

5. Accounts Payable

A summary of accounts payable follows (dollars in thousands):

	October 31, 1999	May 2, 1999
Accounts payable-trade	$ 33,387	$ 25,450
Accounts payable-capital expenditures	5,040	237
	$ 38,427	$ 25,687

6. Accrued Expenses

A summary of accrued expenses follows (dollars in thousands):

	October 31, 1999	May 2, 1999
Compensation and benefits	$ 14,490	$ 13,136
Other	8,457	7,890
	$ 22,947	$ 21,026

7. Long-Term Debt

A summary of long-term debt follows (dollars in thousands):

	October 31, 1999	May 2, 1999
Senior unsecured notes	$ 75,000	$ 75,000
Industrial revenue bonds and other obligations	33,519	35,278
Revolving credit facility	22,000	25,000
Revolving line of credit	0	0
Obligations to sellers	5,034	6,712
	135,553	141,990
Less current maturities	(1,678)	(1,678)
	$ 133,875	$ 140,312

The senior unsecured notes have a fixed coupon rate of 6.76% and an average remaining term of 9 years. The principal payments become due from March 2006 to March 2010 with interest payable semi-annually.

The company's revolving credit agreement (the "Credit Agreement") provides an unsecured multi-currency revolving credit facility, which expires in April 2002, with a syndicate of banks in the United States. The Credit Agreement provides for a revolving loan commitment of $88,000,000. The agreement requires payment of a quarterly facility fee in advance. On borrowings outstanding at October 31, 1999, the interest rate was 6.53%.

The company's $6,000,000 revolving line of credit expires on November 30, 2000. However, the line of credit will automatically be extended for an additional three-month period on each February 28, May 31, August 31 and November 30 unless the bank notifies the company that the line of credit will not be extended. At October 31, 1999, no borrowings were outstanding under the revolving line of credit.

The industrial revenue bonds (IRBs) are generally due in balloon maturities which occur at various dates from 2006 to 2013. The IRBs are collateralized by restricted investments of $1,085,000 and letters of credit for the outstanding balance of the IRBs and certain interest payments due thereunder.

The company's loan agreements require, among other things, that the company maintain compliance with certain financial ratios. At October 31, 1999, the company was in compliance with these required financial covenants.

At October 31, 1999, the company had three interest rate swap agreements with a bank in order to reduce its exposure to floating interest rates on a portion of its variable rate borrowings. The following table summarizes certain data regarding the interest rate swaps:

notational amount	interest rate	expiration date
$15,000,000	7.3%	April 2000
$ 5,000,000	6.9%	June 2002
$ 5,000,000	6.6%	July 2002

The company believes it could terminate these agreements as of October 31, 1999 for little or no cost based on current market conditions. Net amounts paid under these agreements increased interest expense by approximately $171,000 and $119,000 for the six months of fiscal 2000 and 1999, respectively. Management believes the risk of incurring losses resulting from the inability of the bank to fulfill its obligation under the interest rate swap agreements to be remote and that any losses incurred would be immaterial.

8. Cash Flow Information

Payments for interest and income taxes during the period were (dollars in thousands):

	2000	1999
Interest	$5,197	$ 4,974
Income taxes, net of $1,781 in refunds in 2000	59	2,067

9. Foreign Exchange Forward Contracts

The company generally enters into foreign exchange forward and option contracts as a hedge against its exposure to currency fluctuations on firm commitments to purchase certain machinery and equipment and raw materials. The company had approximately $3,700,000 of outstanding foreign exchange forward contracts as of October 31, 1999.

10. Net Income (Loss) Per Share

The following tables reconcile the numerators and denominators of net income (loss) per share and net income (loss) per share, assuming dilution for the three and six months ended October 31, 1999 and November 1, 1998:

	THREE MONTHS ENDED					
	October 31, 1999			November 1, 1998		
(Amounts in thousands, except per share data)	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income per share	$3,160	11,749	$0.27	$1,307	12,995	$0.10
Effect of dilutive securities: Options	-	119		-	125	
Net income per share, assuming dilution	$3,160	11,868	$0.27	$1,307	13,120	$0.10

	SIX MONTHS ENDED					
	October 31, 1999			November 1, 1998		
(Amounts in thousands, except per share data)	Income (Numerator)	Shares (Denominator)	Per Share Amount	(Loss) (Numerator)	Shares (Denominator)	Per Share Amount
Net income (loss) per share	$4,757	11,906	$0.40	($1,333)	12,998	($0.10)
Effect of dilutive securities: Options	-	138		-	177	
Net income (loss) per share, assuming dilution	$4,757	12,044	$0.39	($1,333)	13,175	($0.10)

11. 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, wet and 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 investments, accounts receivable, other current assets, restricted investments, property, plant and equipment, goodwill and other assets on a total company basis. Thus, identifiable assets by business segment represent inventories.

Sales and gross profit for the company's operating segments for the three months ended October 31, 1999 and November 1, 1998 are as follows:

(dollars in thousands):

	October 31, 1999	November 1, 1998
Net sales		
Upholstery Fabrics	$ 103,038	$ 104,668
Mattress Ticking	26,504	23,491
	$ 129,542	$ 128,159
Gross Profit		
Upholstery Fabrics	$ 17,165	$ 14,739
Mattress Ticking	6,542	5,735
	$ 23,707	$ 20,474

Sales and gross profit for the company's operating segments for the six months ended October 31, 1999 and November 1, 1998 are as follows:

(dollars in thousands):

	October 31, 1999	November 1, 1998
Net sales		
Upholstery Fabrics	$ 193,892	$ 192,703
Mattress Ticking	51,587	46,123
	$ 245,479	$ 238,826
Gross Profit		
Upholstery Fabrics	$ 31,607	$ 23,275
Mattress Ticking	12,512	10,810
	$ 44,119	$ 34,085

Inventories for the company's operating segments as of October 31, 1999 and November 1, 1998 are as follows:

(dollars in thousands):

	October 31, 1999	November 1, 1998
Inventories		
Upholstery Fabrics	$ 63,555	$ 60,873
Mattress Ticking	14,679	11,519
	$ 78,234	$ 72,392

CULP, INC.
SALES BY SEGMENT/DIVISION
FOR THE THREE MONTHS AND SIX MONTHS ENDED OCTOBER 31, 1999 AND NOVEMBER 1, 1998

(Amounts in thousands)

		THREE MONTHS ENDED (UNAUDITED)				
		Amounts			Percent of Total Sales	
Segment/Division		October 31, 1999	November 1, 1998	% Over (Under)	2000	1999
Upholstery Fabrics						
Culp Decorative Fabrics	$	56,897	59,573	(4.5)%	43.9 %	46.5 %
Culp Velvets/Prints		41,783	38,728	7.9 %	32.3 %	30.2 %
Culp Yarn		4,358	6,367	(31.6)%	3.4 %	5.0 %
		103,038	104,668	(1.6)%	79.5 %	81.7 %
Mattress Ticking						
Culp Home Fashions		26,504	23,491	12.8 %	20.5 %	18.3 %
	* $	129,542	128,159	1.1 %	100.0 %	100.0 %

		SIX MONTHS ENDED (UNAUDITED)				
		Amounts			Percent of Total Sales	
Segment/Division		October 31, 1999	November 1, 1998	% Over (Under)	2000	1999
Upholstery Fabrics						
Culp Decorative Fabrics	$	107,413	111,018	(3.2)%	43.8 %	46.5 %
Culp Velvets/Prints		77,992	68,722	13.5 %	31.8 %	28.8 %
Culp Yarn		8,487	12,963	(34.5)%	3.5 %	5.4 %
		193,892	192,703	0.6 %	79.0 %	80.7 %
Mattress Ticking						
Culp Home Fashions		51,587	46,123	11.8 %	21.0 %	19.3 %
	* $	245,479	238,826	2.8 %	100.0 %	100.0 %

* U.S. sales were $97,216 and $94,472 for the second quarter of fiscal 2000 and fiscal 1999, respectively; and $189,340 and $178,782 for the six months of fiscal 2000 and fiscal 1999, respectively. The percentage increase in U.S. sales was 2.9% for the second quarter and an increase of 5.9% for the six months.

CULP, INC.
INTERNATIONAL SALES BY GEOGRAPHIC AREA
FOR THE THREE MONTHS AND SIX MONTHS ENDED OCTOBER 31, 1999 AND NOVEMBER 1, 1998

(Amounts in thousands)

		THREE MONTHS ENDED (UNAUDITED)				
		Amounts			Percent of Total Sales	
Geographic Area		October 31, 1999	November 1, 1998	% Over (Under)	2000	1999
North America (Excluding USA)	$	9,912	8,502	16.6 %	30.7 %	25.2 %
Europe		6,069	7,223	(16.0)%	18.8 %	21.4 %
Middle East		8,960	10,060	(10.9 %	27.7 %	29.9 %
Far East & Asia		5,357	5,435	(1.4)%	16.6 %	16.1 %
South America		630	1,238	(49.1)%	1.9 %	3.7 %
All other areas		1,398	1,229	13.8 %	4.3 %	3.6 %
	$	32,326	33,687	(4.0)%	100.0 %	100.0 %

		SIX MONTHS ENDED (UNAUDITED)				
		Amounts			Percent of Total Sales	
Geographic Area		October 31, 1999	November 1, 1998	% Over (Under)	2000	1999
North America (Excluding USA)	$	17,588	15,755	11.6 %	31.3 %	26.2 %
Europe		8,998	10,906	(17.5)%	16.0 %	18.2 %
Middle East		15,952	18,360	(13.1 %	28.4 %	30.6 %
Far East & Asia		9,666	10,303	(6.2)%	17.2 %	17.2 %
South America		1,250	2,238	(44.1)%	2.2 %	3.7 %
All other areas		2,685	2,482	8.2 %	4.8 %	4.1 %
	$	56,139	60,044	(6.5)%	100.0 %	100.0 %

International sales, and the percentage of total sales, for each of the last five fiscal years follows: fiscal 1995-$57,971 (19%); fiscal 1996-$77,397 (22%); fiscal 1997-$101,571 (25%); fiscal 1998-$137,223 (29%); and fiscal 1999-$113,354 (23%). International sales for the second quarter represented 25.0% and 26.3% for 2000 and 1999, respectively. Year-to-date international sales represented 22.9% and 25.1% of total sales for 2000 and 1999, respectively.

Item 2.

Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Overview

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

Culp's worldwide leadership as a manufacturer and marketer of upholstery fabrics and mattress ticking has been achieved through internal expansion and the integration of strategic acquisitions.

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

Three and Six Months ended October 31, 1999 compared with Three and Six Months ended November 1, 1998

Net Sales. Net sales for the second quarter of fiscal 2000 increased by $1.4 million, or 1.1%, compared with the same quarter of fiscal 1999. The company's sales of upholstery fabrics decreased $1.6 million, or 1.6%, for the quarter compared with the prior year. Alternatively, the company's sales of mattress ticking increased $3.0 million, or 12.8%, for the quarter compared with the prior year. Net sales for the first six months of fiscal 2000 increased by $6.7 million, or 2.8%, compared with the year-earlier period. The company's sales of upholstery fabrics and mattress ticking increased $1.2 million and $5.5 million, respectively, or 0.6% and 11.8%, respectively, for the first six months compared with the prior year. During the first quarter of fiscal 1999, the company implemented a major reorganization from six business units to four divisions. This new corporate alignment grouped related operations together and was accompanied by several changes in managerial positions. The company believes that benefits of this move have included improved customer service, more effective use of design resources and increased manufacturing efficiency.

The 0.6% increase in sales of upholstery fabrics in the first half of fiscal 2000 reflects higher sales of upholstery fabrics to U.S.-based customers that offset a 34.5% decrease in external Culp Yarn sales and a 6.5% decrease in international sales. The decrease in external Culp Yarn sales is due primarily to an increasing percentage of sales to divisions within the company. As a result, external Culp Yarn sales for the first half of fiscal 2000 represent 31.4% of total sales for the division compared with 45.9% in the prior year. Weakness in international sales, which the company believes has also affected other manufacturers of upholstery fabrics, has persisted since the close of fiscal 1998. The company has taken steps to mitigate the impact of this industry-wide trend by significantly curtailing production schedules for certain international-targeted fabrics, introducing a new line of printed cotton upholstery fabrics and shifting its marketing focus to geographic areas where demand appears more favorable. The company has a diversified global base of customers and is seeking to broaden that further to minimize exposure to economic uncertainties in any geographic area.

The increased sales by Culp Home Fashions (primarily mattress ticking) during the second quarter and first half of fiscal 2000 marked a continuation of the longer-term expansion that this division has experienced. The introduction of new designs and fabric constructions as well as the advantages of the company's vertical integration are driving Culp's growth in mattress ticking. In particular, the ability to manufacture the jacquard greige (or unfinished) goods that are then printed to produce mattress ticking has aided Culp in meeting faster delivery schedules and providing improved overall customer service.

Gross Profit and Cost of Sales. Gross profit for the second quarter increased 15.8% to $23.7 million when compared to the year-earlier period, and increased as a percentage of net sales from 16.0% to 18.3%. For the first six months, gross profit increased 29.4% to $44.1 million and increased as a percentage of net sales from 14.3% to 18.0%. The increase was due principally to the actions that the company took during fiscal 1999 to improve profitability, including a significant reduction in the capacity for manufacturing printed flock fabrics and an intense effort to reduce operating expenses and raise productivity. The cost of raw materials has remained relatively stable during the first half of fiscal 2000.

Selling, General and Administrative Expenses. Selling, general and administrative expenses as a percentage of sales for the second quarter of fiscal 2000 were 12.4%, up slightly from 12.1% for the year-earlier period. For the first six months, these expenses increased slightly as a percentage of sales to 12.7% versus 12.5% for the prior year. Although the company has ongoing programs to contain operating expenses, the company is incurring higher costs related to resources for the design of new fabrics and information systems, as well as other increased operating expenses intended to support a higher level of sales.

Interest Expense. Interest expense of $2.5 million and $4.9 million for the second quarter and first six months, respectively, was unchanged and up $0.1 million, respectively, from a year ago. A lower average amount of borrowings outstanding was offset by lower capitalized interest related to capital expenditures and higher average interest rates.

Other Expense. Other expense decreased to $416,000 and $971,000 for the second quarter and first six months of 2000, respectively, versus $604,000 and $1,374,000, respectively, for the year-earlier periods. These decreases were due principally to the incidence of a non-recurring charge in the first quarter of fiscal 1999 to write-off certain fixed assets and to higher investment income on the assets related to the nonqualified deferred compensation plan in the second quarter of fiscal 2000.

Income Taxes. The effective tax rate for the second quarter and first six months of fiscal 2000 was 34.0%, up slightly from 33.0% for the year-earlier periods.

Net Income (Loss) Per Share. Net income per share for the second quarter of 2000 totaled $0.27 per share diluted compared with $0.10 per share diluted a year ago. For the first half, the company reported net income of $0.39 per share diluted versus a net loss of $0.10 per share diluted in the prior year.

Liquidity and Capital Resources

Liquidity. Cash and cash investments were $0.8 million as of October 31, 1999, compared with $1.2 million at November 1, 1998, and $0.5 million at the end of fiscal 1999. Funded debt (long-term debt, including current maturities, less restricted investments) was $134.5 million at October 31, 1999, down from $148.5 million at November 1, 1998 and $138.7 million at May 2, 1999. As a percentage of total capital (funded debt plus total stockholders' equity), the company's borrowings amounted to 51.7% at October 31, 1999, compared with 53.5% at November 1, 1998, and 52.1% at May 2, 1999. The company's working capital as of October 31, 1999 was $92.8 million, compared with $102.3 million as of November 1, 1998, and $99.3 million at the close of fiscal 1999. The decrease in working capital since May 2, 1999 is primarily due to an increase of $4.8 million in accounts payable-capital expenditures.

The company's cash flow from operations was $16.9 million for the first six months of fiscal 2000, consisting of $15.1 million from earnings (net income plus depreciation and amortization) and a $1.8 million decrease in working capital.

In separate authorizations in June 1998, March 1999 and September 1999, the board of directors of the company authorized the use of a total of $15.0 million to repurchase the company's common stock. During fiscal 1999, the company repurchased 938,600 shares at an average price of $5.90 per share under these authorizations. During the first half of fiscal 2000, the company repurchased 766,300 shares at an average price of $7.70 per share.

Financing Arrangements. In April 1998, Culp completed the sale of $75 million of senior unsecured notes ("Notes") in a private placement to institutional investors. The Notes have a fixed coupon rate of 6.76% and an average remaining term of nine years.

Culp has an $88 million syndicated, unsecured, multi-currency revolving credit facility. The facility, which expires in April 2002, requires quarterly payments of interest on all outstanding borrowings and a quarterly facility fee paid in advance. As of October 31, 1999, the company had outstanding borrowings of $22 million under the credit facility.

The company also has a total of $33.5 million in currently outstanding industrial revenue bonds ("IRBs") which have been used to finance capital expenditures. The IRBs are collateralized by restricted investments of $1.1 million as of October 31, 1999 and letters of credit for the outstanding balance of the IRBs and certain interest payments due thereunder.

The company's loan agreements require, among other things, that the company maintain certain financial ratios. As of October 31, 1999, the company was in compliance with these financial covenants.

As of October 31, 1999, the company had three interest rate swap agreements to reduce its exposure to floating interest rates on a $25 million notional amount. The effect of these contracts is to "fix" the interest payable on $25 million of the company's variable rate borrowings at a weighted average rate of 7.1%. The company also enters into foreign exchange forward and option contracts to hedge against currency fluctuations with respect to firm commitments to purchase certain machinery, equipment and raw materials. The company had approximately $3.7 million of outstanding foreign exchange forward contracts as of October 31, 1999.

Capital Expenditures. The company maintains an ongoing program of capital expenditures designed to increase capacity as needed, enhance manufacturing efficiencies through modernization and increase the company's vertical integration. Capital expenditures for the first half of fiscal 2000 totaled $10.5 million compared with $6.4 million in the year-earlier period. The company currently projects capital spending of approximately $23 million in fiscal 2000.

The company believes that cash flows from operations and funds available under existing credit facilities and committed IRB financings will be sufficient to fund capital expenditures and working capital requirements for the foreseeable future.

Inflation

The cost of the company's raw materials has been generally stable during the past four quarters. Factors that reasonably can be expected to influence margins in the future include changes in raw material prices, trends in other operating costs and overall competitive conditions.

Seasonality

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

Year 2000 Considerations

Management has developed and implemented a plan to modify the company's information technology to recognize the year 2000. Problems with recognition of dates in the year 2000 are generally referred to as "year 2000 issues." The plan to address year 2000 issues has three distinct areas of focus; namely, traditional information systems, technology used in support areas, and preparedness of suppliers and customers.

The initiative for traditional information systems, which started in 1992, has led to completion of the assessment, required changes and testing of the company's operational systems (order entry, billing, sales, finished goods) and financial systems (payroll, human resources, accounts payable, accounts receivable, general ledger, fixed assets). The final phase of the traditional information systems involved the systems that support the company's manufacturing processes. The programming and testing of these systems was substantially completed by April 1, 1999, and implementation of these systems was completed by October 31, 1999. The company does not believe any material problems will be caused by year 2000 issues with respect to its internal information systems.

The second area of focus has been an assessment of non-traditional information technology, which includes the electronics in equipment such as telephone switches and manufacturing equipment. Inventories of this equipment have been completed and correspondence has been completed with vendors and suppliers of this equipment. Based on the results of the inventories and the correspondence with the vendors, the company believes that any remediation of year 2000 issues that would be necessary would be immaterial to the company.

The third area of focus is communications with suppliers and customers to understand their level of readiness and assure a constant flow of materials to support business plans. Communication to date has shown a high level of awareness and planning by these parties. The company has contacted its major trading partners and is unaware of any significant exposures. However, the nature of the inquiries, which are based on unverifiable responses from its partners, does not guarantee that all responses were accurate. Additionally, the company does a significant amount of business internationally, and according to published reports some areas of the world are not as prepared as the U. S. Some of the company's customers are distributors and are not the end user of our product. While most customers have said they expect no problems related to year 2000 issues, we are unable to offer assurances due to the nature of this business and the inability to assess all areas of the world. If a significant vendor or customer experiences significant year 2000 problems, the company can give no assurance that such an occurrence will not have an adverse affect on the company's results. However, the company believes its action and contingency plans will minimize these risks and prevent any major interruptions in the flow of materials and products.

The company believes the most reasonable worst case scenarios related to year 2000 issues involve the disruption of goods and services from the company's vendors. The overall worst case scenario would result from the interruption of utility services to the company's manufacturing facilities. Due to seasonal shutdowns, the majority of the company's manufacturing facilities are normally closed on January 1. While not all operating schedules have been set, a majority of the facilities will not be operating on January 1st and 2nd. During this period there will be teams in the company's locations to test the equipment and utility service. This schedule will afford a location the benefit of additional time in which a utility vendor could remediate the problem before normal production schedules were to be resumed. If an interruption persists, some production could be shifted to other locations that manufacture similar products. However, if a problem continues for several days, a loss of revenue might result. The amount of loss would depend on the amount of time necessary to remediate the problem and the amount of inventory available ready for shipment.

The company's year 2000 plan is being administered by a team of internal staff and management. Costs incurred in the company's readiness effort are being expensed as incurred. Anticipated costs are expected to approximate $800,000 and to date an estimated $775,000 has been spent. This project, and year 2000 issues in general, are not expected to have a significant effect on the company's operations, though no assurance can be given in this regard.

The discussion in this section contains year 2000 readiness disclosures within the meaning of the Year 2000 Information and Readiness Disclosure Act of 1998.

Forward-Looking Information

The company's quarterly report on Form 10-Q contains statements that could be deemed "forward-looking statements," within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995.

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

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," effective for periods beginning after June 15, 2000, although early adoption is allowed. This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The company has not determined the financial impact of adopting this SFAS and has not determined if it will adopt its provisions prior to its effective date.

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 has not experienced any significant changes in market risk since October 31, 1999.

The company's exposure to interest rate risk consists of floating rate debt based on the London Interbank Offered Rate plus an adjustable margin under the company's revolving credit agreement and variable rate debt in connection with the industrial revenue bonds. To lower or limit overall borrowing costs, the company enters into interest rate swap agreements to modify the interest characteristics of portions of its outstanding debt. The agreements entitle the company to receive or pay to the counterparty (a major bank), on a quarterly basis, the amounts, if any, by which the company's interest payments covered by swap agreements differ from those of the counterparty. These amounts are recorded as adjustments to interest expense. The fair value of the swap agreements and changes in fair value resulting from changes in market interest rates are not recognized in the consolidated financial statements. The annual impact on the company's results of operations of a 100 basis point interest rate change on the October 31, 1999 outstanding balance of the variable rate debt would be approximately $537,000 irrespective of any swaps associated with this debt.

The company's exposure to fluctuations in foreign currency exchange rates is due primarily to a foreign subsidiary domiciled in Canada and 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 firm commitments to purchase certain machinery, equipment and raw materials. The Canadian subsidiary is not material to the company's consolidated results of operations; therefore, the impact of a 10% change in the exchange rate at October 31, 1999 would not have a significant impact on the company's results of operations or financial position. In addition, the company had approximately $3.7 million of outstanding foreign exchange forward contracts as of October 31, 1999. As a result, any change in exchange rates would not have a significant impact on the company's results of operations or financial position as the foreign exchange forward contracts have "fixed" the exchange rate.

Part II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Shareholders of the company was held in High Point, North Carolina on September 21, 1999. Of the 12,040,484 shares of common stock outstanding on the record date, 11,205,127 shares were present in person or by proxy.

At the Annual Meeting, shareholders voted on:

- ratifying the appointment of KPMG LLP as the independent auditors of the company for the current fiscal year, and;

- the election of three directors: Robert T. Davis, Franklin N. Saxon, and Judith C. Walker, to serve until the 2002 Annual Meeting, and the election of one director: Dan E. Jacobs to serve until the 2001 Annual Meeting.

A. Proposal to ratify the election of KPMG LLP as independent auditors of the company for fiscal year 2000:

For	11,190,082
Against	9,167
Abstain	5,878
Broker Non-Votes	-0-

B. Proposal for Election of Directors:

Robert T. Davis		Franklin N. Saxon	
For	11,186,681	For	11,181,349
Against	-0-	Against	-0-
Abstain	18,446	Abstain	23,778
Broker Non-Votes	-0-	Broker Non-Votes	-0-
Judith C. Walker		Dan E. Jacobs	
For	11,169,950	For	11,158,600
Against	-0-	Against	-0-
Abstain	35,177	Abstain	46,527
Broker Non-Votes	-0-	Broker Non-Votes	-0-

Item 6. Exhibits and Reports on Form 8-K

The following exhibits are filed as part of this report or incorporated by reference. Management contracts, compensatory plans, and arrangements are marked with an asterisk (*).

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

3(ii) Restated and Amended Bylaws of the Company, as amended, were filed as Exhibit 3(b) to the Company's Form 10-K for the year ended April 28, 1991, filed July 25, 1991, and are incorporated herein by reference.

3(iii) Articles of Amendment of Culp, Inc. dated October 5, 1999 for the purpose of amending its Restated Charter to fix the designation, preferences, limitations and relative rights of a series of its Preferred Stock.

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

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

10(c) Loan Agreement dated January 5, 1990 with the Guilford County Industrial Facilities and Pollution Control Financing Authority, North Carolina, relating to Series 1989 Industrial Revenue Bonds in the principal amount of $4,500,000, was filed as Exhibit 10(d) to the Company's Form 10-K for the year ended April 19, 1990, filed on July 15, 1990, and is incorporated herein by reference.

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

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

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

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

10(p) 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, 1995, filed on March 15, 1995, and is incorporated herein by reference.

10(q) 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 on March 15, 1995, and is incorporated herein by reference.

10(r) Interest Rate Swap Agreement between Company and First Union National Bank of North Carolina dated April 17, 1995, was filed as Exhibit 10(aa) to the Company's Form 10-K for the year ended April 30, 1995, filed on July 26, 1995, and is incorporated herein by reference.

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

10(t) Interest Rate Swap Agreement between Company and First Union National Bank of North Carolina, dated May 31, 1995 was filed as exhibit 10(w) to the Company's Form 10-Q for the quarter ended July 30, 1995, filed on September 12, 1995, and is incorporated herein by reference.

10(u) Interest Rate Swap Agreement between Company and First

Union National Bank of North Carolina, dated July 7, 1995 was filed as exhibit 10(x) to the Company's Form 10-Q for the quarter ended July 30, 1995, filed on September 12, 1995, and is incorporated herein by reference.

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

10(w) Lease Agreement dated November 1, 1993 by and between the Company and Chromatex, Inc. was filed as Exhibit 10(w) to the Company's Form 10-Q for the quarter ended October 29, 1995, filed on December 12, 1995, and is incorporated herein by reference.

10(x) Lease Agreement dated November 1, 1993 by and between the Company and Chromatex Properties, Inc. was filed as Exhibit 10(x) to the Company's Form 10-Q for the quarter ended October 29, 1995, filed on December 12, 1995, and is incorporated herein by reference.

10(y) Amendment to Lease Agreement dated May 1, 1994 by and between the Company and Chromatex Properties, Inc. was filed as Exhibit 10(y) to the Company's Form 10-Q for the quarter ended October 29, 1995, filed on December 12, 1995, and is incorporated herein by reference.

10(z) Canada-Quebec Subsidiary Agreement on Industrial Development (1991), dated January 4, 1995, was filed as Exhibit 10(z) to the Company's Form 10-Q for the quarter ended October 29, 1995, filed on December 12, 1995, and is incorporated herein by reference.

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

10(bb) Loan Agreement between the Alamance County Industrial Facilities and Pollution Control Financing Authority, North Carolina and the Company, dated December 1, 1996, relating to Tax Exempt Adjustable Mode Industrial Development Revenue Bonds, (Culp, Inc. Project Series 1996) in the aggregate amount of $6,000,000 was filed as Exhibit 10(cc) to the Company's Form 10-Q for the quarter ended January 26, 1997, and is incorporated herein by reference.

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

10(dd) Second Amendment to Lease Agreement between Chromatex Properties, Inc. and the Company, dated April 17, 1997 was filed as Exhibit 10(dd) to the Company's Form 10-K for the year ended April 27, 1997, and is incorporated herein by reference.

10(ee) Lease Agreement between Joseph E. Proctor (doing business as JEPCO) and the Company, dated April 21, 1997 was filed as Exhibit 10(ee) to the Company's Form 10-K for the year ended April 27, 1997, and is incorporated herein by reference.

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

10(gg) Revolving Line of Credit for $4,000,000 dated April 23, 1997 by and between the Company and Wachovia Bank of North Carolina, N.A. was filed as Exhibit 10(gg) to the Company's Form 10-K for the year ended April 27, 1997, and is incorporated herein by reference.

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

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

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

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

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

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

$6,000,000 Principal Amount, The Alamance County Industrial Facilities and Pollution Control Financing Authority Tax-exempt Adjustable Mode Industrial Development Revenue Bonds (Culp, Inc. Project) Series 1996.

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

10(ii) Loan Agreement and Reimbursement and Security Agreement dated July 1, 1997 with the Robeson County Industrial Facilities and Pollution Control Financing Authority relating to the issuance of Tax-Exempt Adjustable Mode Industrial Development Revenue Bonds (Culp, Inc. Project), Series 1997 in the aggregate principal amount of $8,500,000 was filed as Exhibit 10(ii) to the Company's Form 10-Q for the quarter ended August 3, 1997, and is incorporated herein by reference.

10(jj) Asset Purchase Agreement dated as of August 4, 1997 by and between Culp, Inc., Phillips Weaving Mills, Inc., Phillips Printing Mills, Inc., Phillips Velvet Mills, Inc., Phillips Mills, Inc., Phillips Property Company, LLC, Phillips Industries, Inc. and S. Davis Phillips was filed as Exhibit (10jj) to the Company's Form 10-Q for the quarter ended November 2, 1997, and is incorporated herein by reference.

10(kk) Asset Purchase Agreement dated as of October 14, 1997 among Culp, Inc., Artee Industries, Incorporated, Robert T. Davis, Robert L. Davis, Trustee u/a dated 8/25/94, Robert L. Davis, Louis W. Davis, Kelly D. England, J. Marshall Bradley, Frankie S. Bradley and Mickey R. Bradley was filed as Exhibit 10(kk) to the Company's Form 10-Q for the quarter ended November 2, 1997, and is incorporated herein by reference.

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

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

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

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

27 Financial Data Schedule

(b) Reports on Form 8-K:

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

(1) Form 8-K dated August 18, 1999, included under Item 5, Other Events, included the Company's press release for quarterly earnings and the Financial Information Release relating to certain financial information for the quarter ended August 1, 1999.

(2) Form 8-K dated October 12, 1999, included under Item 5, Other Events, included the September 21, 1999 declaration by the Board of Directors of the Company of a dividend distribution of one preferred share purchase right for each outstanding share of common stock, par value $0.05 per share, of the Corporation and a summary description of the Rights Agreement. The Rights Agreement and the Company's press release announcing adoption of the Rights Plan by the Board of Directors of Culp, Inc. are included as Exhibits 99.1 and 99.2, respectively, under Item 7.

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: December 15, 1999 By: s/s Phillip W. Wilson
Phillip W. Wilson
Vice President and Chief Financial and Accounting Officer

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

ARTICLES OF AMENDMENT
OF
CULP, INC.

The undersigned corporation hereby submits these Articles of Amendment for the purpose of amending its Restated Charter to fix the designation, preferences, limitations and relative rights of a series of its Preferred Stock.

1. The name of the corporation is Culp, Inc.

2. The Restated Charter of the corporation is hereby amended by adding the following provisions, as follows:

Pursuant to the authority vested in the Board of Directors in accordance with the provisions of its Restated Charter, a series of Preferred Stock designated as Series A Participating Preferred Stock, $0.05 par value per share, be, and it hereby is, created, and that the designation and amount thereof and the powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof (in addition to the provisions in the Restated Charter that are applicable to the Preferred Stock of all classes and series) are as follows:

Series A Participating Preferred Stock

1. Designation and Amount. The shares of such series of Preferred Stock shall be designated as "Series A Participating Preferred Stock," par value $0.05 per share, and the number of shares constituting such series shall be 2,000,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, however, that no decrease shall reduce the number of shares of Series-A Participating Preferred Stock to less than the number of shares then issued and outstanding plus the number of shares issuable upon exercise of outstanding rights, options or warrants or upon conversion of outstanding securities issued by the Corporation convertible into Series A Participating Preferred Stock.

2. Dividends and Distribution.

(a) Subject to the prior and superior rights of the holders of any shares of any series of capital stock ranking prior and superior to the shares of Series A Participating Preferred Stock with respect to dividends, the holders of shares of Series A Participating Preferred Stock, in preference to the holders of shares of the Corporation's Common Stock, par value $0.05 per share ("Common Stock"), and of any other shares of any class or series of stock of the Corporation ranking junior to the Series A Participating Preferred Stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of January, April, July and October in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a)-$1.00 or (b)-the sum of (x)-the Adjustment Number (as defined below) times the aggregate per share amount of all cash dividends, and (y)-the Adjustment Number times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Participating Preferred Stock. The "Adjustment Number" shall initially be one hundred (100). In the event the Corporation shall at any time after October-12, 1999, declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) The Board of Directors shall declare a dividend or distribution on the Series-A Participating Preferred Stock as provided in paragraph-(a) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1.00 per share on the Series-A Participating Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(c) Dividends on shares of Series A Participating Preferred Stock shall be cumulative: (i)-on the first such shares issued, from the date of issuance; and (ii)-on any such shares issued thereafter, from the Quarterly Dividend Payment Date next preceding the date of issuance. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series-A Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than sixty (60) days prior to the date fixed for the payment thereof.

3. Voting Rights. The holders of shares of Series-A Participating Preferred Stock shall have the following voting rights:

(a) Each share of Series A Participating Preferred Stock shall entitle the holder thereof at any time to a number of votes equal to the Adjustment Number (as in effect at such time) on all matters submitted to a vote of the shareholders of the Corporation.

(b) Except as otherwise provided herein, in the Restated Charter as from time to time amended, or by law, the holders of Series A Participating Preferred Stock and the holders of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation.

(c) Except as otherwise provided herein, in the Restated Charter as from time to time amended, or by law, holders of Series A Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

4. Certain Restrictions.

(a) Whenever quarterly dividends or other dividends or distributions payable on the Series A Participating Preferred Stock as provided in Section-2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Participating Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Participating Preferred Stock, except dividends paid ratably on the Series A Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Participating Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Participating Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Participating Preferred Stock, or any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of Series A Participating Preferred Stock, or to such holders and holders of any such shares ranking on a parity therewith, upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph-(a) of this Section-4, purchase or otherwise acquire such shares at such time and in such manner.

5. Reacquired Shares. Any shares of Series A Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their retirement and cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to any conditions and restrictions on issuance set forth herein, or in any other Articles of Amendment creating a series of Preferred Stock or any similar stock or as otherwise required by law.

6. Liquidation, Dissolution or Winding Up.

(a) Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Participating Preferred Stock shall have received $100.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Participating Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i)-the Series A Liquidation Preference by (ii)-the Adjustment Number. Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of (1)-Series A Participating Preferred Stock and (2)-Common Stock, respectively, (a)-holders of

Series A Participating Preferred Stock and (b)-holders of shares of Common Stock shall, subject to the prior rights of all other series of Preferred Stock, if any, ranking prior thereto, receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to (x)-the Series A Participating Preferred Stock and (y)-the Common Stock, on a per share basis, respectively.

(b) In the event, however, that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, that rank on a parity with the Series A Participating Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share equal to the Adjustment Number times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged.

8. No Redemption. Shares of Series A Participating Preferred Stock shall not be subject to redemption by the Corporation.

9. Ranking. The Series A Participating Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise, and shall rank senior to the Common Stock as to such matters.

10. Amendment. At any time that any shares of Series A Participating Preferred Stock are outstanding, the Restated Charter of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Participating Preferred Stock, voting separately as a single class.

11. Fractional Shares. Series A Participating Preferred Stock may be issued in fractions of a share that shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Participating Preferred Stock.

3. The foregoing amendment was adopted on the 21st day of September, 1999, by the directors without shareholder action, which was not required under Section 55-6-02 of the General Statutes of North Carolina or the Restated Charter of the Corporation which provides that the Board of Directors may determine the preferences, limitations and relative rights of the blank-check preferred stock authorized in the Restated Charter.

This the 5th day of October, 1999.

CULP, INC.

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

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1000
6-MOS
APR-30-2000
MAY-03-1999
OCT-31-1999
790
0
72,033
(2,284)
78,234
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