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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) June 2, 1999

CULP, INC.

(Exact name of registrant as specified in its charter)

North Carolina	0-12781
(State or other jurisdiction of incorporation)	(Commission File No.)

56-1001967
(IRS Employer Identification No.)

101 South Main Street
High Point, North Carolina 27260
(Address of principal executive offices)
(336) 889-5161
(Registrant's telephone number, including area code)

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

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Item 5. Other Events

See attached Press Release (2 pages) and Financial Information Release (10 pages), both dated June 2, 1999, related to the fiscal 1999 fourth quarter ended May 2, 1999.

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

SIGNATURE

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

CULP, INC.
(Registrant)

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

Dated: June 2, 1999

FOR IMMEDIATE RELEASE

CULP REPORTS FISCAL 1999 EARNINGS

HIGH POINT, N. C. (June 2, 1999) -- Culp, Inc. (NYSE:CFI) today reported sales and earnings for the fourth quarter and fiscal year ended May 2, 1999.

Net sales for the quarter totaled $132.2 million compared with $135.8 million a year ago. Net income for the quarter was $2.9 million, or $0.23 per share diluted, compared with $4.2 million, or $0.31 per share diluted, in the fourth quarter of fiscal 1998.

For the year, net sales increased to $483.1 million compared with $476.7 million in fiscal 1998. Net income for the year was $3.1 million, or $0.24 per share diluted, compared with $15.5 million, or $1.19 per share diluted, in fiscal 1998.

"The results for the fourth quarter signal a solid continuation of the improvement that began earlier this year as a result of our organizational restructuring," said Robert G. Culp, III, chief executive officer. "Although earnings for both the final period and full year were lower than a year ago, the quarterly pattern for fiscal 1999 as a whole was encouraging. Strategic acquisitions and a high level of capital expenditures over the past several years significantly upgraded and expanded our marketing resources. During fiscal 1999 we took steps to capitalize on these assets more effectively. Aided by managerial changes and a realignment of our operating units, we are successfully building stronger working relationships with existing customers. We believe this is a vital focus for Culp because of the continuing consolidation that is occurring in the home furnishings industry. At the same time, we are pursuing opportunities internationally to broaden our sales base. Economic difficulties in several important export markets for our fabrics adversely affected our results in fiscal 1999, but we believe that the longer term potential for Culp internationally remains positive."

Commenting on the company's ongoing stock repurchase program, Culp noted, "Over the past year, we have invested $5.5 million to repurchase the company's common stock. We currently have authorization from the Board of Directors to invest an additional $4.5 million in this program. We are pleased that Culp's financial position is enabling us to execute this program and believe that the repurchase of our shares at attractive market levels will prove to be a sound investment of the company's capital."

Culp concluded, "Initial indications are that the momentum from fiscal 1999 is carrying over into the current year. The traditional economic factors that drive demand for furniture and bedding, such as employment levels, mortgage rates and consumer confidence, appear favorable. We believe this outlook favors Culp, but recognize that our ability to maintain the improvement in our bottom-line performance depends on the day-to-day delivery of consistently high customer service."

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

CULP, INC.
Condensed Financial Highlights

	Three Months Ended		Fiscal Year Ended	
	May 2, 1999	May 3, 1998	May 2, 1999	May 3, 1998
Net sales	$ 132,165,000	$ 135,834,000	$ 483,084,000	$ 476,715,000
Net income	2,896,000	4,156,000	3,102,000	15,513,000
Net income per share				
Basic	$ 0.23	$ 0.32	$ 0.24	$ 1.22
Diluted	$ 0.23	$ 0.31	$ 0.24	$ 1.19
Average shares outstanding				
Basic	12,645,000	12,993,000	12,909,000	12,744,000
Diluted	12,742,000	13,284,000	13,064,000	13,042,000

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

-END-

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS AND TWELVE MONTHS ENDED MAY 2, 1999 AND MAY 3, 1998

(Amounts in Thousands, Except for Per Share Data)

THREE MONTHS ENDED (UNAUDITED)

		Amounts			Percent of Sales	
		May 2, 1999	May 3, 1998	% Over (Under)	1999	1998
Net sales	$	132,165	135,834	(2.7) %	100.0 %	100.0 %
Cost of sales		109,324	112,644	(2.9) %	82.7 %	82.9 %
Gross profit		22,841	23,190	(1.5) %	17.3 %	17.1 %
Selling, general and administrative expenses		15,921	15,277	4.2 %	12.0 %	11.2 %
Income from operations		6,920	7,913	(12.5) %	5.2 %	5.8 %
Interest expense		2,482	1,837	35.1 %	1.9 %	1.4 %
Interest income		(113)	(69)	63.8 %	(0.1)%	(0.1)%
Other expense (income), net		546	753	(27.5) %	0.4 %	0.6 %
Income before income taxes		4,005	5,392	(25.7) %	3.0 %	4.0 %
Income taxes *		1,109	1,236	(10.3) %	27.7 %	22.9 %
Net income	$	2,896	4,156	(30.3) %	2.2 %	3.1 %
Net income per share		$0.23	$0.32	(28.1) %		
Net income per share, assuming dilution		$0.23	$0.31	(25.8) %		
Dividends per share		$0.035	$0.035	0.0 %		
Average shares outstanding		12,645	12,993	(2.7) %		
Average shares outstanding, assuming dilution		12,742	13,284	(4.1) %		

TWELVE MONTHS ENDED

		Amounts			Percent of Sales	
		May 2, 1999	May 3, 1998	% Over (Under)	1999	1998
Net sales	$	483,084	476,715	1.3 %	100.0 %	100.0 %
Cost of sales		406,976	393,154	3.5 %	84.2 %	82.5 %
Gross profit		76,108	83,561	(8.9)%	15.8 %	17.5 %
Selling, general and administrative expenses		59,968	52,987	13.2 %	12.4 %	11.1 %
Income from operations		16,140	30,574	(47.2)%	3.3 %	6.4 %
Interest expense		9,615	7,117	35.1 %	2.0 %	1.5 %
Interest income		(195)	(304)	(35.9)%	(0.0)%	(0.1)%
Other expense (income), net		2,412	1,912	26.2 %	0.5 %	0.4 %
Income before income taxes		4,308	21,849	(80.3)%	0.9 %	4.6 %
Income taxes *		1,206	6,336	(81.0)%	28.0 %	29.0 %
Net income	$	3,102	15,513	(80.0)%	0.6 %	3.3 %
Net income per share		$0.24	$1.22	(80.3)%		
Net income per share, assuming dilution		$0.24	$1.19	(79.8)%		
Dividends per share		$0.14	$0.14	0.0 %		
Average shares outstanding		12,909	12,744	1.3 %		
Average shares outstanding, assuming dilution		13,064	13,042	0.2 %		

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

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED BALANCE SHEETS
MAY 2, 1999 AND MAY 3, 1998

(Amounts in Thousands)

	Amounts		Increase (Decrease)	
	May 2, 1999	May 3, 1998	Dollars	Percent
Current assets				
Cash and cash investments	$ 509	2,312	(1,803)	(78.0) %
Accounts receivable	70,503	73,773	(3,270)	(4.4) %
Inventories	67,070	78,594	(11,524)	(14.7) %
Other current assets	9,633	7,808	1,825	23.4 %
Total current assets	147,715	162,487	(14,772)	(9.1) %
Restricted investments	3,340	4,021	(681)	(16.9) %
Property, plant & equipment, net	123,310	128,805	(5,495)	(4.3) %
Goodwill	51,269	55,162	(3,893)	(7.1) %
Other assets	4,978	4,340	638	14.7 %
Total assets	$ 330,612	354,815	(24,203)	(6.8) %
Current liabilities				
Current maturities of long-term debt	$ 1,678	3,325	(1,647)	(49.5) %
Accounts payable	25,687	37,214	(11,527)	(31.0) %
Accrued expenses	21,026	17,936	3,090	17.2 %
Income taxes payable	0	1,282	(1,282)	(100.0) %
Total current liabilities	48,391	59,757	(11,366)	(19.0) %
Long-term debt	140,312	152,312	(12,000)	(7.9) %
Deferred income taxes	14,583	11,227	3,356	29.9 %
Total liabilities	203,286	223,296	(20,010)	(9.0) %
Shareholders' equity	127,326	131,519	(4,193)	(3.2) %
Total liabilities and shareholders' equity	$ 330,612	354,815	(24,203)	(6.8) %
Shares outstanding	12,079	13,007	(928)	(7.1) %

CULP, INC. FINANCIAL
INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED MAY 2, 1999 AND MAY 3, 1998

(Amounts in Thousands)

		TWELVE MONTHS ENDED	
		Amounts	
		May 2, 1999	May 3, 1998
Cash flows from operating activities:			
Net income	$	3,102	15,513
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation		18,549	14,808
Amortization of intangible assets		1,570	1,371
Provision for deferred income taxes		1,064	1,416
Changes in assets and liabilities, net of effects of businesses acquired:			
Accounts receivable		3,133	(13,207)
Inventories		12,124	(17,684)
Other current assets		522	(660)
Other assets		(106)	(380)
Accounts payable		(8,893)	6,477
Accrued expenses		2,736	1,506
Income taxes payable		(1,282)	(298)
Net cash provided by operating activities		32,519	8,862
Cash flows from investing activities:			
Capital expenditures		(10,689)	(35,879)
Purchases of restricted investments		(119)	(8,770)
Purchase of investments to fund deferred compensation liability		(735)	(581)
Sale of restricted investments		800	15,767
Payments for businesses acquired		0	(42,966)
Net cash used in investing activities		(10,743)	(72,429)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt		2,637	86,246
Principal payments on long-term debt		(16,284)	(17,100)
Change in accounts payable-capital expenditures		(2,637)	(2,873)
Dividends paid		(1,788)	(1,786)
Payments to acquire common stock		(5,542)	0
Proceeds from common stock issued		35	562
Net cash provided by (used in) financing activities		(23,579)	65,049
Increase (decrease) in cash and cash investments		(1,803)	1,482
Cash and cash investments at beginning of period		2,312	830
Cash and cash investments at end of period	$	509	2,312

CULP, INC. FINANCIAL INFORMATION RELEASE
FINANCIAL ANALYSIS
MAY 2, 1999

	FISCAL 98	FISCAL 99				
	Q4	Q1	Q2	Q3	Q4	LTM
INVENTORIES						
Inventory turns	5.9	4.9	5.7	5.2	6.4	
RECEIVABLES						
Days sales in receivables	49	48	52	47	49	
Percent current & less than 30 days past due	96.6%	93.8%	94.9%	94.1%	96.1%	
WORKING CAPITAL						
Current ratio	2.7	3.1	3.0	3.1	3.1	
Working capital turnover (4)	4.7	4.5	4.4	4.4	4.3	
Operating working capital (4)	$115,153	$111,481	$112,750	$106,492	$111,886	
PROPERTY, PLANT & EQUIPMENT						
Depreciation rate	7.4%	7.7%	8.4%	7.9%	8.1%	
Percent property,plant & equipment are depreciated	42.6%	43.8%	45.0%	46.1%	47.6%	
Capital expenditures	$35,879 (1)	$2,858	$3,585	$2,057	$2,189	
PROFITABILITY						
Return on average total capital	7.7%	(1.6%)	4.2%	4.5%	6.8%	3.4%
Return on average equity	13.1%	(8.1%)	4.1%	4.7%	9.0%	2.4%
Net income (loss) per share	$0.32	($0.20)	$0.10	$0.12	$0.23	$0.24
Net income (loss) per share (diluted)	$0.31	($0.20)	$0.10	$0.12	$0.23	$0.24
LEVERAGE (3)						
Total liabilities/equity	169.8%	167.2%	164.9%	150.7%	159.7%	
Funded debt/equity	115.3%	119.7%	115.0%	106.3%	108.9%	
Funded debt/capital employed	53.5%	54.5%	53.5%	51.5%	52.1%	
Funded debt	$151,616	$153,559	$148,479	$138,472	$138,650	
Funded debt/EBITDA (LTM) (6)	3.21	3.75	3.95	3.91	4.02	
EBITDA/Interest expense, net (LTM)	6.6	4.9	4.2	3.9	3.6	
OTHER						
Book value per share	$10.11	$9.87	$9.94	$10.02	$10.54	
Employees at quarter end	4,334	4,230	4,014	3,949	3,973	
Sales per employee (annualized)	$134,000	$103,000	$124,000	$113,000	$133,000	
Capital employed (3)	$283,135	$281,831	$277,603	$268,680	$265,976	
Effective income tax rate	22.9%	33.0%	33.0%	32.9%	27.7%	
EBITDA (2)	$11,796	$3,142	$9,649	$9,522	$11,534	$33,847
EBITDA/net sales	8.7%	2.8%	7.5%	8.5%	8.7%	7.0%

(1) Expenditures for entire year
(2) Earnings before interest, income taxes, and depreciation & amortization.
(3) Long-term debt, funded debt and capital employed are all net of restricted investments.
(4) Working capital for this calculation is accounts receivable, inventories and accounts payable.
(5) LTM represents "Latest Twelve Months"
(6) EBITDA includes capitalized interest and pro forma amounts for acquisitions.

CULP, INC. FINANCIAL INFORMATION RELEASE
SALES BY PRODUCT CATEGORY/BUSINESS UNIT
FOR THE THREE MONTHS AND TWELVE MONTHS ENDED MAY 2, 1999 AND MAY 3, 1998

(Amounts in thousands)

THREE MONTHS ENDED (UNAUDITED)

Product Category/Business Unit		Amounts May 2, 1999	Amounts May 3, 1998	% Over (Under)	Percent of Total Sales 1999	Percent of Total Sales 1998
Upholstery Fabrics						
Culp Decorative Fabrics	$	60,520	60,155	0.6 %	45.8 %	44.3 %
Culp Velvets/Prints		40,402	45,044	(10.3)%	30.6 %	33.2 %
		100,922	105,199	(4.1)%	76.4 %	77.4 %
Mattress Ticking						
Culp Home Fashions		26,781	23,520	13.9 %	20.3 %	17.3 %
Yarn						
Culp Yarn		4,462	7,115	(37.3)%	3.4 %	5.2 %
	* $	132,165	135,834	(2.7) %	100.0 %	100.0 %

TWELVE MONTHS ENDED

Product Category/Business Unit		Amounts May 2, 1999	Amounts May 3, 1998	% Over (Under)	Percent of Total Sales 1999	Percent of Total Sales 1998
Upholstery Fabrics						
Culp Decorative Fabrics	$	222,058	210,165	5.7 %	46.0 %	44.1 %
Culp Velvets/Prints		144,073	171,389	(15.9)%	29.8 %	36.0 %
		366,131	381,554	(4.0)%	75.8 %	80.0 %
Mattress Ticking						
Culp Home Fashions		95,440	87,285	9.3 %	19.8 %	18.3 %
Yarn						
Culp Yarn		21,513	7,876	173.1 %	4.5 %	1.7 %
	* $	483,084	476,715	1.3 %	100.0 %	100.0 %

* U.S. sales were $102,796 and $97,383 for the fourth quarter of fiscal 1999 and fiscal 1998, respectively; and $369,730 and $339,492 for the twelve months of fiscal 1999 and fiscal 1998, respectively. The percentage increase in U.S. sales was 5.6% for the fourth quarter and an increase of 8.9% for the twelve months.

CULP, INC. FINANCIAL INFORMATION RELEASE
INTERNATIONAL SALES BY GEOGRAPHIC AREA
FOR THE THREE MONTHS AND TWELVE MONTHS ENDED MAY 2, 1999 AND MAY 3, 1998

(Amounts in thousands)

	THREE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Total Sales	
Geographic Area	May 2, 1999	May 3, 1998	% Over (Under)	1999	1998
North America (Excluding USA)	$ 8,067	8,459	(4.6) %	27.5 %	22.0 %
Europe	4,791	7,964	(39.8) %	16.3 %	20.7 %
Middle East	8,925	10,960	(18.6) %	30.4 %	28.5 %
Far East & Asia	6,075	8,542	(28.9) %	20.7 %	22.2 %
South America	691	1,687	(59.0) %	2.4 %	4.4 %
All other areas	820	839	(2.3) %	2.8 %	2.2 %
	$ 29,369	38,451	(23.6) %	100.0 %	100.0 %

	TWELVE MONTHS ENDED				
	Amounts			Percent of Total Sales	
Geographic Area	May 2, 1999	May 3, 1998	% Over (Under)	1999	1998
North America (Excluding USA)	$ 31,102	31,160	(0.2) %	27.4 %	22.7 %
Europe	19,578	30,775	(36.4) %	17.3 %	22.4 %
Middle East	33,996	34,412	(1.2) %	30.0 %	25.1 %
Far East & Asia	21,371	32,344	(33.9) %	18.9 %	23.6 %
South America	3,484	5,158	(32.5) %	3.1 %	3.8 %
All other areas	3,823	3,374	13.3 %	3.4 %	2.5 %
	$ 113,354	137,223	(17.4) %	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 fourth quarter represented 22.2% and 28.3% for 1999 and 1998, respectively.

Culp, Inc.
SALES BY BUSINESS UNIT - TREND ANALYSIS
1997 vs 1998 vs 1999

(Amounts in thousands)

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

Percent increase(decrease) from prior year:

Product Category/Business Units	Fiscal 1997 Q1	Q2	Q3	Q4	TOTAL	Fiscal 1998 Q1	Q2	Q3	Q4	TOTAL
Upholstery Fabrics										
Culp Decorative Fabrics	18.3	12.4	0.2	(4.4)	5.8	2.2	24.2	35.8	37.7	25.3
Culp Velvets/Prints	48.2	25.4	26.9	7.1	24.5	10.1	9.2	9.0	9.9	9.5
	30.8	18.1	12.2	0.8	14.0	5.9	17.2	22.2	24.2	17.7
Mattress Ticking										
Culp Home Fashions	5.1	7.4	15.3	15.5	10.8	27.5	15.4	14.2	12.0	16.9
Yarn										
Culp Yarn	-	-	-	-	-	-	-	100.0	100.0	100.0
	25.1	16.0	12.7	3.4	13.4	9.9	16.8	21.5	28.5	19.5
Overall Growth Rate										
Internal (without acquisitions)	25.1	16.0	12.7	3.4	13.4	9.9	6.6	9.2	11.6	9.3
External	-	-	-	-	-	-	10.2	12.3	16.9	10.2
	25.1	16.0	12.7	3.4	13.4	9.9	16.8	21.5	28.5	19.5

Culp, Inc.
SALES BY BUSINESS UNIT - TREND ANALYSIS
1997 vs 1998 vs 1999

(Amounts in thousands)

Product Category/Business Units	Fiscal 1999 Q1	Q2	Q3	Q4	TOTAL
Upholstery Fabrics					
Culp Decorative Fabrics	51,445	59,573	50,520	60,520	222,058
Culp Velvets/Prints	29,994	38,728	34,949	40,402	144,073
	81,439	98,301	85,469	100,922	366,131
Mattress Ticking					
Culp Home Fashions	22,632	23,491	22,536	26,781	95,440
Yarn					
Culp Yarn	6,596	6,367	4,088	4,462	21,513
	110,667	128,159	112,093	132,165	483,084

Percent increase(decrease) from prior year:

Product Category/Business Units	Q1	Q2	Q3	Q4	TOTAL
Upholstery Fabrics					
Culp Decorative Fabrics	29.2	4.9	(5.4)	0.6	5.7
Culp Velvets/Prints	(21.9)	(11.8)	(20.6)	(10.3)	(15.9)
	4.1	(2.4)	(12.3)	(4.1)	(4.0)
Mattress Ticking					
Culp Home Fashions	6.3	5.7	11.2	13.9	9.3
Yarn					
Culp Yarn	100.0	100.0	437.2	(37.3)	173.1
	11.2	4.3	(5.4)	(2.7)	1.3

Overall Growth Rate

	Q1	Q2	Q3	Q4	TOTAL
Internal (without acquisitions)	(4.6)	(0.9)	(8.5)	(2.7)	(4.1)
External	15.8	5.2	3.1	-	5.4
	11.2	4.3	(5.4)	(2.7)	1.3

CULP, INC. FINANCIAL INFORMATION RELEASE
FINANCIAL NARRATIVE
for the three and twelve month periods ended May 2, 1999 and May 3, 1998

INCOME STATEMENT COMMENTS

GENERAL - For the fourth quarter, net sales decreased 2.7% to $132.2 million and net income decreased 30.3% to $2.9 million, or $0.23 per share diluted, versus the year-earlier period. For the year ended May 2, 1999, net sales increased 1.3% compared with fiscal 1998 to $483.1 million, and net income decreased 80.0% to $3.1 million, or $0.24 per share diluted.

The company's strategic plan encompasses several competitive initiatives:

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

Diverse Global Customer Base - increasing its penetration into other end-use markets in addition to U.S. residential furniture, such as bedding, international, commercial furniture and juvenile furniture. The company has long-standing relationships with most major upholstery furniture manufacturers, but is not reliant on a single customer or a small group of dominant customers. No one customer accounted for more than 8% of net sales during fiscal 1999;

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

Vertical Integration - operating as a vertically integrated manufacturer and taking advantage of economies that can be gained by producing the raw material components that are used in the manufacture of its products; and

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

NET SALES - Compared with the fourth quarter of last year, upholstery fabric sales decreased 4.1% to $100.9 million; mattress ticking sales increased 13.9% to $26.8 million; and yarn sales contributed $4.5 million for the quarter (See Sales by Business Unit schedule on Page 5 and Sales by Business Unit - Trend Analysis on Page 7). International sales were down 23.6% for the quarter. For fiscal 1999, upholstery fabric sales decreased 4.0% to $366.1 million; mattress ticking sales increased 9.3% to $95.4 million; and yarn sales contributed $21.5 million.

The decline in sales of upholstery fabrics for the fourth quarter and fiscal year was due principally to a pronounced slowdown in international sales of wet print and heat-transfer printed flock fabrics. This trend, which the company believes also affected other manufacturers of upholstery fabrics, became apparent after the close of fiscal 1998 and persisted throughout fiscal 1999. A large percentage of the company's sales of this product line were being shipped directly or indirectly to customers in the emerging consumer markets of Russia, other former Soviet countries and Eastern Europe. All of these areas have encountered very weak economic conditions which, in turn, have affected demand for furniture and other home furnishings. During fiscal 1999, the company significantly curtailed production schedules for these fabrics and has shifted its marketing focus for this product category to geographic areas where demand appears more favorable. The company has also introduced a line of printed cotton upholstery fabrics utilizing some of the same manufacturing assets used to produce wet print and heat-transfer printed flock fabrics. The company is seeking to build a diversified global base of customers to minimize exposure to economic uncertainties in any geographic area.

CULP, INC. FINANCIAL INFORMATION RELEASE
FINANCIAL NARRATIVE
for the three and twelve month periods ended May 2, 1999 and May 3, 1998

The increased sales by Culp Home Fashions (primarily mattress ticking) during the fourth quarter and fiscal 1999 marked a continuation of the longer-term expansion that this business unit has experienced. Culp's growth in mattress ticking has been driven by the introduction of new designs and fabric constructions as well as the advantages of the company's vertical integration. In particular, 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 - Gross profit declined 1.5% for the fourth quarter versus a year ago, but increased as a percentage of net sales from 17.1% to 17.3%. The decline was due principally to lower sales volume at the Culp Velvets/Prints unit, which experienced a sharp decline in international sales during fiscal 1999. Although this business unit has taken substantial steps to reduce operating expenses, it continued to be affected by excess manufacturing capacity and lower absorption of fixed costs during the fourth quarter. Gross profit for fiscal 1999 decreased 8.9% to $76.1 million.

To help offset the pressure on gross margins, the company instituted a number of actions during fiscal 1999. A major change involved a reorganization from six to four business units during the first quarter. This new corporate alignment grouped related operations together and was accompanied by several changes in managerial positions. Subsequent steps to improve profitability that are related to this realignment have included a significant reduction in the capacity for manufacturing printed flock fabrics, comprehensive programs to reduce inventories and an intense effort to reduce operating expenses and raise productivity.

S,G&A EXPENSES - S,G&A expenses for the fourth quarter rose as a percentage of sales to 12.0% from 11.2% for the same period of last year. The increase is principally related to higher marketing costs for new fabric designs and severance agreements related to termination of an international sales agent, partially offset by lower accruals for incentive-based compensation plans.

INTEREST EXPENSE - Interest expense increased 35.1% for the fourth quarter due to lower capitalized interest related to capital expenditures. Interest expense also increased 35.1% for the fiscal year due to higher average borrowings outstanding. The increased borrowings related principally to the acquisitions during 1998 of Phillips Mills and Artee Industries and the relatively high level of capital expenditures in fiscal 1998.

OTHER EXPENSE (INCOME), NET - Other expense (income) increased 26.2% to $2.4 million for fiscal 1999 due primarily to the incremental goodwill amortization related to acquired operations and loss on disposal of fixed assets.

INCOME TAXES - The effective tax rate for the quarter was 27.7%, compared with 22.9% for the same quarter of last year. The unusually low tax rate in the fourth quarter of fiscal 1998 resulted from higher than expected tax benefits related to the company's foreign sales corporation. The tax rate for fiscal 1999 was 28.0% compared with 29.0% for fiscal 1998.

EBITDA - Due principally to the decrease in net income for fiscal 1999, EBITDA for the fourth quarter decreased 2.2% to $11.5 million from the year-earlier period and represented 8.7% of net sales, which was comparable with the same period of last year. EBITDA for fiscal 1999 decreased 24.5% to $33.8 million and represented 7.0% of net sales compared with 9.4% of net sales for fiscal 1998.

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BALANCE SHEET COMMENTS

WORKING CAPITAL - Accounts receivable as of May 2, 1999 decreased 4.4% from the year-earlier level, due principally to the decrease in net sales in the fourth quarter. Days sales outstanding represented 49 days at May 2, 1999, unchanged from a year ago. Additionally, the aging of accounts receivable was 96.1% current and less than 30 days past due versus 96.6% at May 3, 1998. Inventories at the close of fiscal 1999 decreased $11.5 million or 14.7% from May 3, 1998. Inventory turns for the fourth quarter were 6.4 versus 5.9 for the fourth quarter of fiscal 1998. The reduction in inventories is attributable to the increased focus management has placed on controlling the level of inventories. Operating working capital (comprised of accounts receivable, inventory and accounts payable) decreased to $111.9 million at May 2, 1999, for the reasons mentioned above, from $115.2 million at May 3, 1998.

PROPERTY, PLANT AND EQUIPMENT - For fiscal 1999, the company reduced its capital spending to $10.7 million as compared with $35.9 million spent in fiscal 1998. During fiscal 1999, Culp focused on improving the results of the considerable investments made during fiscal 1997 and fiscal 1998. The two largest projects completed during fiscal 1999 were an additional expansion of polypropylene extrusion capacity and facility expansion in the Culp Home Fashions business unit. Depreciation expense for fiscal 1999 increased to $18.5 million versus $14.8 million for fiscal 1998. Depreciation for fiscal 2000 is currently estimated to be approximately $20 million.

LONG-TERM DEBT - The company's funded debt-to-capital ratio was 52.1% at May 2, 1999, down from 53.5% at May 3, 1998. Funded debt was $138.7 million at May 2, 1999, down from $151.6 million at May 3, 1998. (Funded debt equals long-term debt, including current maturities, less restricted investments, which represent unspent IRB funds.) The decrease in funded debt from May 3, 1998 resulted primarily from an operating cash flow of $32.5 million, offset by capital expenditures of $10.7 million, a decrease in accounts payable related to capital expenditures of $2.6 million and repurchase of common stock of $5.5 million.

STOCK REPURCHASE

In separate authorizations in June 1998 and March 1999, the Board of Directors authorized the use of a total of $10.0 million to repurchase the company's common stock. During fiscal 1999, the company repurchased a total of 938,600 shares at an average price of $5.90 per share under these authorizations.