

Edgar Filing: CULP INC - Form 10-Q/A

CULP INC
Form 10-Q/A
April 25, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q/A

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

For the quarterly period ended October 29, 2000

Commission File No. 0-12781

CULP, INC.

(Exact name of registrant as specified in its charter)

NORTH CAROLINA
(State or other jurisdiction of
incorporation or other organization)

56-1001967
(I.R.S. Employer Identification No.)

101 S. Main St., High Point, North Carolina
(Address of principal executive offices)

27261-2686
(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 29, 2000: 11,208,720
Par Value: \$.05

This amendment reflects the restatement of the financial statements as of October 29, 2000, April 30, 2000 and October 31, 1999 due to not properly recognizing certain gains that occurred in 1999 and 1998. See note 12 to the consolidated financial statements in Item 1 for a description of the restatement.

INDEX TO FORM 10-Q
For the period ended October 29, 2000

Part I - Financial Statements. Page

Item 1. Unaudited Interim Consolidated Financial Statements:

Edgar Filing: CULP INC - Form 10-Q/A

Consolidated Statements of Income (Loss)-Three and Six Months Ended October 29, 2000 and October 31, 1999	I-1
Consolidated Balance Sheets-October 29, 2000, October 31, 1999 and April 30, 2000	I-2
Consolidated Statements of Cash Flows---Six Months Ended October 29, 2000 and October 31, 1999	I-3
Consolidated Statements of Shareholders' Equity	I-4
Notes to Consolidated Financial Statements	I-5
Sales by Segment/Division	I-11
International Sales by Geographic Area	I-12
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	I-13
Item 3. Quantitative and Qualitative Disclosures About Market Risk	I-18
Part II - Other Information -----	
Item 4. Submission of Matters to a Vote of Security Holders	II-1
Item 6. Exhibits and Reports on Form 8-K	II-2
Signature	II-9

CULP, INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FOR THE THREE MONTHS AND SIX MONTHS ENDED OCTOBER 29, 2000
AND OCTOBER 31, 1999

(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED (UNAUDITED)			
	Amounts			Percent
	October 29, 2000	October 31, 1999	% Over (Under)	2001
Net sales	\$ 110,981	129,542	(14.3) %	100.0 %
Cost of sales	94,094	105,835	(11.1) %	84.8 %
Gross profit	16,887	23,707	(28.8) %	15.2 %
Selling, general and administrative expenses	13,491	16,035	(15.9) %	12.2 %
Income from operations	3,396	7,672	(55.7) %	3.1 %

Edgar Filing: CULP INC - Form 10-Q/A

Interest expense	2,285	2,484	(8.0) %	2.1 %
Interest income	(15)	(16)	(6.3) %	(0.0) %
Other expense (income), net	575	416	38.2 %	0.5 %
	-----	-----	-----	-----
Income before income taxes	551	4,788	(88.5) %	0.5 %
Income taxes *	209	1,628	(87.2) %	37.9 %
	-----	-----	-----	-----
Net income	\$ 342	3,160	(89.2) %	0.3 %
	=====	=====	=====	=====
Net income per share	\$0.03	\$0.27	(88.9) %	
Net income per share, assuming dilution	\$0.03	\$0.27	(88.9) %	
Dividends per share	\$0.035	\$0.035	0.0 %	
Average shares outstanding	11,209	11,749	(4.6) %	
Average shares outstanding, assuming dilution	11,270	11,868	(5.0) %	

SIX MONTHS ENDED (UNAUDITED)

	Amounts			Percent 2001
	October 29, 2000	October 31, 1999	% Over (Under)	
	-----	-----	-----	
Net sales	\$ 212,859	245,479	(13.3) %	100.0 %
Cost of sales	181,798	201,360	(9.7) %	85.4 %
	-----	-----	-----	-----
Gross profit	31,061	44,119	(29.6) %	14.6 %
Selling, general and administrative expenses	27,269	31,073	(12.2) %	12.8 %
	-----	-----	-----	-----
Income from operations	3,792	13,046	(70.9) %	1.8 %
Interest expense	4,608	4,900	(6.0) %	2.2 %
Interest income	(22)	(33)	(33.3) %	(0.0) %
Other expense (income), net	1,316	971	35.5 %	0.6 %
	-----	-----	-----	-----
Income (loss) before income taxes	(2,110)	7,208	(129.3) %	(1.0) %
Income taxes *	(696)	2,451	(128.4) %	33.0 %
	-----	-----	-----	-----
Net income (loss)	\$ (1,414)	4,757	(129.7) %	(0.7) %
	=====	=====	=====	=====
Net income (loss) per share	(\$0.13)	\$0.40	(132.5) %	
Net income (loss) per share, assuming dilution	(\$0.13)	\$0.39	(133.3) %	
Dividends per share	\$0.07	\$0.07	0.0 %	
Average shares outstanding	11,209	11,906	(5.9) %	
Average shares outstanding, assuming dilution	11,209	12,044	(6.9) %	

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

Edgar Filing: CULP INC - Form 10-Q/A

OCTOBER 29, 2000, OCTOBER 31, 1999 AND APRIL 30, 2000

Unaudited

(Amounts in Thousands)

	Amounts		Increase (Decrease)	
	(2) October 29, 2000	(2) October 31, 1999	Dollars	Percent
Current assets				
Cash and cash investments	\$ 744	790	(46)	(5.8) %
Accounts receivable	63,991	69,749	(5,758)	(8.3) %
Inventories	72,967	78,234	(5,267)	(6.7) %
Other current assets	11,003	8,865	2,138	24.1 %
Total current assets	148,705	157,638	(8,933)	(5.7) %
Restricted investments				
Property, plant & equipment, net	120,023	124,318	(4,295)	(3.5) %
Goodwill	49,176	50,571	(1,395)	(2.8) %
Other assets	6,508	6,166	342	5.5 %
Total assets	\$ 324,412	339,778	(15,366)	(4.5) %
Current liabilities				
Current maturities of long-term debt	\$ 1,678	1,678	0	0.0 %
Accounts payable	30,351	38,427	(8,076)	(21.0) %
Accrued expenses	22,404	22,947	(543)	(2.4) %
Income taxes payable	0	1,786	(1,786)	(100.0) %
Total current liabilities	54,433	64,838	(10,405)	(16.0) %
Long-term debt	125,079	133,875	(8,796)	(6.6) %
Deferred income taxes	17,459	14,583	2,876	19.7 %
Total liabilities	196,971	213,296	(16,325)	(7.7) %
Shareholders' equity	127,441	126,482	959	0.8 %
Total liabilities and shareholders' equity	\$ 324,412	339,778	(15,366)	(4.5) %
Shares outstanding	11,209	11,320	(111)	(1.0) %

(1) Derived from audited financial statements.

(2) As restated (see note 12 to the consolidated financial statements)

Edgar Filing: CULP INC - Form 10-Q/A

CULP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED OCTOBER 29, 2000 AND OCTOBER 31, 1999
Unaudited
(Amounts in Thousands)

	SIX MONTHS ENDED	
	Amounts	
	October 29, 2000	October 31, 1999
Cash flows from operating activities:		
Net income (loss)	\$ (1,414)	4,757
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	10,043	9,516
Amortization of intangible assets	798	798
Changes in assets and liabilities:		
Accounts receivable	11,232	754
Inventories	1,504	(11,164)
Other current assets	(654)	768
Other assets	241	(186)
Accounts payable	(859)	7,937
Accrued expenses	296	1,921
Income taxes payable	0	1,786
	21,187	16,887
	21,187	16,887
Cash flows from investing activities:		
Capital expenditures	(3,659)	(10,524)
Purchases of restricted investments	0	(27)
Purchase of investments to fund deferred compensation liability	(200)	0
Sale of restricted investments	0	2,282
	(3,859)	(8,269)
	(3,859)	(8,269)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	0	5,333
Principal payments on long-term debt	(10,729)	(11,770)
Change in accounts payable-capital expenditures	(6,077)	4,803
Dividends paid	(785)	(822)
Payments to acquire common stock	0	(5,901)
Proceeds from common stock issued	0	20
	(17,591)	(8,337)
	(17,591)	(8,337)
Increase (decrease) in cash and cash investments	(263)	281
Cash and cash investments at beginning of period	1,007	509
Cash and cash investments at end of period	\$ 744	790

Edgar Filing: CULP INC - Form 10-Q/A

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

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

	Common Stock		Capital	Retained	Total
	Shares	Amount	Contributed in Excess of Par Value	Earnings	Shareholder Equity
Balance, May 2, 1999 (1)	12,079,171	\$ 604	\$ 37,966	\$ 89,858	\$ 128,424
Cash dividends (\$0.14 per share)				(1,611)	(1,611)
Net income				9,380	9,380
Common stock issued in connection with stock option plans	13,813	1	78		13,892
Common stock purchased	(884,264)	(45)	(2,778)	(3,813)	(6,630)
Balance, April 30, 2000 (1)	11,208,720	560	35,266	93,814	129,640
Cash dividends (\$0.07 per share)				(785)	(785)
Net loss				(1,414)	(1,414)
Balance, October 29, 2000 (1)	11,208,720	\$ 560	\$ 35,266	\$ 91,615	\$ 127,441

(1) As restated (see note 12 to the consolidated financial statements)

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

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Culp, Inc. and subsidiary include all adjustments, which are, in the opinion of management, necessary for fair presentation of the results of operations and financial position. All of these adjustments are of a normal recurring nature except as disclosed in note 12 to the financial statements. Results of operations for interim periods may not be indicative of future results. The unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements, which are included in the company's annual report on Form 10-K filed with the Securities and Exchange Commission for the fiscal year ended April 30, 2000.

2. Accounts Receivable

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

Edgar Filing: CULP INC - Form 10-Q/A

	October 29, 2000	April 30, 2000
Customers	\$ 66,884	\$ 77,981
Allowance for doubtful accounts	(1,500)	(1,477)
Reserve for returns and allowances	(1,393)	(1,281)
	\$ 63,991	\$ 75,223

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 29, 2000	April 30, 2000
Raw materials	\$ 39,947	\$ 43,661
Work-in-process	6,278	5,970
Finished goods	27,635	25,733
Total inventories valued at FIFO cost	73,860	75,364
Adjustments of certain inventories to the LIFO cost method	(893)	(893)
	\$ 72,967	\$ 74,471

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 29, 2000	April 30, 2000
Accounts payable-trade	\$ 25,620	\$ 26,479
Accounts payable-capital expenditures	4,731	10,808
	\$ 30,351	\$ 37,287

Edgar Filing: CULP INC - Form 10-Q/A

6. Accrued Expenses

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

	October 29, 2000	April 30, 2000
Compensation and benefits	\$ 14,128	\$ 14,748
Other	8,276	7,360
	\$ 22,404	\$ 22,108

7. Long-Term Debt

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

	October 29, 2000	April 30, 2000
Senior unsecured notes	\$ 75,000	\$ 75,000
Industrial revenue bonds and other obligations	32,401	32,452
Revolving credit facility	16,000	25,000
Obligations to sellers	3,356	5,034
	126,757	137,486
Less current maturities	(1,678)	(1,678)
	\$ 125,079	\$ 135,808

The senior unsecured notes have a fixed coupon rate of 6.76% and an average remaining term of 8 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. In July 2000, the company amended the Credit Agreement to amend certain covenants. Additionally, the amendment increased the interest rate from LIBOR plus 0.80% to 0.90% to LIBOR plus 1.10% to 1.60%. The specified pricing matrix will be in effect for the remainder of fiscal 2001 and is based on the company's debt to EBITDA ratio, as defined by the agreement. On borrowings outstanding at October 29, 2000, the interest rate was 8.12% (LIBOR plus 1.50%).

The company's \$6,000,000 revolving line of credit expires on November 30, 2001. 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 29, 2000, 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 letters of credit for the outstanding balance of the IRBs and certain interest

Edgar Filing: CULP INC - Form 10-Q/A

payments due thereunder.

The company's loan agreements require, among other things, that the company maintain compliance with certain financial ratios. At October 29, 2000, the company was in compliance with these financial covenants.

At October 29, 2000, the company had two 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:

notional amount	interest rate	expiration date
\$ 5,000,000	6.9%	June 2002
\$ 5,000,000	6.6%	July 2002

The company could terminate these agreements as of October 29, 2000 and receive approximately \$30,000. Net amounts received/paid under interest rate swap agreements decreased interest expense by approximately \$14,000 for the six months of fiscal 2001 and increased interest expense by approximately \$171,000 for the six months of fiscal 2000. 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):

	2001	2000
Interest	\$ 4,625	\$ 5,197
Income taxes, net of \$29 and \$1,781 in refunds in 2001 and 2000, respectively	69	59

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 \$1,647,000 of outstanding foreign exchange forward contracts as of October 29, 2000.

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 29, 2000 and October 31, 1999:

THREE MONTHS ENDED

October 29, 2000

October 31, 1999

Edgar Filing: CULP INC - Form 10-Q/A

(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	\$342	11,209	\$0.03 =====	\$3,160	11,749	\$0.27 =====
Effect of dilutive securities:						
Options	-	61		-	119	
Net income per share, assuming dilution	\$342 =====	11,270 =====	\$0.03 =====	\$3,160 =====	11,868 =====	\$0.27 =====

SIX MONTHS ENDED

(Amounts in thousands, except per share data)	October 29, 2000			October 31, 1999		
	(Loss) (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net income (loss) per share	(\$1,414)	11,209	(\$0.13) =====	\$4,757	11,906	\$0.4 =====
Effect of dilutive securities:						
Options	-	-		-	138	
Net income (loss) per share, assuming dilution	(\$1,414) =====	11,209 =====	(\$0.13) =====	\$4,757 =====	12,044 =====	\$0.3 =====

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

Edgar Filing: CULP INC - Form 10-Q/A

months ended October 29, 2000 and October 31, 1999 are as follows:

(dollars in thousands):

	October 29, 2000	October 31, 1999

Net sales		
Upholstery Fabrics	\$ 82,999	\$ 103,038
Mattress Ticking	27,982	26,504

	\$ 110,981	\$ 129,542

=====		
Gross Profit		
Upholstery Fabrics	\$ 9,355	\$ 17,165
Mattress Ticking	7,532	6,542

	\$ 16,887	\$ 23,707

Sales and gross profit for the company's operating segments for the six months ended October 29, 2000 and October 31, 1999 are as follows:

(dollars in thousands):

	October 29, 2000	October 31, 1999

Net sales		
Upholstery Fabrics	\$ 157,925	\$ 193,892
Mattress Ticking	54,934	51,587

	\$ 212,859	\$ 245,479

=====		
Gross Profit		
Upholstery Fabrics	\$ 17,268	\$ 31,607
Mattress Ticking	13,793	12,512

	\$ 31,061	\$ 44,119

Inventories for the company's operating segments as of October 29, 2000 and October 31, 1999 are as follows:

(dollars in thousands):

	October 29, 2000	October 31, 1999

Inventories		

Edgar Filing: CULP INC - Form 10-Q/A

Upholstery Fabrics	\$	57,042	\$	63,555
Mattress Ticking		15,925		14,679

	\$	72,967	\$	78,234
=====				

12. Restatement

During January 2001, the company terminated the nonqualified deferred compensation plan covering officers and certain other associates. As a result, the company surrendered the life insurance contracts related to the nonqualified plan in order to pay the participants. The proceeds from those life insurance contracts resulted in an amount greater than had previously been recorded by the company attributable to gains that occurred in 1999 and 1998. In order to properly reflect these gains, the company restated its financial statements and certain disclosures previously reported in its financial statements as of October 29, 2000, April 30, 2000 and October 31, 1999. The effect of the correction for these gains increased other assets and retained earnings by \$1,102,000 in the consolidated balance sheets as of October 29, 2000, April 30, 2000 and October 31, 1999, respectively.

CULP, INC.
 SALES BY SEGMENT/DIVISION
 FOR THE THREE MONTHS AND SIX MONTHS ENDED OCTOBER 29, 2000 AND OCTOBER 31, 1999

(Amounts in thousands)

Segment/Division	THREE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Total Sales	
	October 29, 2000	October 31, 1999	% Over (Under)	2001	2000
Upholstery Fabrics					
Culp Decorative Fabrics	\$ 46,792	56,897	(17.8) %	42.2 %	43.9 %
Culp Velvets/Prints	32,073	41,783	(23.2) %	28.9 %	32.3 %
Culp Yarn	4,134	4,358	(5.1) %	3.7 %	3.4 %
	82,999	103,038	(19.4) %	74.8 %	79.5 %
Mattress Ticking					
Culp Home Fashions	27,982	26,504	5.6 %	25.2 %	20.5 %
	* \$ 110,981	129,542	(14.3) %	100.0 %	100.0 %
	=====	=====	=====	=====	=====

Segment/Division	SIX MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Total Sales	
	October 29, 2000	October 31, 1999	% Over (Under)	2001	2000

Edgar Filing: CULP INC - Form 10-Q/A

Upholstery Fabrics						
Culp Decorative Fabrics	\$	88,325	107,413	(17.8) %	41.5 %	43.8 %
Culp Velvets/Prints		62,147	77,992	(20.3) %	29.2 %	31.8 %
Culp Yarn		7,453	8,487	(12.2) %	3.5 %	3.5 %
		157,925	193,892	(18.6) %	74.2 %	79.0 %
Mattress Ticking						
Culp Home Fashions		54,934	51,587	6.5 %	25.8 %	21.0 %
		212,859	245,479	(13.3) %	100.0 %	100.0 %

* U.S. sales were \$87,022 and \$97,216 for the second quarter of fiscal 2001 and fiscal 2000, respectively; and \$169,312 and \$189,340 for the six months of fiscal 2001 and fiscal 2000, respectively. The percentage decrease in U.S. sales was 10.5% for the second quarter and a decrease of 10.6% for the six months.

CULP, INC.
INTERNATIONAL SALES BY GEOGRAPHIC AREA
FOR THE THREE MONTHS AND SIX MONTHS ENDED OCTOBER 29, 2000
AND OCTOBER 31, 1999

(Amounts in thousands)

Geographic Area	THREE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Total Sales	
	October 29, 2000	October 31, 1999	% Over (Under)	2001	2000
North America (Excluding USA)	\$ 9,556	9,912	(3.6) %	39.9 %	30.7 %
Europe	1,807	6,069	(70.2) %	7.5 %	18.8 %
Middle East	5,489	8,960	(38.7) %	22.9 %	27.7 %
Far East & Asia	5,590	5,357	4.3 %	23.3 %	16.6 %
South America	279	630	(55.7) %	1.2 %	1.9 %
All other areas	1,238	1,398	(11.4) %	5.2 %	4.3 %
	\$ 23,959	32,326	(25.9) %	100.0 %	100.0 %

Geographic Area	SIX MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Total Sales	
	October 29, 2000	October 31, 1999	% Over (Under)	2001	2000
North America (Excluding USA)	\$ 17,951	17,588	2.1 %	41.2 %	31.3 %
Europe	3,259	8,998	(63.8) %	7.5 %	16.0 %
Middle East	10,532	15,952	(34.0) %	24.2 %	28.4 %
Far East & Asia	8,826	9,666	(8.7) %	20.3 %	17.2 %
South America	585	1,250	(53.2) %	1.3 %	2.2 %

Edgar Filing: CULP INC - Form 10-Q/A

All other areas	2,394	2,685	(10.8)%	5.5 %	4.8 %
	-----	-----	-----	-----	-----
\$	43,547	56,139	(22.4)%	100.0 %	100.0 %
	=====	=====	=====	=====	=====

International sales, and the percentage of total sales, for each of the last five fiscal years follows: fiscal 1996-\$77,397 (22%); fiscal 1997-\$101,571 (25%); fiscal 1998-\$137,223 (29%); fiscal 1999-\$113,354 (23%); and fiscal 2000-\$111,104 (23%). International sales for the second quarter represented 21.6% and 25.0% for 2001 and 2000, respectively. Year-to-date international sales represented 20.5% and 22.9% of total sales for 2001 and 2000, respectively.

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. As discussed in Note 12 to the Consolidated Financial Statements, the company has restated its previously issued Consolidated Financial Statements as of October 29, 2000, April 30, 2000 and October 31, 1999. As a result, certain disclosures in item 2 (Management's Discussion and Analysis of Financial Condition and Results of Operations) have been restated as well.

Overview

Culp is one of the largest integrated 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 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 markets jacquard and dobby woven fabrics for residential and commercial furniture. Culp Velvets/Prints markets a broad range of printed and velvet fabrics used primarily for residential and juvenile furniture. Culp Yarn manufactures specialty filling yarn that is used by Culp and also marketed to outside customers. In mattress ticking, Culp Home Fashions markets a broad array of fabrics used by bedding manufacturers.

Three and Six Months ended October 29, 2000 compared with Three and Six Months
ended October 31, 1999

Net Sales. Net sales for the second quarter of fiscal 2001 decreased by 14.3% to \$111.0 million. Sales of upholstery fabrics decreased 19.4% to \$83.0 million, and sales of mattress ticking increased 5.6% to \$28.0 million. Net sales for the first six months of fiscal 2001 decreased by \$32.6 million, or 13.3%, compared with the year-earlier period. The company's sales of upholstery

Edgar Filing: CULP INC - Form 10-Q/A

fabrics decreased \$36.0 million, or 18.6%, for the first six months compared with the prior year. Conversely, the company's sales of mattress ticking increased \$3.4 million, or 6.5%, for the first six months compared with the prior year. International sales were down 25.9% and 22.4% for the quarter and six months, respectively. The company had expected that results for the second quarter would be down from the year-earlier period but would represent an improvement compared with the first quarter which included sales of \$101.9 million and a loss of \$1.8 million. Key factors influencing the year-to-year comparisons for the second quarter were continued weakness in consumer spending on home furnishings, especially in the promotional price category, and further increases in the relative strength of the dollar, which has significantly affected Culp's sales to customers outside the United States. The decline in sales of upholstery fabrics was offset in part from increased sales by Culp Home Fashions (primarily mattress ticking). Culp's growth in mattress ticking continues to be driven by the introduction of new designs and fabric constructions as well as the advantages of the company's vertical integration.

Sales in the company's third fiscal quarter are typically lower than in the second period due to holidays and scheduled, seasonal plant shutdowns. Based on that historical pattern and current trends, the company believes that it may report a modest loss in the third quarter. At this time, the company expects to close the year on a profitable note in the final quarter, but is uncertain whether the expected improvement in the fourth period will result in a profit for the year as a whole. The trend in results over the remainder of this fiscal year will be determined by a number of factors including the overall trend in consumer spending on home furnishings and the fluctuation of the dollar relative to other currencies.

Gross Profit and Cost of Sales. Gross profit declined 28.8% for the second quarter versus a year ago and decreased as a percentage of net sales from 18.3% to 15.2%. For the first six months, gross profit decreased 29.6% to \$31.1 million and decreased as a percentage of net sales from 18.0% to 14.6%. The decline was due principally to lower sales volume for the period which led to unfavorable cost variances in the company's upholstery fabrics operation. The company has taken steps to lower expenses by consolidating certain operations and reducing personnel, but these actions were not sufficient to offset the impact of the significantly lower sales.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the second quarter decreased as a percentage of sales from 12.4% to 12.2%. For the first six months, these expenses increased slightly as a percentage of sales to 12.8% versus 12.7% for the prior year. The dollar amount of these expenses declined 15.9% and 12.2% for the quarter and six months, respectively, reflecting the company's actions to reduce expenses and the fact that a portion of these expenses is variable based on the level of sales. The company did incur severance costs during the second quarter in connection with the actions taken to reduce selling and administrative expenses.

Interest Expense. Interest expense of \$2.3 million and \$4.6 million for the second quarter and first six months, respectively, was down \$0.2 million and \$0.3 million, respectively, from a year ago due to slightly lower average borrowings.

Other Expense. Other expense increased to \$0.6 million and \$1.3 million for the second quarter and first six months of 2001, respectively, versus \$0.4 million and \$1.0 million, respectively, for the year-earlier periods. These increases were principally due to lower investment income on assets related to the nonqualified deferred compensation plan.

Income Taxes. The effective tax rate for the first six months of fiscal 2001 was 33.0%, down slightly from 34.0% for the year-earlier period.

Edgar Filing: CULP INC - Form 10-Q/A

Net Income (Loss) Per Share. Net income per share for the second quarter of fiscal 2001 totaled \$0.03 per share diluted (based on 11,270,000 average shares outstanding during the period) compared with \$0.27 per share diluted (based on 11,868,000 average shares outstanding during the period) a year ago. For the first half, the company reported a net loss of (\$0.13) per share diluted (based on 11,209,000 average shares outstanding during the period) compared with net income of \$0.39 per share diluted (based on 12,044,000 average shares outstanding during the period) in the prior year.

Liquidity and Capital Resources

Liquidity. Cash and cash investments were \$0.7 million as of October 29, 2000, compared with \$0.8 million at October 31, 1999, and \$1.0 million at the end of fiscal 2000. Funded debt (long-term debt, including current maturities, less restricted investments) was \$126.8 million at October 29, 2000, compared with \$134.5 million at October 31, 1999 and \$137.5 million at April 30, 2000. As a percentage of total capital (funded debt plus total stockholders' equity), the company's borrowings amounted to 49.9% at October 29, 2000, compared with 51.5% at October 31, 1999 and April 30, 2000. The company's working capital as of October 29, 2000 was \$94.3 million, compared with \$92.8 million as of October 31, 1999, and \$100.0 million at the close of fiscal 2000.

The company's cash flow from operations was \$21.2 million for the first six months of fiscal 2001, consisting of \$9.4 million from operations (net loss plus depreciation and amortization) plus \$11.8 million from the decrease in working capital. The decrease in working capital was primarily due to a \$11.2 million decrease in accounts receivable and a \$1.5 million decrease in inventories offset by a \$0.9 million decrease in accounts payable and a \$0.7 million increase in other current assets.

In separate authorizations in June 1998, March 1999, September 1999 and December 1999, the board of directors of the company authorized the use of a total of \$20.0 million to repurchase the company's common stock. Over the past two fiscal years, the company has invested \$12.2 million to repurchase a total of 1.8 million shares. No purchases were made during the first six months of fiscal 2001 under these authorizations.

Financing Arrangements. Culp has outstanding \$75 million of senior unsecured notes with a fixed coupon rate of 6.76% and an average remaining term of eight 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. In July 2000, the company amended the credit facility to amend certain covenants. The amendment also increased the interest rate from LIBOR plus 0.80% to 0.90% to LIBOR plus 1.10% to 1.60%. The specified pricing matrix will be in effect for the remainder of fiscal 2001 and is based on the company's debt to EBITDA ratio, as defined by the facility. As of October 29, 2000, the company had outstanding balances of \$16 million under the credit facility.

The company also has a total of \$32.4 million in currently outstanding industrial revenue bonds ("IRBs") which have been used to finance capital expenditures. The IRBs are collateralized by 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. As of October 29, 2000, the company was in compliance with these financial covenants.

As of October 29, 2000, the company had two interest rate swap agreements to reduce its exposure to floating interest rates on a \$10 million notional amount.

Edgar Filing: CULP INC - Form 10-Q/A

The effect of these contracts is to "fix" the interest rate payable on \$10 million of the company's variable rate borrowings at a weighted average rate of 6.8%. 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 \$1.6 million of outstanding foreign exchange forward contracts as of October 29, 2000.

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 six months of fiscal 2001 totaled \$3.7 million compared with \$10.5 million in the year-earlier period. The company plans for total capital spending for fiscal 2001 to be approximately \$16 million.

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

Restatement

During January 2001, the company terminated the nonqualified deferred compensation plan covering officers and certain other associates. As a result, the company surrendered the life insurance contracts related to the nonqualified plan in order to pay the participants. The proceeds from those life insurance contracts resulted in an amount greater than had previously been recorded by the company attributable to gains that occurred in 1999 and 1998. In order to properly reflect these gains, the company restated its financial statements and certain disclosures previously reported in its financial statements as of October 29, 2000, April 30, 2000 and October 31, 1999. The effect of the correction for these gains increased other assets and retained earnings by \$1,102,000 in the consolidated balance sheets as of October 29, 2000, April 30, 2000 and October 31, 1999, respectively.

Inflation

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

Seasonality

The company's business is slightly seasonal, with relatively stronger 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.

Forward-Looking Information

The company's quarterly report on Form 10-Q contains statements that may be deemed "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. Such statements are inherently subject to risks and uncertainties. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often characterized by qualifying words such as "expect," "believe," "estimate," "plan," and "project" and their derivatives. Factors that could influence the matters discussed in such statements include

Edgar Filing: CULP INC - Form 10-Q/A

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." As amended, this new standard is effective for fiscal years beginning after June 15, 2000, which will be effective for the company's fiscal year 2002. 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 29, 2000.

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 increase on the October 29, 2000 outstanding balance of the variable rate debt would be approximately \$470,000 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, a 10% change in the exchange rate at October 29, 2000 would not have a significant impact on the company's results of operations or financial position. In addition, the company had approximately \$1.6 million of outstanding foreign exchange forward contracts as of October 29, 2000. As a

Edgar Filing: CULP INC - Form 10-Q/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 with respect to these purchase commitments.

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 26, 2000. Of the 11,208,720 shares of common stock outstanding on the record date of July 24, 2000, 10,370,634 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 G. Culp, III, Patrick H. Norton, and Patrick B. Flavin to serve until the 2003 Annual Meeting, and the election of one director: H. Bruce English to serve until the 2001 Annual Meeting.
- an amendment to the company's 1993 Stock Option Plan to (i) increase the number of shares available for issuance thereunder from 809,500 to 1,159,500 and (ii) add Section 14 thereof so that options granted under the Plan shall not be subject to repricing.

A. Proposal to ratify the election of KPMG LLP as independent auditors of the company for fiscal year 2001:

For	10,331,461
Against	17,969
Abstain	21,204

B. Proposal for Election of Directors:

<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Robert G. Culp, III</td> </tr> <tr> <td colspan="2" style="text-align: center;">-----</td> </tr> <tr> <td>For</td> <td style="text-align: right;">9,094,663</td> </tr> <tr> <td>Withheld</td> <td style="text-align: right;">1,275,971</td> </tr> </table>	Robert G. Culp, III		-----		For	9,094,663	Withheld	1,275,971	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Patrick H. Norton</td> </tr> <tr> <td colspan="2" style="text-align: center;">-----</td> </tr> <tr> <td>For</td> <td style="text-align: right;">9,308,591</td> </tr> <tr> <td>Withheld</td> <td style="text-align: right;">1,062,043</td> </tr> </table>	Patrick H. Norton		-----		For	9,308,591	Withheld	1,062,043
Robert G. Culp, III																	

For	9,094,663																
Withheld	1,275,971																
Patrick H. Norton																	

For	9,308,591																
Withheld	1,062,043																
<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">Patrick B. Flavin</td> </tr> <tr> <td colspan="2" style="text-align: center;">-----</td> </tr> <tr> <td>For</td> <td style="text-align: right;">9,319,965</td> </tr> <tr> <td>Withheld</td> <td style="text-align: right;">1,050,669</td> </tr> </table>	Patrick B. Flavin		-----		For	9,319,965	Withheld	1,050,669	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">H. Bruce English</td> </tr> <tr> <td colspan="2" style="text-align: center;">-----</td> </tr> <tr> <td>For</td> <td style="text-align: right;">9,309,252</td> </tr> <tr> <td>Withheld</td> <td style="text-align: right;">1,061,382</td> </tr> </table>	H. Bruce English		-----		For	9,309,252	Withheld	1,061,382
Patrick B. Flavin																	

For	9,319,965																
Withheld	1,050,669																
H. Bruce English																	

For	9,309,252																
Withheld	1,061,382																

C. Proposal to Amend 1993 Stock Option Plan

For	9,062,752
Against	1,273,144
Abstain	34,738

Edgar Filing: CULP INC - Form 10-Q/A

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. The Articles of Amendment of Culp, Inc. were filed as Exhibit 3(iii) to the Company's Form 10-Q for the quarter ended October 31, 1999, filed December 15, 1999, and are incorporated herein by reference.
- 10(a) Loan Agreement dated December 1, 1988 with Chesterfield County, South Carolina relating to Series 1988 Industrial Revenue Bonds in the principal amount of \$3,377,000 was filed as Exhibit 10(n) to the Company's Form 10-K for the year ended April 29, 1989, and is incorporated herein by reference.
- 10(b) Loan Agreement dated November 1, 1988 with the Alamance County Industrial Facilities and Pollution Control Financing Authority relating to Series A and B Industrial Revenue Refunding Bonds in the principal amount of \$7,900,000, was filed as exhibit 10(o) to the Company's Form 10-K for the year ended April 29, 1990, and is incorporated herein by reference.
- 10(c) Loan Agreement dated January 5, 1990 with the Guilford County Industrial Facilities and Pollution Control Financing Authority, North Carolina, relating to Series 1989 Industrial Revenue Bonds in the principal amount of \$4,500,000, was filed as Exhibit 10(d) to the Company's Form 10-K for the year ended April 29, 1990, filed on July 25, 1990, and is incorporated herein by reference.
- 10(d) Loan Agreement dated as of December 1, 1993 between Anderson County, South Carolina and the Company relating to \$6,580,000 Anderson County, South Carolina Industrial Revenue Bonds (Culp, Inc. Project) Series 1993, was filed as Exhibit 10(o) to the Company's Form 10-Q for the quarter ended January 30, 1994, filed March 16, 1994, and

Edgar Filing: CULP INC - Form 10-Q/A

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

Edgar Filing: CULP INC - Form 10-Q/A

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

Edgar Filing: CULP INC - Form 10-Q/A

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

Edgar Filing: CULP INC - Form 10-Q/A

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.

Edgar Filing: CULP INC - Form 10-Q/A

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,

Edgar Filing: CULP INC - Form 10-Q/A

Atlanta, and Cooperatieve Centrale Raiffeisen-Boerenleenbank 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.
- 10(pp) Third Amendment to Credit Agreement dated April 28, 2000, among Culp, Inc., Wachovia Bank, N.A., as agent, First Union National Bank, as documentation agent, and Wachovia Bank, N.A., First Union National Bank, and Suntrust Bank, as lenders. This amendment was filed as Exhibit 10(pp) to the Company's Form 10-K for the year ended April 30, 2000, and is incorporated herein by reference.
- 10(qq) Fourth Amendment to Credit Agreement dated July 30, 2000, among Culp, Inc., Wachovia Bank, N.A., as agent, First Union National Bank, as documentation agent, and Wachovia Bank, N.A., First Union National Bank, and Suntrust Bank, as lenders. This amendment was filed as Exhibit 10(qq) to the Company's Form 10-Q for the quarter ended July 30, 2000, and is incorporated herein by reference.
- 10(rr) Amendments to 1993 Stock Option Agreement dated September 26, 2000. This amendment was filed as Exhibit 10(rr) to the Company's Form 10-Q for the quarter ended October 29, 2000, and is incorporated herein by reference. (*)

27 Financial Data Schedule

Edgar Filing: CULP INC - Form 10-Q/A

(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 22, 2000, included under Item 5, Other Events, the Company's press release for quarterly earnings and the Financial Information Release relating to certain financial information for the quarter ended July 30, 2000.

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: April 25, 2001

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 sign-
ing as principal financial officer)