UNITED STATES
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) March 7, 2007

Culp, Inc.
(Exact Name of Registrant as Specified in its Charter)

North Carolina	0-12781	56-1001967
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1823 Eastchester Drive
High Point, North Carolina 27265
(Address of Principal Executive Offices)
(Zip Code)

(336) 889-5161
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former name or address, if changed from last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[_] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[_] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[_] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[_] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 2.02 - Results of Operations and Financial Condition

On March 7, 2007, the Company issued a news release to announce its financial results for the third quarter ended January 28, 2007. The news release is attached hereto as Exhibit 99(a).

Also on March 7, 2007, the Company released a Financial Information Release containing additional financial information and disclosures about the Company's third quarter ended January 28, 2007. The Financial Information Release is attached hereto as Exhibit 99(b).

The news release and Financial Information Release contain disclosures about free cash flow, a non-GAAP performance measure, that management believes provides useful information to investors because it measures the Company's available cash flow for potential debt repayment, stock repurchases and additions to cash and cash equivalents. In addition, the news release and Financial Information Release contain proforma income statement information, which reconciles the reported and projected income statement information with proforma results, which exclude restructuring and related charges. The Company has included this proforma information in order to show operational performance excluding the effects of restructuring and related charges that are not expected to occur on a regular basis. Management believes this presentation aids in the comparison of financial results among comparable financial periods. In addition, this information is used by management to make operational decisions about the Company's business, is used in certain financial covenants in the Company's loan agreements, and is used by the Company as a financial goal for purposes of determining management incentive bonuses.

FORWARD LOOKING INFORMATION. This report and the exhibits hereto contain statements that may be deemed "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995 (Section 27A of the Securities Act of 1933 and Section 27A of the Securities and Exchange Act of 1934). Such statements are inherently subject to risks and uncertainties. Further, forward-looking statements are intended to speak only as of the date on which they are made. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often but not always characterized by qualifying words such as "expect," "believe," "estimate," "plan" and "project" and their derivatives, and include but are not limited to statements about the company's future operations, production levels, sales, SG&A or other expenses, margins, gross profit, operating income, earnings or other performance measures. 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. Changes in consumer tastes or preferences toward products not produced by the Company could erode demand for the Company's products. In addition, strengthening of the U.S. dollar against other currencies could make the Company's products less competitive on the basis of price in markets outside the United States. Also, economic and political instability in international areas could affect the company's operations or sources of goods in those areas, as well as demand for the company's products in international markets. The Company's level of success in integrating the acquisition of assets from the International Textile Group, Inc. and in capturing and retaining sales to customers related to the acquisition will affect the Company's ability to meet its sales goals. Finally, unanticipated delays or costs in executing restructuring actions could cause the cumulative effect of restructuring actions to fail to meet the objectives set forth by management. Other factors that could affect the matters discussed in forward-looking statements are included in the company's periodic reports filed with the Securities and Exchange Commission, including the "Risk Factors" section in the company's most recent annual report of Form 10-K filed with the Securities and Exchange Commission on July 26, 2006 for the fiscal year ended April 30, 2006.

Item 9.01 (d) -- Exhibits

99(a) News Release dated March 7, 2007

99(b) Financial Information Release dated March 7, 2007

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: Franklin N. Saxon

President

By: Kenneth R. Bowling

Vice President-Finance, Treasurer

Dated: March 7, 2007
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EXHIBIT INDEX

Exhibit Number	Exhibit
99(a)	News release dated March 7, 2007
99(b)	Financial Information Release dated March 7, 2007

Culp Announces Third Quarter Fiscal 2007 Results

HIGH POINT, N.C.--(BUSINESS WIRE)--March 7, 2007--Culp, Inc. (NYSE: CFI) today reported financial and operating results for the fiscal 2007 third quarter and nine months ended January 28, 2007.

Overview

For the three months ended January 28, 2007, net sales were $55.7 million compared with $61.0 million a year ago. The company reported a net loss of $2.2 million, or $0.19 per diluted share, for the third quarter of fiscal 2007. Included in these results is a non-cash income tax charge of $452,000, or $0.04 per diluted share, related to the exercise of non-qualified stock options. The financial results for the third quarter of fiscal 2007 also include $2.1 million, or $0.18 per diluted share, in restructuring and related charges, after taxes. Excluding these restructuring and related charges, net loss for the third fiscal quarter was $99,000, or $0.01 per diluted share. The company reported a net loss of $2.2 million, or $0.19 per diluted share, for the third quarter of fiscal 2006. The financial results for the third quarter of fiscal 2006 included $1.0 million, or $0.09 per diluted share, in restructuring and related charges, after taxes. Excluding these charges, net loss for the third fiscal quarter of fiscal 2006 was $1.1 million, or $0.10 per diluted share. (A reconciliation of the net loss and net loss per share calculations has been set forth on Page 6.)

For the nine months ended January 28, 2007, the company reported net sales of $177.3 million compared with $190.4 million for the same period a year ago. Net loss for the first nine months of fiscal 2007 was $1.3 million, or $0.11 per diluted share, compared with a net loss of $10.3 million, or $0.89 per diluted share, for the same period last year. Excluding restructuring and related charges, net income for the first nine months of fiscal 2007 was $2.1 million, or $0.18 per diluted share. Excluding restructuring and related charges, net loss for the first nine months of fiscal 2006 was $2.1 million, or $0.18 per diluted share.

Robert G. Culp, III, chairman of the board and chief executive officer of Culp, Inc., said, "Our third quarter performance reflects continued progress for Culp in fiscal 2007. We are pleased with our execution as we continue to work through a number of important operational changes in each of our operating segments. We believe we are creating a sustainable upholstery fabrics business model that will meet current customer demand. With the substantial investments we have made in our mattress fabrics segment and the recent acquisition of the mattress fabrics product line of International Textile Group, Inc.'s Burlington House Division ("ITG"), we are firmly committed to the future of the mattress fabrics business. We have a strong competitive position and are excited about the significant opportunities ahead for Culp in mattress fabrics. We continue to move Culp forward and believe we are taking the right steps to extend the leadership positions we enjoy in both of our operating segments."

Mattress Fabrics Segment

Mattress fabric (known as mattress ticking) sales for the third quarter were $24.4 million, a 7.6 percent increase compared with $22.7 million for the third quarter of fiscal 2006. On a unit volume basis, total yards sold increased by nine percent compared with the third quarter of fiscal 2006. These results include $1.0 million in incremental sales related to the company's acquisition of ITG's mattress fabrics product line. This transaction closed on January 22, 2007. The average selling price for mattress fabrics was $2.32 per yard for the third quarter compared with $2.35 per yard for same period last year. Operating income for this segment was $2.5 million, or 10.3 percent of sales, compared with $1.8 million, or 7.9 percent of sales, for the prior-year period.

"Mattress fabric has become an increasingly important part of our business and accounted for 44 percent of the company's sales in our third fiscal quarter," added Frank Saxon, president of Culp. "We are pleased with the performance in this segment with operating income up nearly 40 percent over the same period last year and operating margins over 10 percent for the second consecutive quarter. Our recently announced acquisition of ITG's mattress fabrics business extends our leadership position in the mattress fabrics industry. We believe this transaction provides the opportunity to increase our annual sales in mattress fabrics by approximately $30 to $40 million with only a modest investment in fixed assets. We will be transitioning the ITG production to Culp facilities and suppliers over the next several months and we are pleased with the excellent cooperation from ITG which is helping to ensure an orderly transition for our customers."

Upholstery Fabrics Segment

Sales for this segment were $31.3 million, an 18 percent decline compared with $38.4 million in the third quarter of fiscal 2006. Total yards sold declined by 17 percent, while average selling prices were down one percent compared with the third quarter of fiscal 2006. Sales of upholstery fabrics reflect continued soft demand industrywide for U.S. produced fabrics, driven by consumer preference for leather and suede furniture and other imported fabrics, including cut and sewn kits. Sales of U.S. produced fabrics were $14.0 million, down 41 percent from the third quarter of fiscal 2006, while sales of non-U.S. produced fabrics were $17.4 million, up 18 percent over the prior year period. Operating loss for the upholstery fabrics segment for the third quarter of fiscal 2007 was $496,000, a significant improvement compared with an operating loss of $1.6 million for the same period a year ago. These results reflect higher gross profit of non-U.S. produced fabrics, but continued low gross profit levels related to sales of U.S. produced fabrics.

"The results for our upholstery fabric segment continue to reflect growth in sales of non-U.S. produced fabrics and very weak demand for U.S. produced fabrics," added Saxon. "Sales of non-U.S. produced fabrics represented 55 percent of total upholstery fabric sales for the third quarter, compared with 38 percent a year ago. We have been highly successful with our China platform and we are excited about the potential growth opportunities as we expand our capabilities. As our customers have continued to aggressively source fabrics produced outside the U.S., we believe Culp is well positioned to meet this demand with a strong focus on product innovation, quality and global logistics.

"With respect to the U.S. produced upholstery fabrics business, since the beginning of fiscal 2007 we have made considerable progress in changing our product strategy, reducing our manufacturing complexities and improving our cost structure. However, the declining sales volumes have continued to affect the profitability of our overall upholstery fabrics business. During the third quarter, we made the decision to further consolidate our U.S. upholstery fabrics manufacturing facilities and outsource our specialty yarn production. As a result, we are closing the company's weaving plant located in Graham, North Carolina, and closing the yarn plant located in Lincolnton, North Carolina. We are transferring certain production from the Graham plant to our Anderson, South Carolina, and Shanghai, China, facilities as well as a small portion to contract weavers. We will continue to operate one upholstery fabrics plant in Anderson, which will primarily produce velvets and a limited amount of decorative fabrics. This facility has a book value of fixed assets of approximately $2.2 million. By further consolidating our U.S. manufacturing operations and utilizing lower-cost manufacturing alternatives, we are reducing our operating costs and improving our domestic capacity utilization. We expect to substantially complete these moves by the end of fiscal 2007."

Balance Sheet

"We have continued to strengthen our balance sheet with the prepayment of debt and issuance of equity," Saxon noted. "During December 2006 and February 2007, we prepaid a total of $7.5 million in long-term debt scheduled for payment in March 2007. In January 2007, we issued common stock valued at $5.1 million related to the ITG acquisition. At the end of the third fiscal quarter, our balance sheet reflected $10.7 million in cash and cash equivalents and a debt to capital ratio of 37 percent. Our capital spending plans for fiscal year 2008 are expected to be approximately $4.0 million and depreciation is expected to be approximately $6.0 million."

Outlook

Commenting on the outlook for the fourth quarter of fiscal 2007, Saxon remarked, "The current trends in our mattress fabrics segment are strong, while business conditions remain very soft in our upholstery fabrics segment due to weak retail furniture demand and sharply lower demand for U.S. produced fabrics. Overall, we expect our fourth quarter sales to be down slightly from the fourth quarter of last year, and for the first time ever, we believe mattress fabric sales will be greater than 50 percent of total company sales. We expect sales in our mattress fabrics segment to be up 45 to 55 percent for the fourth quarter, reflecting the incremental sales from the ITG acquisition and some organic growth. Operating income in this segment is also expected to improve substantially due to higher sales volume, strong knitted ticking business and the benefits from our recent capital project. We expect to exceed the third quarter operating income margin for mattress ticking, even though we are incurring one-time transition costs related to the integration of the ITG business.

"In our upholstery fabrics segment, we expect sales to be down approximately 25 percent for the fourth quarter, with modest growth in non US produced fabrics and sharply lower sales of U.S. produced fabrics. We believe the upholstery fabric segment's operating results will reflect a small operating loss due to the significantly lower sales and gross profit in U.S. produced fabrics and transition issues associated with the previously announced closing of two U.S. plants. However, we are expecting higher gross profit in our non U.S. produced business and lower selling, general and administrative expenses on a sequential basis for this segment.

"Considering these factors, we expect the company to report net income in the fourth quarter in the range of $0.07 to $0.11 per diluted share, excluding restructuring and related charges for previously announced restructuring initiatives. This is management's best estimate at present, recognizing that future financial results are difficult to predict because the upholstery fabrics industry is undergoing a dramatic transition and many internal changes are still underway within the company. The actual results will depend primarily upon the level of demand throughout the quarter, the company's progress with respect to restructuring activities and the integration of the ITG acquisition," said Saxon.

The company estimates that restructuring and related charges for previously announced restructuring initiatives of approximately $1.8 million ($1.1 million net of taxes, or $0.09 per diluted share) will be incurred during the fourth fiscal quarter. Including these restructuring and related charges, the company expects to report results for the fourth fiscal quarter in the range of a net loss of ($0.02) to net income of $0.02 per diluted share. (A reconciliation of the projected net income per share calculation has been set forth on Page 6.)

In closing, Culp added, "We continue to execute our strategy to move the company forward and believe that fiscal 2007 will represent a period of significant progress for Culp. We are working through a number of operational changes that we believe will further enhance our competitive position in both business segments. We have built a solid competitive position in mattress fabrics and are very excited about the incremental value the ITG acquisition will bring to this business. We believe mattress fabrics will be a key driver of the company's growth going forward. Our upholstery fabrics business is transitioning into a vibrant global platform and we continue to pursue opportunities for enhancing the capabilities of our China operation. Together, these factors are designed to position the company for profitable growth over the long term in today's global marketplace."

About the Company

Culp, Inc. is one of the world's largest marketers of mattress fabrics for bedding and upholstery fabrics for furniture. The company's fabrics are used principally in the production of bedding products and residential and commercial upholstered furniture.

This release contains statements that may be deemed "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995 (Section 27A of the Securities Act of 1933 and Section 27A of the Securities and Exchange Act of 1934). Such statements are inherently subject to risks and uncertainties. Further, forward-looking statements are intended to speak only as of the date on which they are made. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often but not always characterized by qualifying words such as "expect," "believe," "estimate," "plan" and "project" and their derivatives, and include but are not limited to statements about the company's future operations, production levels, sales, SG&A or other expenses, margins, gross profit, operating income, earnings or other performance measures. 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. Changes in consumer tastes or preferences toward products not produced or marketed by the company could erode demand for the company's products. The company's level of success in integrating its recent acquisition and in capturing and retaining sales to customers related to the acquisition will affect the company's ability to meet its sales and profit goals. In addition, strengthening of the U.S. dollar against other currencies could make the company's products less competitive on the basis of price in markets outside the United States. Also, economic and political instability in international areas could affect the company's operations or sources of goods in those areas, as well as demand for the company's products in international markets. Finally, unanticipated delays or costs in executing restructuring actions could cause the cumulative effect of restructuring actions to fail to meet the objectives set forth by management. Other factors that could affect the matters discussed in forward-looking statements are included in the company's periodic reports filed with the Securities and Exchange Commission, including the "Risk Factors" section in the company's most recent annual report on Form 10-K.

CULP, INC.
Condensed Financial Highlights
(Unaudited)

	Three Months Ended		Nine Months Ended	
	January 28, 2007	January 29, 2006	January 28, 2007	January 29, 2006
Net sales	$55,712,000	$61,035,000	$177,337,000	$190,383,000
Net loss	$(2,221,000)	$(2,169,000)	$(1,276,000)	$(10,261,000)
Net loss per share:				
Basic	$(0.19)	$(0.19)	$(0.11)	$(0.89)
Diluted	$(0.19)	$(0.19)	$(0.11)	$(0.89)
Net income				

(loss) per share, diluted, excluding restructuring and related charges (1)	$(0.01)	$(0.10)	$0.18	$(0.18)
Average shares outstanding:				
Basic	11,773,000	11,562,000	11,710,000	11,557,000
Diluted	11,773,000	11,562,000	11,710,000	11,557,000

(1) Excludes restructuring and related charges of $4.1 million ($2.1 million, or $0.18 per diluted share, after taxes) for the third quarter of fiscal 2007. Excludes restructuring and related charges of $5.6 million ($3.3 million or $0.29 per diluted share, after taxes) for the first nine months of fiscal 2007.

Excludes restructuring and related charges of $1.7 million ($1.0 million, or $0.09 per diluted share, after taxes) for the third quarter of fiscal 2006. Excludes restructuring and related charges of $13.2 million ($8.2 million or $0.71 per diluted share, after taxes) for the first nine months of fiscal 2006.

CULP, INC.
Reconciliation of Net Loss as Reported to Pro Forma Net Income (Loss)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	January 28, 2007	January 29, 2006	January 28, 2007	January 29, 2006
Net loss, as reported	$(2,221,000)	$(2,169,000)	$(1,276,000)	$(10,261,000)
Restructuring and related charges, net of income taxes	2,122,000	1,041,000	3,340,00	8,174,000
Pro forma net income (loss)	$(99,000)	$(1,128,000)	$2,064,000	$(2,087,000)

Reconciliation of Net Loss Per Share as Reported to
Pro Forma Net Income (Loss) Per Share
(Unaudited)

	Three Months Ended (1)		Nine Months Ended (1)	
	January 28, 2007	January 29, 2006	January 28, 2007	January 29, 2006
Net loss per diluted share as reported	$(0.19)	$(0.19)	$(0.11)	$(0.89)
Restructuring and related charges, net of income taxes	0.18	0.09	0.29	0.71
Net income (loss) per diluted share, adjusted	$(0.01)	$(0.10)	$0.18	$(0.18)

(1) Per share numbers have been rounded

Culp Inc.
Reconciliation of Projected Range of Net Income (Loss) Per Share
to Projected Range of Pro Forma Net Income Per Share
(Unaudited)

	Three Months Ending April 29, 2007
Projected range of net income (loss) per diluted share	$(0.02)- $0.02
Projected restructuring and related charges, net of income taxes	0.09
Projected range of pro forma net income per diluted share	$0.07 - $0.11

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or
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336-889-5161

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF LOSS
FOR THE THREE MONTHS AND NINE MONTHS ENDED JANUARY 28, 2007
AND JANUARY 29, 2006
(UNAUDITED)

(Amounts in Thousands, Except for Per Share Data)

		THREE MONTHS ENDED				
		Amounts			Percent of Sales	
		January 28, 2007	January 29, 2006	% Over (Under)	January 28, 2007	January 29, 2006
Net sales	$	55,712	61,035	(8.7)%	100.0 %	100.0 %
Cost of sales		51,001	56,858	(10.3)%	91.5 %	93.2 %
Gross profit		4,711	4,177	12.8 %	8.5 %	6.8 %
Selling, general and administrative expenses		6,394	6,098	4.9 %	11.5 %	10.0 %
Restructuring expense		1,275	343	271.7 %	2.3 %	0.6 %
Loss from operations		(2,958)	(2,264)	(30.7)%	(5.3)%	(3.7)%
Interest expense		952	1,063	(10.4)%	1.7 %	1.7 %
Interest income		(50)	(43)	16.3 %	(0.1)%	(0.1)%
Other (income) expense		(157)	135	216.3 %	(0.3)%	0.2 %
Loss before income taxes		(3,703)	(3,419)	(8.3)%	(6.6)%	(5.6)%
Income taxes*		(1,482)	(1,250)	18.6 %	40.0 %	36.6 %
Net loss	$	(2,221)	(2,169)	(2.4)%	(4.0)%	(3.6)%
Net loss per share-basic		($0.19)	($0.19)	0.0 %		
Net loss per share-diluted		($0.19)	($0.19)	0.0 %		
Net loss per share, diluted, excluding restructuring and related charges (see proforma statement on page 6)		($0.01)	($0.10)	(90.0)%		
Average shares outstanding-basic		11,773	11,562	1.8 %		
Average shares outstanding-diluted		11,773	11,562	1.8 %		

		NINE MONTHS ENDED				
		Amounts			Percent of Sales	
		January 28, 2007	January 29, 2006	% Over (Under)	January 28, 2007	January 29, 2006
Net sales	$	177,337	190,383	(6.9)%	100.0 %	100.0 %
Cost of sales		156,575	174,098	(10.1)%	88.3 %	91.4 %
Gross profit		20,762	16,285	27.5 %	11.7 %	8.6 %
Selling, general and administrative expenses		19,240	22,480	(14.4)%	10.8 %	11.8 %
Restructuring expense		1,742	6,581	(73.5)%	1.0 %	3.5 %
Loss from operations		(220)	(12,776)	98.3 %	(0.1)%	(6.7)%
Interest expense		2,841	2,955	(3.9)%	1.6 %	1.6 %
Interest income		(147)	(78)	88.5 %	(0.1)%	(0.0)%
Other (income) expense		(98)	481	120.4 %	(0.1)%	0.3 %
Loss before income taxes		(2,816)	(16,134)	82.5 %	(1.6)%	(8.5)%
Income taxes*		(1,540)	(5,873)	(73.8)%	54.7 %	36.4 %
Net loss	$	(1,276)	(10,261)	87.6 %	(0.7)%	(5.4)%
Net loss per share-basic		($0.11)	($0.89)	87.6 %		
Net loss per share-diluted		($0.11)	($0.89)	87.6 %		
Net income (loss) per share, diluted, excluding restructuring and related charges (see proforma statement on page 7)		$0.18	($0.18)	200.0 %		
Average shares outstanding-basic		11,710	11,557	1.3 %		
Average shares outstanding-diluted		11,710	11,557	1.3 %		

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

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED BALANCE SHEETS
JANUARY 28, 2007, JANUARY 29, 2006 AND APRIL 30, 2006
(UNAUDITED)

(Amounts in Thousands)

	Amounts		Increase (Decrease)		
	January 28, 2007	January 29, 2006	Dollars	Percent	* April 30, 2006
Current assets					
Cash and cash equivalents	$ 10,675	12,870	(2,195)	(17.1)%	9,714
Accounts receivable	23,755	28,485	(4,730)	(16.6)%	29,049
Inventories	42,717	42,099	618	1.5 %	36,693
Deferred income taxes	7,120	7,054	66	0.9 %	7,120
Assets held for sale	1,231	-	1,231	100.0 %	3,111
Other current assets	2,710	1,649	1,061	64.3 %	1,287
Total current assets	88,208	92,157	(3,949)	(4.3)%	86,974
Property, plant & equipment, net	40,784	52,562	(11,778)	(22.4)%	44,639
Goodwill	4,114	4,114	-	0.0 %	4,114
Deferred income taxes	23,232	15,731	7,501	47.7 %	20,176
Other assets	2,683	1,775	908	51.2 %	1,564
Total assets	$ 159,021	166,339	(7,318)	(4.4)%	157,467
Current liabilities					
Current maturities of long-term debt	$ 4,744	8,049	(3,305)	(41.1)%	8,060
Accounts payable	18,051	20,669	(2,618)	(12.7)%	20,835
Accrued expenses	7,704	9,751	(2,047)	(21.0)%	7,845
Accrued restructuring	3,490	4,299	(809)	(18.8)%	4,054
Income taxes payable	4,136	635	3,501	551.3 %	2,488
Total current liabilities	38,125	43,403	(5,278)	(12.2)%	43,282
Long-term debt , less current maturities	41,965	47,229	(5,264)	(11.1)%	39,662
Total liabilities	80,090	90,632	(10,542)	(11.6)%	82,944
Shareholders' equity	78,931	75,707	3,224	4.3 %	74,523
Total liabilities and shareholders' equity	$ 159,021	166,339	(7,318)	(4.4)%	157,467
Shares outstanding	12,555	11,566	989	8.6 %	11,655

* Derived from audited financial statements

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JANUARY 28, 2007 AND JANUARY 29, 2006
(UNAUDITED)

(Amounts in Thousands)

		NINE MONTHS ENDED Amounts	
		January 28, 2007	January 29, 2006
Cash flows from operating activities:			
Net loss	$	(1,276)	(10,261)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation		5,651	12,275
Amortization of other assets		59	70
Stock-based compensation		406	139
Deferred income taxes		(3,056)	(5,645)
Restructuring expenses, net of gain on sale of related assets		(546)	3,057
Changes in assets and liabilities:			
Accounts receivable		5,294	339
Inventories		(1,270)	8,400
Other current assets		787	1,042
Other assets		(46)	(129)
Accounts payable		(2,507)	(1,695)
Accrued expenses		(141)	195
Accrued restructuring		(564)	(1,551)
Income taxes payable		1,648	(909)
Net cash provided by operating activities		4,439	5,327
Cash flows from investing activities:			
Capital expenditures		(2,492)	(5,428)
Acquisition of assets		(2,500)	-
Proceeds from the sale of buildings and equipment		3,260	3,950
Net cash used in investing activities		(1,732)	(1,478)
Cash flows from financing activities:			
Payments on vendor-financed capital expenditures		(927)	(871)
Payments on long-term debt		(3,513)	(292)
Proceeds from issuance of long-term debt		2,500	5,020
Proceeds from common stock issued		194	57
Net cash (used in) provided by financing activities		(1,746)	3,914
Increase in cash and cash equivalents		961	7,763
Cash and cash equivalents at beginning of period		9,714	5,107
Cash and cash equivalents at end of period	$	10,675	12,870
Free Cash Flow (1)	$	4,280	2,978

(1) Free Cash Flow reconciliation is as follows:		3rd Qtr FY 2007	3rd Qtr FY 2006
A) Net cash provided by operating activities	$	4,439	5,327
B) Minus: Capital expenditures		(2,492)	(5,428)
C) Add: Proceeds from the sale of buildings and equipment		3,260	3,950
D) Minus: Payments on vendor-financed capital expenditures		(927)	(871)
	$	4,280	2,978

CULP, INC. FINANCIAL INFORMATION RELEASE
SALES, GROSS PROFIT AND OPERATING INCOME (LOSS) BY SEGMENT
FOR THE THREE MONTHS ENDED JANUARY 28, 2007 AND JANUARY 29, 2006

(Amounts in thousands)

		THREE MONTHS ENDED (UNAUDITED)				
		Amounts			Percent of Total Sales	
Net Sales by Segment		January 28, 2007	January 29, 2006	% Over (Under)	January 28, 2007	January 29, 2006
Mattress Fabrics	$	24,396	22,681	7.6 %	43.8 %	37.2 %
Upholstery Fabrics		31,316	38,354	(18.4)%	56.2 %	62.8 %
Net Sales	$	55,712	61,035	(8.7)%	100.0 %	100.0 %
Gross Profit by Segment					Gross Profit Margin	
Mattress Fabrics	$	4,215	3,442	22.5 %	17.3 %	15.2 %
Upholstery Fabrics		3,269	2,070	57.9 %	10.4 %	5.4 %
Subtotal		7,484	5,512	35.8 %	13.4 %	9.0 %
Restructuring related charges		(2,773)(1)	(1,335)(3)	107.7 %	(5.0)%	(2.2)%
Gross Profit	$	4,711	4,177	12.8 %	8.5 %	6.8 %
Selling, General and Administrative expenses by Segment					Percent of Sales	
Mattress Fabrics	$	1,706	1,643	3.8 %	7.0 %	7.2 %
Upholstery Fabrics		3,765	3,717	1.3 %	12.0 %	9.7 %
Unallocated Corporate expenses		895	738	21.3 %	1.6 %	1.2 %
		6,366	6,098	4.4 %	11.4 %	10.0 %
Restructuring related charges		28 (1)	-	100.0 %	0.1 %	0.0 %
Selling, General and Administrative expenses	$	6,394	6,098	4.9 %	11.5 %	10.0 %
Operating Income (loss) by Segment					Operating Income (Loss) Margin	
Mattress Fabrics	$	2,509	1,799	39.5 %	10.3 %	7.9 %
Upholstery Fabrics		(496)	(1,647)	69.9 %	(1.6)%	(4.3)%
Unallocated corporate expenses		(895)	(738)	21.3 %	(1.6)%	(1.2)%
Subtotal		1,118	(586)	(290.8)%	2.0 %	(1.0)%
Restructuring expense		(1,275)(2)	(343)(4)	271.7 %	(2.3)%	(0.6)%
Restructuring related charges		(2,801)(1)	(1,335)(3)	109.8 %	(5.0)%	(2.2)%
Loss from operations	$	(2,958)	(2,264)	(30.7)%	(5.3)%	(3.7)%
Depreciation by Segment						
Mattress Fabrics	$	912	965	(5.5)%		
Upholstery Fabrics		710	1,366	(48.0)%		
Subtotal		1,622	2,331	(30.4)%		
Accelerated Depreciation		665	108	515.7 %		
Total Depreciation	$	2,287	2,439	(6.2)%		

Notes:

(1) The $2.8 million represents restructuring related charges of $2.2 million for inventory markdowns, $665,000 for accelerated deprecation, and a credit of $24,000 for other operating costs associated with the closing of plant facilities.

(2) The $1.3 million represents restructuring expenses of $1.2 million for employee termination benefits, $272,000 for write-downs of equipment, $181,000 for asset movement costs, $61,000 for lease termination costs, and a credit of $455,000 for sales proceeds received on equipment with no carrying value.

(3) The $1.3 million represents restructuring related charges of $838,000 for inventory markdowns, $389,000 for other operating costs associated with the closing of plant facilities, and $108,000 for accelerated depreciation.

(4) The $343,000 represents restructuring expenses of $371,000 for asset movement costs, $133,000 for employee termination benefits, $51,000 for lease termination costs, a credit of $77,000 for sales proceeds received on equipment with no carrying value, and a credit of $135,000 to reflect current estimates of sub-lease income.

CULP, INC. FINANCIAL INFORMATION RELEASE
SALES, GROSS PROFIT AND OPERATING INCOME (LOSS) BY SEGMENT
FOR THE NINE MONTHS ENDED JANUARY 28, 2007 AND JANUARY 29, 2006

(Amounts in thousands)

		NINE MONTHS ENDED (UNAUDITED)				
		Amounts			Percent of Total Sales	
Net Sales by Segment		January 28, 2007	January 29, 2006	% Over (Under)	January 28, 2007	January 29, 2006
Mattress Fabrics	$	69,734	69,586	0.2 %	39.3 %	36.6 %
Upholstery Fabrics		107,603	120,797	(10.9)%	60.7 %	63.4 %
Net Sales	$	177,337	190,383	(6.9)%	100.0 %	100.0 %
Gross Profit by Segment					Gross Profit Margin	
Mattress Fabrics	$	11,880	9,839	20.7 %	17.0 %	14.1 %
Upholstery Fabrics		12,691	10,027	26.6 %	11.8 %	8.3 %
Subtotal		24,571	19,866	23.7 %	13.9 %	10.4 %
Restructuring related charges		(3,809)(1)	(3,581) (3)	6.4 %	(2.1)%	(1.9)%
Gross Profit	$	20,762	16,285	27.5 %	11.7 %	8.6 %
Selling, General and Administrative expenses by Segment					Percent of Sales	
Mattress Fabrics	$	5,043	5,016	0.5 %	7.2 %	7.2 %
Upholstery Fabrics		11,219	12,120	(7.4)%	10.4 %	10.0 %
Unallocated Corporate expenses		2,920	2,322	25.8 %	1.6 %	1.2 %
Subtotal		19,182	19,458	(1.4)%	10.8 %	10.2 %
Restructuring related charges		58 (1)	3,022 (4)	(98.1)%	0.0 %	1.6 %
Selling, General and Administrative expenses	$	19,240	22,480	(14.4)%	10.8 %	11.8 %
Operating Income (loss) by Segment					Operating Income (Loss) Margin	
Mattress Fabrics	$	6,837	4,823	41.8 %	9.8 %	6.9 %
Upholstery Fabrics		1,472	(2,093)	170.3 %	1.4 %	(1.7)%
Unallocated corporate expenses		(2,920)	(2,322)	25.8 %	(1.6)%	(1.2)%
Subtotal		5,389	408	1,220.8 %	3.0 %	0.2 %
Restructuring expense		(1,742)(2)	(6,581)(5)	(73.5)%	(1.0)%	(3.5)%
Restructuring related charges		(3,867)(1)	(6,603)(3)(4)	(41.4)%	(2.2)%	(3.5)%
Loss from operations	$	(220)	(12,776)	98.3 %	(0.1)%	(6.7)%
Depreciation by Segment						
Mattress Fabrics	$	2,771	2,714	2.1 %		
Upholstery Fabrics		2,215	4,582	(51.7)%		
Subtotal		4,986	7,296	(31.7)%		
Accelerated Depreciation		665	4,979	(86.6)%		
Total Depreciation	$	5,651	12,275	(54.0)%		

Notes:

(1) The $3.9 million represents restructuring related charges of $2.3 million for inventory markdowns, $802,000 for other operating costs associated with the closing of plant facilities, and $665,000 for accelerated depreciation.
(2) The $1.7 million represents restructuring expenses of $990,000 for employee termination benefits, $914,000 for asset movement costs, $395,000 for lease termination and other exit costs, $334,000 for write-downs of buildings and

equipment, and a credit of $890,000 for sales proceeds on equipment with no carrying value.

(3) The $3.6 million represents restructuring related charges of $1.9 million for accelerated depreciation, $1.2 million for inventory markdowns, and $455,000 other operating costs associated with the closing of plant facilities.

(4) The $3.0 million represents accelerated depreciation.

(5) The $6.6 million represents restructuring charges of $2.8 million for write-downs of buildings and equipment, $1.9 million for asset movement costs, $1.5 million for employee termination benefits, and $292,000 for lease termination costs.

CULP, INC.
PROFORMA CONSOLIDATED STATEMENTS OF LOSS
FOR THE THREE MONTHS ENDED JANUARY 28, 2007 AND JANUARY 29, 2006
(UNAUDITED)

(Amounts in Thousands, Except for Per Share Data)

		THREE MONTHS ENDED					
		As Reported January 28, 2007	% of Sales	Adjustments	% of Sales	January 28, 2007 Proforma Net of Adjustment	% of Sales
Net sales	$	55,712	100.0%	-	0.0%	55,712	100.0%
Cost of sales		51,001	91.5%	(2,773)	-5.0% (1)	48,228	86.6%
Gross profit		4,711	8.5%	(2,773)	-5.0%	7,484	13.4%
Selling, general and administrative expenses		6,394	11.5%	(28)	-0.1% (1)	6,366	11.4%
Restructuring expense		1,275	2.3%	(1,275)	-2.3% (2)	-	0.0%
Income (loss) from operations		(2,958)	-5.3%	(4,076)	-7.3%	1,118	2.0%
Interest expense		952	1.7%	-	0.0%	952	1.7%
Interest income		(50)	-0.1%	-	0.0%	(50)	-0.1%
Other (income) expense		(157)	-0.3%	-	0.0%	(157)	-0.3%
Income (loss) before income taxes		(3,703)	-6.6%	(4,076)	-7.3%	373	0.7%
Income taxes (6)		(1,482)	40.0%	(1,954)	47.9%	472	126.5% (5)
Net loss	$	(2,221)	-4.0%	(2,122)	-3.8%	(99)	-0.2%
Net loss per share-basic		($0.19)		($0.18)		($0.01)	
Net loss per share-diluted		($0.19)		($0.18)		($0.01)	
Average shares outstanding-basic		11,773		11,773		11,773	
Average shares outstanding-diluted		11,773		11,773		11,773	

		THREE MONTHS ENDED						
		As Reported January 29, 2006	% of Sales	Adjustments	% of Sales	January 29, 2006 Proforma Net of Adjustments	% of Sales	Proforma % Over (Under)
Net sales	$	61,035	100.0%	-	0.0%	61,035	100.0%	-8.7%
Cost of sales		56,858	93.2%	(1,335)	-2.2% (3)	55,523	91.0%	-13.1%
Gross profit		4,177	6.8%	(1,335)	-2.2%	5,512	9.0%	35.8%
Selling, general and administrative expenses		6,098	10.0%	-	0.0%	6,098	10.0%	4.4%
Restructuring expense		343	0.6%	(343)	-0.6% (4)	-	0.0%	0.0%
Income (loss) from operations		(2,264)	-3.7%	(1,678)	-2.7%	(586)	-1.0%	290.8%
Interest expense		1,063	1.7%	-	0.0%	1,063	1.7%	-10.4%
Interest income		(43)	-0.1%	-	0.0%	(43)	-0.1%	-16.3%
Other (income) expense		135	0.2%	-	0.0%	135	0.2%	-216.3%
Income (loss) before income taxes		(3,419)	-5.6%	(1,678)	-2.7%	(1,741)	-2.9%	121.4%
Income taxes (6)		(1,250)	36.6%	(637)	38.0%	(613)	35.2%	177.0%
Net loss	$	(2,169)	-3.6%	(1,041)	-1.7%	(1,128)	-1.8%	91.2%
Net loss per share-basic		($0.19)		($0.09)		($0.10)		
Net loss per share-diluted		($0.19)		($0.09)		($0.10)		
Average shares outstanding-basic		11,562		11,562		11,562		
Average shares outstanding-diluted		11,562		11,562		11,562		

Notes:

(1) The $2.8 million represents restructuring related charges of $2.2 million for inventory markdowns, $665,000 for accelerated depreciation, and a credit of $24,000 for other operating costs associated with the closing of plant facilities.
(2) The $1.3 million represents restructuring expenses of $1.2 million for

employee termination benefits, $272,000 for write-downs of equipment, $181,000 for asset movement costs, $61,000 for lease termination costs, and a credit of $455,000 for sales proceeds received on equipment with no carrying value.

(3) The $1.3 million represents restructuring related charges of $838,000 for inventory markdowns, $389,000 for other operating costs associated with the closing of plant facilities, and $108,000 for accelerated depreciation.

(4) The $343,000 represents restructuring expenses of $371,000 for asset movement costs, $133,000 for employee termination benefits, $51,000 for lease termination costs, a credit of $77,000 for sales proceeds received on equipment with no carrying value and a credit of $135,000 to reflect current estimates of sub-lease income.

(5) The effective income tax rate includes income tax expense for the exercise of share options relating to the company's non-qualified stock option plan in the third quarter of fiscal 2007. Without these transactions, the third quarter fiscal 2007 effective income tax rate would have been 5.3%.

(6) The percent of net sales column for income taxes is calculated as % of income (loss) before income taxes.

CULP, INC.
PROFORMA CONSOLIDATED STATEMENTS OF NET INCOME (LOSS)
FOR THE NINE MONTHS ENDED JANUARY 28, 2007 AND JANUARY 29, 2006
(UNAUDITED)

(Amounts in Thousands, Except for Per Share Data)

	NINE MONTHS ENDED					
	As Reported January 28, 2007	% of Sales	Adjustments	% of Sales	January 28, 2007 Proforma Net of Adjustments	% of Sales
Net sales	$ 177,337	100.0%	-	0.0%	177,337	100.0%
Cost of sales	156,575	88.3%	(3,809)	-2.1% (1)	152,766	86.1%
Gross profit	20,762	11.7%	(3,809)	-2.1%	24,571	13.9%
Selling, general and administrative expenses	19,240	10.8%	(58)	0.0% (1)	19,182	10.8%
Restructuring expense	1,742	1.0%	(1,742)	-1.0% (2)	-	0.0%
Income (loss) from operations	(220)	-0.1%	(5,609)	-3.2%	5,389	3.0%
Interest expense	2,841	1.6%	-	0.0%	2,841	1.6%
Interest income	(147)	-0.1%	-	0.0%	(147)	-0.1%
Other (income) expense	(98)	-0.1%	-	0.0%	(98)	-0.1%
Income (loss) before income taxes	(2,816)	-1.6%	(5,609)	-3.2%	2,793	1.6%
Income taxes (7)	(1,540)	54.7%	(2,269)	40.5%	729	26.1% (6
Net income (loss)	$ (1,276)	-0.7%	(3,340)	-1.9%	2,064	1.2%
Net income (loss) per share-basic	($0.11)		($0.29)		$0.18	
Net income (loss) per share-diluted	($0.11)		($0.29)		$0.18	
Average shares outstanding-basic	11,710		11,710		11,710	
Average shares outstanding-diluted	11,710		11,710		11,713	

	NINE MONTHS ENDED						
	As Reported January 29, 2006	% of Sales	Adjustments	% of Sales	January 29, 2006 Proforma Net of Adjustments	% of Sales	Proforma % Over (Under)
Net sales	$ 190,383	100.0%	-	0.0%	190,383	100.0%	-6.9%
Cost of sales	174,098	91.4%	(3,581)	-1.9% (3)	170,517	89.6%	-10.4%
Gross profit	16,285	8.6%	(3,581)	-1.9%	19,866	10.4%	23.7%
Selling, general and administrative expenses	22,480	11.8%	(3,022)	-1.6% (4)	19,458	10.2%	-1.4%
Restructuring expense	6,581	3.5%	(6,581)	-3.5% (5)	-	0.0%	0.0%
Income (loss) from operations	(12,776)	-6.7%	(13,184)	-6.9%	408	0.2%	1220.8%
Interest expense	2,955	1.6%	-	0.0%	2,955	1.6%	-3.9%
Interest income	(78)	0.0%	-	0.0%	(78)	0.0%	-88.5%
Other (income) expense	481	0.3%	-	0.0%	481	0.3%	-120.4%
Income (loss) before income taxes	(16,134)	-8.5%	(13,184)	-6.9%	(2,950)	-1.5%	194.7%
Income taxes (7)	(5,873)	36.4%	(5,010)	38.0%	(863)	29.3%	184.5%
Net income (loss)	$ (10,261)	-5.4%	(8,174)	-4.3%	(2,087)	-1.1%	198.9%
Net income (loss) per share-basic	($0.89)		($0.71)		($0.18)		
Net income (loss) per share-diluted	($0.89)		($0.71)		($0.18)		
Average shares outstanding-basic	11,557		11,557		11,557		
Average shares outstanding-diluted	11,557		11,557		11,557		

Notes:

(1) The $3.9 million represents restructuring related charges of $2.3 million for inventory markdowns, $802,000 for other operating costs associated with the closing of plant facilities, and $665,000 for accelerated depreciation.
(2) The $1.7 million represents restructuring expenses of $990,000 for employee termination benefits, $914,00 for asset movement costs, $395,000 for lease termination and other exit costs, $334,000 for write-downs of buildings and equipment, and a credit of $890,000 for sales proceeds on equipment with no carrying value.

(3) The $3.6 million represents restructuring related charges of $1.9 million for accelerated depreciation, $1.2 million for inventory markdowns, and $455,000 for other operating costs associated with the closing of plant facilities.

(4) The $3.0 million represents accelerated depreciation.

(5) The $6.6 million represents restructuring charges of $2.8 million for write-downs of buildings and equipment, $1.9 million for asset movement costs, $1.5 million for employee termination benefits, and $292,000 for lease termination costs.

(5) The effective income tax rate includes income tax expense for the exercise of share options relating to the company's non-qualified stock option plan in the third quarter of fiscal 2007. Without these transactions the effective income tax rate for the nine-month period ending January 28, 2007 would have been 9.9%.

(7) The percent of net sales column for income taxes is calculated as a % of loss before income taxes.