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 1, 2006

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 (see General Instruction A.2. below):

|_| 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 1, 2006, the Company issued a news release to announce its financial results for the third quarter ended January 29, 2006. The news release is attached hereto as Exhibit 99(a).

Also on March 1, 2006, the Company released a Financial Information Release containing additional financial information and disclosures about the Company's third quarter ended January 29, 2006. 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 and goodwill impairment. The Company has included this proforma information in order to show operational performance excluding the effects of restructuring and related charges and goodwill impairment 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 agreement, 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. Finally, unanticipated delays or costs in executing restructuring actions could cause the cumulative effect of restructuring actions to fail to meet the objectives set forth by management. Other factors that could affect the matters discussed in forward-looking statements are included in the company's periodic reports filed with the Securities and Exchange Commission.

Item 9.01 (d) -- Exhibits

99(a) News Release dated March 1, 2006

99(b) Financial Information Release dated March 1, 2006

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 1, 2006
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Exhibit 99(a)

Culp Announces Third Quarter Fiscal 2006 Results

HIGH POINT, N.C.--(BUSINESS WIRE)--March 1, 2006--Culp, Inc. (NYSE:CFI) today reported financial and operating results for the fiscal 2006 third quarter and nine months ended January 29, 2006.

Overview

For the three months ended January 29, 2006, net sales were $61.0 million compared with $69.1 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 2006 compared with a net loss of $4.9 million, or $0.42 per diluted share, for the third quarter of fiscal 2005. The financial results for the third quarter of fiscal 2006 include $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 was $1.1 million, or $0.10 per diluted share. The results for the third quarter of fiscal 2005 include after-tax restructuring and related charges of $3.4 million, or $0.29 per diluted share. Excluding these charges, net loss for the third fiscal quarter of 2005 was $1.5 million, or $0.13 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 29, 2006, the company reported net sales of $190.4 million compared with $212.3 million for the same period a year ago. Net loss for the first nine months of fiscal 2006 was $10.3 million, or $0.89 per diluted share, compared with a net loss of $10.1 million, or $0.88 per diluted share, for the same period last year. 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. Excluding restructuring and related charges and goodwill impairment, net loss for the first nine months of fiscal 2005 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, "We have continued to take aggressive steps to transition Culp to a leaner and more agile business model in response to a dynamic global marketplace. We have made solid progress through the first nine months of fiscal 2006 with respect to each of our operating segments - mattress ticking and upholstery fabrics. While we have challenges ahead, we are already realizing the benefits of our strategic initiatives and believe we are taking the necessary steps to position Culp for success over the long term."

Mattress Fabrics Segment

Mattress fabric (known as mattress ticking) sales for the third quarter were $22.7 million compared with $25.6 million for the third quarter of fiscal 2005. On a unit volume basis, total yards sold decreased by 11.8 percent compared with the third quarter of fiscal 2005. This trend reflects overall softness in industry sales of mattresses, and a decline in demand for the printed ticking product line, which has become a less popular category. The average selling price for mattress ticking was essentially unchanged for the third quarter compared with the same period last year. Operating income for this segment was $1.8 million, or 7.9 percent of sales, compared with $1.6 million, or 6.2 percent of sales, for the prior-year period.

"Mattress ticking sales accounted for 37 percent of our business during the third quarter and we demonstrated meaningful improvement in our operating margins over the prior quarter and over the same period a year ago," noted Culp. "These trends reflect the productivity gains from our capital project and we expect to see some further margin improvement as we move closer to our target productivity levels by the end of fiscal 2006. We believe that we have a strong competitive position in the marketplace in mattress ticking."

Upholstery Fabrics Segment

Sales for this segment were $38.4 million, an 11.8 percent decline compared with $43.5 million in the third quarter of fiscal 2005. Total yards sold declined by 13.1 percent, while average selling prices were up 1.4 percent compared with the third quarter of fiscal 2005. Sales of upholstery fabrics, which accounted for 63 percent of overall sales, 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 $23.6 million, down 34 percent from the third quarter of fiscal 2005, while sales of non-U.S. produced fabrics were $14.7 million, up 89 percent over the prior year period. Operating loss for the upholstery fabrics segment for the third quarter of fiscal 2006 was $1.6 million compared with an operating loss of $2.0 million for the same period a year ago. These results reflect significantly lower gross profit in U.S. operations versus a year ago due to lower sales volumes and higher manufacturing variances as the company has experienced transition issues related to moving its finishing and yarn operations to outside suppliers and consolidating its velvet operations. Offsetting the lower gross profit in this segment were lower selling, general and administrative expenses, which were down 31 percent for the third quarter of fiscal 2006 compared with the same period last year.

Culp remarked, "Our non-U.S. operations continue to report favorable growth trends. Sales of upholstery fabrics produced outside our U.S. manufacturing plants were up 89 percent year-over-year, and accounted for 38 percent of Culp's upholstery fabric sales for the third quarter. Our most recent introductions of offshore-produced fabrics were well placed at the Las Vegas furniture market in late January, and we are seeing solid placements with customers for the spring furniture market in High Point. We believe our non-U.S.-produced upholstery fabrics business, with approximately 200 associates in our China operation, represents a significant growth opportunity for Culp. We intend to expand our capabilities and continue to build on our China platform as our customers source more of their fabric requirements outside of the United States."

"With respect to our U.S. upholstery fabric operations, we remain focused on our goal to develop a sustainable and profitable business model that will support our customers' requirements," added Culp. "Since the beginning of fiscal 2006, we have worked diligently to revamp our U.S. upholstery fabric product strategy by offering a more select group of attractively priced, high volume decorative and velvet fabrics that are well packaged by color and coordination. Along with this shift in product strategy, we have also taken aggressive steps since the beginning of fiscal 2006 to reduce our U.S. manufacturing costs and capacity and selling, general and administrative expenses. We consolidated two velvet manufacturing operations, consolidated our finished goods distribution and design centers and closed two of our three yarn manufacturing plants. In addition, we are implementing the outsourcing of our decorative fabrics finishing operation.

"Once our outsourcing initiative for finishing services is completed, which is now expected by the end of April 2006, Culp will have three U.S. manufacturing facilities operating in the upholstery fabrics segment - one for velvet fabrics, one for decorative fabrics and one for specialty yarns. As a result of these past restructuring actions, the book value of our U.S. based upholstery fabrics fixed assets is projected to be about $13 million by the end of fiscal 2006, compared with approximately $52 million at the end of fiscal 2004.

"Although we have taken very decisive actions and made considerable progress in our U.S. operations, we are taking some additional steps to help us to meet our objectives," added Culp. "During the fourth quarter of fiscal 2006, we are dropping a number of lower volume products that do not fit our U.S. operating model of more volume-oriented products. Also, we are discontinuing the production of our U.S. produced printed upholstery fabrics due to the substantial decline in sales of this product category. Sales of this category accounted for 3.7 percent of our overall upholstery fabric sales through the first nine months of fiscal 2006. These steps will allow us to further reduce our U.S. manufacturing costs and move us closer to reaching our target operating model."

Balance Sheet

"We have continued to carefully manage our balance sheet through this period of transition," Culp noted. "As of January 29, 2006, our balance sheet reflects $12.9 million in cash and cash equivalents compared with $5.1 million at the end of fiscal 2005. We have a $7.5 million principal payment plus interest due March 15, 2006 on our $50 million term loan, and will have no additional principal payments on this loan due until March 15, 2007. We have continued to closely monitor our inventory levels and have reduced them by $10.0 million, or 19 percent, since the end of the first quarter of fiscal 2006, all in our upholstery fabrics segment."

Outlook

Commenting on the outlook for the remainder of the fiscal year ending April 30, 2006, Culp remarked, "We expect to see further progress with respect to the many strategic initiatives that are underway at Culp. Overall, we anticipate a similar year-over-year decline in sales as we had in the third quarter. We also expect sales in our mattress ticking segment will show about the same year-over-year decline as we had in the third quarter. Operating income margins in this segment are expected to improve slightly over the same period last year due to the benefits from our capital project. In the upholstery fabrics segment, we expect continued growth in sales of fabrics produced outside the U.S. However, we believe sales of domestically produced upholstery fabrics will continue to reflect weak demand, resulting in a similar overall segment year-over-year decline as we had in the third quarter. Even with lower U.S. sales, we believe the upholstery fabric segment's operating results will show substantial year-over-year improvement due to less manufacturing variances in the U.S. and higher profitability in our non-U.S. operations. As a result, we expect to report a modest operating loss in upholstery fabrics in our fourth quarter, compared with an operating loss of $2.0 million for the same period of 2005.

"Considering these factors, we expect the company to report fourth quarter results in the range of ($0.04) to $0.02 per diluted share, excluding restructuring and related charges. 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 for our domestic upholstery fabrics operations and the impact of raw material costs."

"The company estimates that restructuring and related charges of approximately $1.0 million ($650,000, net of taxes, or $0.06 per diluted share) will be incurred during the fourth fiscal quarter. Including the restructuring and related charges, the company expects to report a net loss for the fourth fiscal quarter in the range of ($0.10) to ($0.04) per diluted share. (A reconciliation of the projected net loss per share calculation has been set forth on Page 6.)

In closing, Culp remarked, "We remain focused on our primary objective to restore Culp to profitability. The past year has been an important period of transition and we have continued to make measurable progress. We are close to realizing the full benefits of the capital project in the mattress ticking segment and, as a result, have enhanced our cost-competitive position on a global basis. Our non-U.S. produced upholstery fabric business, including our China platform, is gaining momentum and we are continuing to expand our capabilities and our global market reach. We believe the strategic steps we have taken in our U.S. upholstery fabric business to revamp our product strategy and substantially reduce operating costs and capacity will move us closer to our goal of being profitable in this segment. Overall, we believe the fourth quarter will continue to reflect the benefits of our efforts over the past year, and we expect to see improved operating results over the same period last year."

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 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. 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.

CULP, INC.
Condensed Financial Highlights
(Unaudited)

	Three Months Ended		Nine Months Ended	
	January 29, 2006	January 30, 2005	January 29, 2006	January 30, 2005
Net sales	$61,035,000	$69,060,000	$190,383,000	$212,315,000
Net loss	$(2,169,000)	$(4,877,000)	$(10,261,000)	$(10,122,000)
Net loss per share:				
Basic	$ (0.19)	$ (0.42)	$ (0.89)	$ (0.88)
Diluted	$ (0.19)	$ (0.42)	$ (0.89)	$ (0.88)
Net loss per share, diluted, excluding restructuring and related charges and goodwill impairment/a	$ (0.10)	$ (0.13)	$ (0.18)	$ (0.18)
Average shares outstanding:				
Basic	11,562,000	11,550,000	11,557,000	11,549,000
Diluted	11,562,000	11,550,000	11,557,000	11,549,000

/a 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.

Excludes restructuring and related charges of $5.4 million ($3.4 million, or $0.29 per diluted share, after taxes) for the third quarter of fiscal 2005. Excludes restructuring and related charges and goodwill impairment of $12.9 million ($8.0 million or $0.70 per diluted share, after taxes) for the first nine months of fiscal 2005.

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

	Three Months Ended		Nine Months Ended	
	January 29, 2006	January 30, 2005	January 29, 2006	January 30, 2005
Net loss, as reported	$(2,169,000)	$(4,877,000)	$(10,261,000)	$(10,122,000)
Restructuring and related charges, net of income taxes	1,041,000	3,387,000	8,174,000	4,850,000
Goodwill impairment, net of income taxes	--	--	--	3,193,000
Pro forma net loss	$(1,128,000)	$(1,490,000)	$ (2,087,000)	$ (2,079,000)

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

	Three Months Ended		Nine Months Ended	
	January 29, 2006	January 30, 2005	January 29, 2006	January 30, 2005
Net loss, as reported	$ (0.19)	$ (0.42)	$ (0.89)	$ (0.88)
Restructuring and related charges, net of income taxes	0.09	0.29	0.71	0.42
Goodwill impairment, net of income taxes	--	--	--	0.28
Pro forma net loss per share	$ (0.10)	$ (0.13)	$ (0.18)	$ (0.18)

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

	Three Months Ending April 30, 2006
Projected range of net loss per diluted share	$(0.10)-$(0.04)
Projected restructuring and related charges, net of income taxes	0.06
Projected range of pro forma net income (loss) per diluted share	$(0.04)- $0.02

CONTACT: Culp Inc., High Point
Investors: Kenneth R. Bowling, 336-881-5630
or
Media: Kenneth M. Ludwig, 336-889-5161

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF LOSS
FOR THE THREE MONTHS AND NINE MONTHS ENDED JANUARY 29, 2006 AND JANUARY 30, 2005
(UNAUDITED)
(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED				
	Amounts			Percent of Sales	
	January 29, 2006	January 30, 2005	% Over (Under)	January 29, 2006	January 30, 2005
Net sales	$ 61,035	69,060	(11.6)%	100.0 %	100.0 %
Cost of sales	56,858	66,493	(14.5)%	93.2 %	96.3 %
Gross profit	4,177	2,567	62.7 %	6.8 %	3.7 %
Selling, general and administrative expenses	6,098	8,191	(25.6)%	10.0 %	11.9 %
Restructuring expense	343	1,135	(69.8)%	0.6 %	1.6 %
Loss from operations	(2,264)	(6,759)	66.5 %	(3.7)%	(9.8)%
Interest expense	1,063	912	16.6 %	1.7 %	1.3 %
Interest income	(43)	(42)	2.4 %	(0.1)%	(0.1)%
Other expense	135	49	175.5 %	0.2 %	0.1 %
Loss before income taxes	(3,419)	(7,678)	55.5 %	(5.6)%	(11.1)%
Income taxes*	(1,250)	(2,801)	(55.4)%	36.6 %	36.5 %
Net loss	$ (2,169)	(4,877)	55.5 %	(3.6)%	(7.1)%
Net loss per share-basic	($0.19)	($0.42)	(54.8)%		
Net loss per share-diluted	($0.19)	($0.42)	(54.8)%		
Net loss per share, diluted, excluding restructuring and related charges (see proforma statement on page 6)	($0.10)	($0.13)	(23.1)%		
Average shares outstanding-basic	11,562	11,550	0.1 %		
Average shares outstanding-diluted	11,562	11,550	0.1 %		

	NINE MONTHS ENDED				
	Amounts			Percent of Sales	
	January 29, 2006	January 30, 2005	% Over (Under)	January 29, 2006	January 30, 2005
Net sales	$ 190,383	212,315	(10.3)%	100.0 %	100.0 %
Cost of sales	174,098	191,506	(9.1)%	91.4 %	90.2 %
Gross profit	16,285	20,809	(21.7)%	8.6 %	9.8 %
Selling, general and administrative expenses	22,480	26,309	(14.6)%	11.8 %	12.4 %
Goodwill impairment	0	5,126	(100.0)%	0.0 %	2.4 %
Restructuring expense	6,581	2,289	187.5 %	3.5 %	1.1 %
Loss from operations	(12,776)	(12,915)	1.1 %	(6.7)%	(6.1)%
Interest expense	2,955	2,789	6.0 %	1.6 %	1.3 %
Interest income	(78)	(98)	(20.4)%	(0.0)%	(0.0)%
Other expense	481	436	10.3 %	0.3 %	0.2 %
Loss before income taxes	(16,134)	(16,042)	(0.6)%	(8.5)%	(7.6)%
Income taxes*	(5,873)	(5,920)	(0.8)%	36.4 %	36.9 %
Net loss	$ (10,261)	(10,122)	(1.4)%	(5.4)%	(4.8)%
Net loss per share-basic	($0.89)	($0.88)	1.1 %		
Net loss per share-diluted	($0.89)	($0.88)	1.1 %		
Net loss per share, diluted, excluding restructuring and related charges and goodwill impairment (see proforma statement on page 7)	($0.18)	($0.18)	0.0 %		
Average shares outstanding-basic	11,557	11,549	0.1 %		
Average shares outstanding-diluted	11,557	11,549	0.1 %		

* 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 29, 2006, JANUARY 30, 2005 AND MAY 1, 2005

(UNAUDITED)

(Amounts in Thousands)

	Amounts		Increase (Decrease)		
	January 29, 2006	January 30, 2005	Dollars	Percent	* May 1, 2005
Current assets					
Cash and cash equivalents	$ 12,870	13,020	(150)	(1.2)%	5,107
Accounts receivable	28,485	26,681	1,804	6.8 %	28,824
Inventories	42,099	46,649	(4,550)	(9.8)%	50,499
Deferred income taxes	7,054	4,910	2,144	43.7 %	7,054
Other current assets	1,649	1,088	561	51.6 %	2,691
Total current assets	92,157	92,348	(191)	(0.2)%	94,175
Property, plant & equipment, net	52,562	71,024	(18,462)	(26.0)%	66,032
Goodwill	4,114	4,114	0	0.0 %	4,114
Deferred income taxes	15,731	7,115	8,616	121.1 %	10,086
Other assets	1,775	1,330	445	33.5 %	1,716
Total assets	$ 166,339	175,931	(9,592)	(5.5)%	176,123
Current liabilities					
Current maturities of long-term debt	$ 8,049	584	7,465	1,278.3 %	8,110
Accounts payable	20,669	15,580	5,089	32.7 %	22,852
Accrued expenses	9,751	9,568	183	1.9 %	9,556
Accrued restructuring	4,299	5,093	(794)	(15.6)%	5,850
Income taxes payable	635	1,690	(1,055)	(62.4)%	1,544
Total current liabilities	43,403	32,515	10,888	33.5 %	47,912
Long-term debt, less current maturities	47,229	49,975	(2,746)	(5.5)%	42,440
Total liabilities	90,632	82,490	8,142	9.9 %	90,352
Shareholders' equity	75,707	93,441	(17,734)	(19.0)%	85,771
Total liabilities and shareholders' equity	$ 166,339	175,931	(9,592)	(5.5)%	176,123
Shares outstanding	11,566	11,550	16	0.1 %	11,551

* Derived from audited financial statements

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JANUARY 29, 2006 AND JANUARY 30, 2005
(UNAUDITED)
(Amounts in Thousands)

	NINE MONTHS ENDED	
	Amounts	
	January 29, 2006	January 30, 2005
Cash flows from operating activities:		
Net loss	$ (10,261)	(10,122)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	12,275	14,505
Amortization of other assets	70	100
Stock-based compensation	139	157
Goodwill impairment	0	5,126
Deferred income taxes	(5,645)	(6,907)
Restructuring expense	6,581	2,289
Changes in assets and liabilities:		
Accounts receivable	339	4,038
Inventories	8,400	2,396
Other current assets	1,042	546
Other assets	(129)	120
Accounts payable	(1,695)	1,659
Accrued expenses	195	(3,460)
Accrued restructuring	(5,075)	(1,733)
Income taxes payable	(909)	(160)
Net cash provided by operating activities	5,327	8,554
Cash flows from investing activities:		
Capital expenditures	(5,428)	(8,216)
Proceeds from the sale of buildings and equipment	3,950	0
Net cash used in investing activities	(1,478)	(8,216)
Cash flows from financing activities:		
Payments on vendor-financed capital expenditures	(871)	(1,430)
Payments on long-term debt	(292)	(471)
Proceeds from issuance of long-term debt	5,020	0
Proceeds from common stock issued	57	15
Net cash provided by (used in) financing activities	3,914	(1,886)
Increase (decrease) in cash and cash equivalents	7,763	(1,548)
Cash and cash equivalents at beginning of period	5,107	14,568
Cash and cash equivalents at end of period	$ 12,870	13,020
Free Cash Flow (1)	$ 2,978	(1,092)

(1) Free Cash Flow reconciliation is as follows:

	3rd Qtr FY 2006	3rd Qtr FY 2005
A) Net cash provided by operating activities	$ 5,327	8,554
B) Minus: Capital Expenditures	(5,428)	(8,216)
C) Add: Proceeds from the sale of buildings and equipment	3,950	0
D) Minus: Payments on vendor-financed capital expenditures	(871)	(1,430)
	$ 2,978	(1,092)

CULP, INC. FINANCIAL INFORMATION RELEASE

SALES, GROSS PROFIT AND OPERATING INCOME (LOSS) BY SEGMENT
FOR THE THREE MONTHS ENDED JANUARY 29, 2006 AND JANUARY 30, 2005
(UNAUDITED)
(Amounts in thousands)

	THREE MONTHS ENDED				
	Amounts			Percent of Total Sales	
Net Sales by Segment	January 29, 2006	January 30, 2005	% Over (Under)	January 29, 2006	January 30, 2005
Mattress Fabrics	$ 22,681	25,576	(11.3)%	37.2 %	37.0 %
Upholstery Fabrics	38,354	43,484	(11.8)%	62.8 %	63.0 %
Net Sales	$ 61,035	69,060	(11.6)%	100.0 %	100.0 %
Gross Profit by Segment				Gross Profit Margin	
Mattress Fabrics	$ 3,442	3,478	(1.0)%	15.2 %	13.6 %
Upholstery Fabrics	2,070	3,391	(39.0)%	5.4 %	7.8 %
Subtotal	5,512	6,869	(19.8)%	9.0 %	9.9 %
Restructuring related charges	(1,335)(1)	(4,302)(3)	69.0 %	(2.2)%	(6.2)%
Gross Profit	$ 4,177	2,567	62.7 %	6.8 %	3.7 %
Sales, General and Administrative expenses by Segment				Percent of Sales	
Mattress Fabrics	$ 1,643	1,889	(13.0)%	7.2 %	7.4 %
Upholstery Fabrics	3,717	5,401	(31.2)%	9.7 %	12.4 %
Unallocated Corporate expenses	738	901	(18.1)%	1.2 %	1.3 %
Selling, General and Administrative expenses	$ 6,098	8,191	(25.6)%	10.0 %	11.9 %
Operating Income (loss) by Segment				Operating Income (Loss) Margin	
Mattress Fabrics	$ 1,799	1,589	13.2 %	7.9 %	6.2 %
Upholstery Fabrics	(1,647)	(2,010)	(18.1)%	(4.3)%	(4.6)%
Unallocated corporate expenses	(738)	(901)	18.1 %	(1.2)%	(1.3)%
Subtotal	(586)	(1,322)	(55.7)%	(1.0)%	(1.9)%
Restructuring and related charges	(1,678)(2)	(5,437)(4)	69.1 %	(2.7)%	(7.9)%
Operating loss	$ (2,264)	(6,759)	66.5 %	(3.7)%	(9.8)%
Depreciation by Segment					
Mattress Fabrics	$ 965	912	5.8 %		
Upholstery Fabrics	1,366	2,330	(41.4)%		
Subtotal	2,331	3,242	(28.1)%		
Accelerated Depreciation	108	4,363	(97.5)%		
Total Depreciation	$ 2,439	7,605	(67.9)%		

(1) The $1.3 million represents restructuring related charges primarily for inventory markdowns, termination benefits and other operating costs associated with plant facilities that are in the process of being closed or are closed, and accelerated depreciation.

(2) The $1.7 million represents restructuring and related charges primarily for inventory markdowns, termination benefits and other operating costs associated with the closing of or closed plant facilities, asset movement costs, accelerated depreciation, and lease termination costs.

(3) The $4.3 million represents represents restructuring related charges for accelerated depreciation.

(4) The $5.4 million represents represents restructuring and related charges primarily for accelerated depreciation, asset movement costs, lease termination costs, and fixed asset write-downs.

CULP, INC. FINANCIAL INFORMATION RELEASE
SALES, GROSS PROFIT AND OPERATING INCOME (LOSS) BY SEGMENT
FOR THE NINE MONTHS ENDED JANUARY 29, 2006 AND JANUARY 30, 2005
(UNAUDITED)
(Amounts in thousands)

		NINE MONTHS ENDED				
		Amounts			Percent of Total Sales	
Net Sales by Segment		January 29, 2006	January 30, 2005	% Over (Under)	January 29, 2006	January 30, 2005
Mattress Fabrics	$	69,586	78,414	(11.3)%	36.6 %	36.9 %
Upholstery Fabrics		120,797	133,901	(9.8)%	63.4 %	63.1 %
Net Sales	$	190,383	212,315	(10.3)%	100.0 %	100.0 %
Gross Profit by Segment					Gross Profit Margin	
Mattress Fabrics	$	9,839	12,735	(22.7)%	14.1 %	16.2 %
Upholstery Fabrics		10,027	13,575	(26.1)%	8.3 %	10.1 %
Subtotal		19,866	26,310	(24.5)%	10.4 %	12.4 %
Restructuring related charges		(3,581)(1)	(5,501)(4)	34.9 %	(1.9)%	(2.6)%
Gross Profit	$	16,285	20,809	(21.7)%	8.6 %	9.8 %
Sales, General and Administrative expenses by Segment					Percent of Sales	
Mattress Fabrics	$	5,016	5,569	(9.9)%	7.2 %	7.1 %
Upholstery Fabrics		12,120	17,992	(32.6)%	10.0 %	13.4 %
Unallocated Corporate expenses		2,322	2,748	(15.5)%	1.2 %	1.3 %
Subtotal		19,458	26,309	(26.0)%	10.2 %	12.4 %
Restructuring related charges		3,022 (2)	0	100.0 %	1.6 %	0.0 %
Selling, General and Administrative expenses	$	22,480	26,309	(14.6)%	11.8 %	12.4 %
Operating Income (loss) by Segment					Operating Income (Loss) Margin	
Mattress Fabrics	$	4,823	7,166	(32.7)%	6.9 %	9.1 %
Upholstery Fabrics		(2,093)	(4,417)	52.6 %	(1.7)%	(3.3)%
Unallocated corporate expenses		(2,322)	(2,748)	15.5 %	(1.2)%	(1.3)%
Subtotal		408	1	40.7 %	0.2 %	0.0 %
Goodwill impairment		0	(5,126)(5)	(100.0)%	0.0 %	(2.4)%
Restructuring and related charges		(13,184)(3)	(7,790)(6)	(69.2)%	(6.9)%	(3.7)%
Operating loss	$	(12,776)	(12,915)	1.1 %	(6.7)%	(6.1)%
Depreciation by Segment						
Mattress Fabrics	$	2,714	2,743	(1.1)%		
Upholstery Fabrics		4,582	7,184	(36.2)%		
Subtotal		7,296	9,927	(26.5)%		
Accelerated Depreciation		4,979	4,578	8.8 %		
Total Depreciation	$	12,275	14,505	(15.4)%		

(1) The $3.6 million represents restructuring related charges primarily for accelerated depreciation, inventory markdowns, termination benefits and other operating costs associated with plant facilities that are in the process of being closed or are closed.
(2) The $3.0 million represents accelerated depreciation.
(3) The $13.2 million represents restructuring and related charges primarily for accelerated depreciation, write-downs of buildings and equipment, asset movement costs, termination benefits and other operating costs associated with plant facilities that are in the process of being closed or are closed, inventory markdowns, and lease termination costs.
(4) The $5.5 million represents restructuring related charges primarily for accelerated depreciation and inventory markdowns.
(5) The $5.1 million represents a goodwill impairment charge related to the Culp Decorative Fabrics division within the upholstery fabrics segment.
(6) The $7.8 million represents restructuring and related charges primarily for accelerated depreciation, termination benefits, inventory markdowns,

asset movement costs, lease termination costs, and fixed asset write-downs.

CULP, INC.
PROFORMA CONSOLIDATED STATEMENTS OF LOSS
FOR THE THREE MONTHS ENDED JANUARY 29, 2006 AND JANUARY 30, 2005
(UNAUDITED)
(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED												
	As Reported January 29, 2006	% of Sales	Adjustments	% of Sales	January 29, 2006 Proforma Net of Adjustments	% of Sales	As Reported January 30, 2005	% of Sales	Adjustments	% of Sales	January 30, 2005 Proforma Net of Adjustments	% of Sales	Pro-forma % Over (Under)
Net sales	$ 61,035	100.0%	0		61,035	100.0%	69,060	100.0%	0		69,060	100.0%	-11.6%
Cost of sales	56,858	93.2%	(1,335)	-2.2%(1)	55,523	91.0%	66,493	96.3%	(4,302)	-6.2%(3)	62,191	90.1%	-10.7%
Gross profit	4,177	6.8%	(1,335)	-2.2%	5,512	9.0%	2,567	3.7%	(4,302)	-6.2%	6,869	9.9%	-19.8%
Selling, general and administrative expenses	6,098	10.0%	0	0.0%	6,098	10.0%	8,191	11.9%	0	0.0%	8,191	11.9%	-25.6%
Restructuring expense	343	0.6%	(343)	-0.6%(2)	0	0.0%	1,135	1.6%	(1,135)	-1.6%(4)	0	0.0%	0.0%
Loss from operations	(2,264)	-3.7%	(1,678)	-2.7%	(586)	-1.0%	(6,759)	-9.8%	(5,437)	-7.9%	(1,322)	-1.9%	-55.7%
Interest expense	1,063	1.7%	0	0.0%	1,063	1.7%	912	1.3%	0	0.0%	912	1.3%	16.6%
Interest income	(43)	-0.1%	0	0.0%	(43)	-0.1%	(42)	-0.1%	0	0.0%	(42)	-0.1%	2.4%
Other expense	135	0.2%	0	0.0%	135	0.2%	49	0.1%	0	0.0%	49	0.1%	175.5%
Loss before income taxes	(3,419)	-5.6%	(1,678)	-2.7%	(1,741)	-2.9%	(7,678)	-11.1%	(5,437)	-7.9%	(2,241)	-3.2%	-22.3%
Income taxes (5)	(1,250)	36.6%	(637)	38.0%	(613)	35.2%	(2,801)	36.5%	(2,050)	37.7%	(751)	33.5%	-18.3%
Net loss	$ (2,169)	-3.6%	(1,041)	-1.7%	(1,128)	-1.8%	(4,877)	-7.1%	(3,387)	-4.9%	(1,490)	-2.2%	-24.3%
Net loss per share-basic	($0.19)		($0.09)		($0.10)		($0.42)		($0.29)		($0.13)		
Net loss per share-diluted	($0.19)		($0.09)		($0.10)		($0.42)		($0.29)		($0.13)		
Average shares outstanding-basic	11,562		11,562		11,562		11,550		11,550		11,550		
Average shares outstanding-dilut	11,562		11,562		11,562		11,550		11,550		11,550		

Notes:

(1) The $1.3 million represents restructuring related charges primarily for inventory markdowns, termination benefits and other operating costs associated with plant facilities that are in the process of being closed or are closed, and accelerated depreciation.

(2) The $343,000 represents asset movement costs, termination benefits, and lease termination costs.

(3) The $4.3 million represents restructuring related charges primarily for accelerated depreciation.

(4) The $1.1 million represents restructuring charges primarily for asset movement costs, lease termination costs, and fixed asset write-downs.

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

CULP, INC.
PROFORMA CONSOLIDATED STATEMENTS OF LOSS

FOR THE NINE MONTHS ENDED JANUARY 29, 2006 AND JANUARY 30, 2005
(UNAUDITED)
(Amounts in Thousands, Except for Per Share Data)

	NINE MONTHS ENDED												
	As Reported January 29, 2006	% of Sales	Adjustments	% of Sales	January 29, 2006 Proforma Net of Adjustments	% of Sales	As Reported January 30, 2005	% of Sales	Adjustments	% of Sales	January 30, 2005 Proforma Net of Adjustments	% of Sales	Pro-forma % Over (Under)
Net sales	$ 190,383	100.0%	0		190,383	100.0%	212,315	100.0%	0		212,315	100.0%	-10.3%
Cost of sales	174,098	91.4%	(3,581)	-1.9%(1)	170,517	89.6%	191,506	90.2%	(5,501)	-2.6%(4)	186,005	87.6%	-8.3%
Gross profit	16,285	8.6%	(3,581)	-1.9%	19,866	10.4%	20,809	9.8%	(5,501)	-2.6%	26,310	12.4%	-24.5%
Selling, general and administrative expenses	22,480	11.8%	(3,022)	-1.6%(2)	19,458	10.2%	26,309	12.4%	0	0.0%	26,309	12.4%	-26.0%
Goodwill impairment	0	0.0%	0	0.0%	0	0.0%	5,126	2.4%	(5,126)	-2.4%(5)	0	0.0%	0.0%
Restructuring expense	6,581	3.5%	(6,581)	-3.5%(3)	0	0.0%	2,289	1.1%	(2,289)	-1.1%(6)	0	0.0%	0.0%
Income (loss) from operations	(12,776)	-6.7%	(13,184)	-6.9%	408	0.2%	(12,915)	-6.1%	(12,916)	-6.1%	1	0.0%	40700.0%
Interest expense	2,955	1.6%	0	0.0%	2,955	1.6%	2,789	1.3%	0	0.0%	2,789	1.3%	6.0%
Interest income	(78)	0.0%	0	0.0%	(78)	0.0%	(98)	0.0%	0	0.0%	(98)	0.0%	-20.4%
Other expense	481	0.3%	0	0.0%	481	0.3%	436	0.2%	0	0.0%	436	0.2%	10.3%
Loss before income taxes	(16,134)	-8.5%	(13,184)	-6.9%	(2,950)	-1.5%	(16,042)	-7.6%	(12,916)	-6.1%	(3,126)	-1.5%	-5.6%
Income taxes (7)	(5,873)	36.4%	(5,010)	38.0%	(863)	29.3%	(5,920)	36.9%	(4,873)	37.7%	(1,047)	33.5%	-17.6%
Net loss	$ (10,261)	-5.4%	(8,174)	-4.3%	(2,087)	-1.1%	(10,122)	-4.8%	(8,043)	-3.8%	(2,079)	-1.0%	0.4%
Net loss per share-basic	($0.89)		($0.71)		($0.18)		($0.88)		($0.70)		($0.18)		
Net loss per share-diluted	($0.89)		($0.71)		($0.18)		($0.88)		($0.70)		($0.18)		
Average shares outstanding-basic	11,557		11,557		11,557		11,549		11,549		11,549		
Average shares outstanding-diluted	11,557		11,557		11,557		11,549		11,549		11,549		

Notes:

(1) The $3.6 million represents restructuring related charges primarily for accelerated depreciation, inventory markdowns, termination benefits and other operating costs associated with plant facilities that are in the process of being closed or are closed.
(2) The $3.0 million represents accelerated depreciation.
(3) The $6.5 million represents write-downs of buildings and equipment, asset movement costs, termination benefits, and lease termination costs.
(4) The $5.5 million represents restructuring related charges primarily for accelerated depreciation and inventory markdowns.
(5) The $5.1 million represents a goodwill impairment charge related to the Culp Decorative Fabrics division within the upholstery fabrics segment.
(6) The $2.3 million represents restructuring charges primarily for termination benefits, asset movement costs, lease termination costs, and fixed asset write-downs.
(7) The percent of net sales column for income taxes is calculated as a % of loss before income taxes.