

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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) August 15, 2005  
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Culp, Inc.  
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(Exact Name of Registrant as Specified in its Charter)

North Carolina

0-12781

56-1001967

-----  
(State or Other Jurisdiction  
of Incorporation)

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(Commission File Number)

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(I.R.S. Employer  
Identification No.)

1823 Eastchester Drive  
High Point, North Carolina 27265

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(Address of Principal Executive Offices)  
(Zip Code)

(336) 889-5161

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(Registrant's Telephone Number, Including Area Code)

Not Applicable

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(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))

#### Forward-Looking Statements

This report 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 expectations for the company's future operations, production levels, sales, expenses, profit margins, 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. 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 2.05 Costs Associated with Exit or Disposal Activities.

On August 16, 2005, the Company announced a reduction of its U.S. yarn manufacturing operations, including the sale of certain assets and the consolidation of two manufacturing plants into one location, which will involve exit and disposal charges to be incurred by the Company. The news release announcing these matters is attached hereto as Exhibit 99.1. The Company's board determined to take the actions described in Exhibit 99.1 at a meeting on August 15, 2005, for the reasons explained in the news release. As described in the release, the reduction plan is expected to result in total pre-tax charges of approximately \$5.9 million, of which \$5.1 million is expected to be non-cash items and \$800,000 is expected to result in cash expenditures. The Company anticipates the charges to be made up of approximately \$500,000 in termination benefits, approximately \$100,000 in contract termination costs, and \$5.3 million of estimated costs associated with fixed asset write-downs and accelerated depreciation, and dismantling, disposing and moving equipment and related assets. All of the charges are expected to be incurred in the Company's second quarter of fiscal 2006. The sale of assets is expected to be completed immediately, and the plant consolidation is expected to be completed by October 30, 2005.

Item 9.01. Financial Statements and Exhibits.

(c) The following exhibits are filed as part of this report:

99.1 - News Release dated August 16, 2005.

SIGNATURES

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.

Date: August 17, 2005

Culp, Inc.

By: /s/ Franklin N. Saxon

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Franklin N. Saxon  
President and Chief Operating  
Officer

EXHIBIT INDEX

Exhibit Number  
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99.1

Exhibit  
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News Release dated August 16, 2005

## Culp Announces Reduction of U.S. Yarn Manufacturing Operations

HIGH POINT, N.C.--(BUSINESS WIRE)--Aug. 16, 2005--Culp, Inc. (NYSE:CFI) today announced a plan to reduce the company's U.S. yarn manufacturing operations. Culp has entered into a definitive agreement to sell the company's polypropylene yarn extrusion equipment located in Graham, North Carolina, to American Fibers and Yarns Company, one of Culp's suppliers based in Chapel Hill, North Carolina, for \$1.1 million payable immediately. As a result, Culp will close this operation during the company's second quarter ending October 30, 2005. Pursuant to the terms of the agreement, the company has a long-term supply contract with American Fibers and Yarns Company to continue providing Culp with polypropylene yarn.

The company also announced further reduction of the company's yarn operations by closing Culp's facility in Shelby, North Carolina, and consolidating the chenille yarn operations into the Lincolnton, North Carolina, facility. The company will now outsource the open-end yarns previously produced at Shelby. Culp will then have one yarn plant in Lincolnton for producing chenille and wrap-spun yarns and a small texturizing yarn operation in Graham.

Overall, these actions will reduce the number of Culp associates by approximately 100 people. The company expects total pre-tax charges of approximately \$5.9 million, of which \$5.1 million is expected to be non-cash items. The charges are expected to be recorded in the second quarter of fiscal 2006.

Commenting on the announcement, Robert G. Culp, III, chairman and chief executive officer of Culp, Inc., said, "We believe one of our strengths as a company has been our agility in responding to a changing marketplace. We can now purchase polypropylene and open-end yarns less expensively than we can produce them ourselves, primarily because of the underutilization of the discontinued facilities. At the same time, we are excited about the increased opportunities for development of innovative and value-added performance products with these strategic suppliers. The reduction of Culp's yarn operations represents another important step towards bringing our U.S. manufacturing capacity in line with market demand. With the consolidation of the chenille and wrap-spun yarn operations into the Lincolnton plant, we will realize lower manufacturing costs.

Culp added, "We recognize that these changes have necessitated very difficult decisions regarding our operations and our associates. We regret the impact of these decisions, but remain committed to taking whatever steps are necessary to restore the profitability of our U.S. upholstery fabric operations."

The company expects to announce financial results for the first quarter of fiscal 2006 on August 31, 2005.

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 expectations for the company's future operations, production levels, sales, expenses, profit margins, 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. 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.

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