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) December 1, 2005

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 December 1, 2005, the Company issued a news release to announce its financial results for the second quarter ended October 30, 2005. The news release is attached hereto as Exhibit 99(a).

Also on December 1, 2005, the Company released a Financial Information Release containing additional financial information and disclosures about the Company's second quarter ended October 30, 2005. 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 (c) -- Exhibits

99(a) News Release dated December 1, 2005

99(b) Financial Information Release dated December 1, 2005

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 and Chief Operating Officer

By: Kenneth R. Bowling

Vice President-Finance, Treasurer

Dated: December 1, 2005
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Exhibit 99(a)

Culp Announces Second Quarter Fiscal 2006 Results

HIGH POINT, N.C.--(BUSINESS WIRE)--Dec. 1, 2005--Culp, Inc. (NYSE:CFI) today reported financial and operating results for the fiscal 2006 second quarter and six months ended October 30, 2005.

Overview

For the three months ended October 30, 2005, net sales were $67.0 million compared with $75.4 million a year ago. The company reported a net loss of $4.2 million, or $0.36 per diluted share, for the second quarter of fiscal 2006 compared with a net loss of $4.2 million, or $0.36 per diluted share, for the second quarter of fiscal 2005. The financial results for the second quarter of fiscal 2006 include $3.8 million, or $0.33 per diluted share, in restructuring and related charges, after taxes. Excluding these charges, net loss for the second fiscal quarter was $332,000, or $0.03 per diluted share. The results for the second quarter of fiscal 2005 include restructuring and related charges and goodwill impairment of $4.7 million, or $0.41 per diluted share, after taxes. Excluding these charges, net income for the second fiscal quarter of 2005 was $505,000, or $0.04 per diluted share. (A reconciliation of the net income (loss) and net income (loss) per share calculations has been set forth on Page 6.)

For the six months ended October 30, 2005, the company reported net sales of $129.3 million compared with $143.3 million for the same period a year ago. Net loss for the first six months of fiscal 2006 was $8.1 million, or $0.70 per diluted share, compared with a net loss of $5.2 million, or $0.45 per diluted share, for the same period last year. Excluding restructuring and related charges, net loss for the first six months of fiscal 2006 was $960,000, or $0.08 per diluted share. Excluding restructuring and related charges and goodwill impairment, net loss for the first six months of fiscal 2005 was $589,000, or $0.05 per diluted share.

Robert G. Culp, III, chairman of the board and chief executive officer of Culp, Inc., said, "During the first six months of fiscal 2006, we have been implementing ambitious strategic plans in our operating segments - mattress ticking and upholstery fabrics. We are pleased with how much we have accomplished this year with respect to these operational initiatives. While we are not yet profitable in the upholstery fabrics segment, it is gratifying to see the improvement in this segment's operating results for the first six months on a year-over-year basis. Although the transition to a leaner and more agile business model is affecting our reported financial results, we believe we are taking the right steps to be competitive and position the company for growth over the long term in today's global marketplace.

"Like others in our industry, our company's second quarter was affected by a shortage of polyurethane foam used in furniture and bedding and by surcharges for raw materials, both of which factors are related to disruptions from the hurricane activity on the Gulf Coast. In response, we implemented surcharges in October to our customers in both operating segments. We expect that these factors will continue to affect our business over the next quarter, although to a diminishing extent.

Mattress Fabrics Segment

Mattress fabric (known as mattress ticking) sales for the second quarter were $24.0 million compared with $26.9 million for the second quarter of fiscal 2005. On a unit volume basis, total yards sold declined by 2.3 percent over the second quarter of fiscal 2005. The average selling price for mattress ticking declined by 8.1 percent for the second quarter compared with the same period last year, primarily related to prices for the damask product line. This pricing trend reflects the ongoing shift mattress manufacturers are making to less expensive common border ticking, which is the fabric that goes on the side of mattresses and box springs. Sales in this segment were also affected by the industry-wide shortage of polyurethane foam used by mattress manufacturers. Operating income for this segment was $1.7 million, or 6.9 percent of sales, compared with $2.7 million, or 10.0 percent of sales, for the prior-year period. Operating income in this segment was affected by a customs assessment totaling $375,000 related to products imported in prior periods, which reduced operating margin by approximately 160 basis points. Additionally, these results reflect higher raw material prices that were not fully offset by the company's customer surcharges and manufacturing variances related to the start-up of the capital project.

"Mattress ticking now accounts for over a third of Culp's overall business and we believe we have a strong competitive position in the marketplace," added Culp. "We are pleased to show improvement in our operating margins over the first quarter of fiscal 2006 as we have worked toward completing our capital project. During the second quarter, we began to ramp up production at our new Stokesdale, North Carolina, weaving operation and made excellent progress. We expect to realize further productivity gains in this operation in the third quarter and reach our target productivity levels by the end of fiscal 2006. We believe we are well positioned to achieve improved operating results in the second half of this year compared with those of the prior year period.

Upholstery Fabrics Segment

Sales for this segment were $43.0 million, an 11.3 percent decline compared with $48.5 million in the second quarter of fiscal 2005. Total yards sold declined by 9.5 percent, while average selling prices were down 2.6 percent compared with the second quarter of fiscal 2005. 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. However, the lower sales of U.S. produced fabrics were partially offset by higher sales of Culp's offshore produced fabrics. The shortage of polyurethane foam used by furniture manufacturers also affected sales for the quarter. Operating loss for the second quarter of fiscal 2006 was $69,000, compared with operating income of $216,000, for the same period a year ago. These results also reflect higher raw material prices that were not fully offset by the company's customer surcharges. For the first six months of fiscal 2006, operating losses were substantially reduced to $448,000 compared with $2.4 million in the prior year period.

Culp said, "With respect to our U.S. upholstery fabric operations, through the first half of this year we have taken aggressive actions to substantially reduce our U.S. manufacturing costs and capacity and selling, general and administrative expenses. During this period we consolidated two velvet manufacturing operations, consolidated our finished goods distribution and design centers, closed two yarn manufacturing plants and announced a strategic alliance to outsource our decorative fabrics finishing operation. Additionally, we combined our sales, design and customer service activities for Culp Decorative Fabrics and Culp Velvets/Prints, the two divisions within the upholstery fabrics segment, resulting in a more unified approach for our customers. With the changes we have made since the beginning of fiscal 2006, we have reduced our selling, general and administrative expenses for upholstery fabrics by 33 percent compared with the first six months of fiscal 2005.

"Once our outsourcing initiative for finishing services is completed, which is expected by the end of February 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 $15 million by the end of the third quarter of fiscal 2006, compared with approximately $52 million at the end of fiscal 2004. Our objective is to attain a sustainable and profitable business model in the U.S. that, in conjunction with our offshore operations, will support our customers' fabric requirements.

"Our non-U.S. operations continue to report favorable growth trends," Culp continued. "Sales of upholstery fabrics produced outside our U.S. manufacturing plants, including fabrics produced at our China facility, were up 79 percent year-over-year, and accounted for 29 percent of Culp's upholstery fabric sales for the quarter. We are enthusiastic about the innovative products we are now offering our customers and believe our non-U.S. produced business represents a significant growth opportunity for Culp."

Balance Sheet

"We have continued to focus on improving our balance sheet through this period of transition," Culp noted. "As previously announced, the company's $8.0 million unsecured credit facility was extended by one year in August. At the end of the second quarter, we closed on a long-term mortgage on our corporate headquarters for $4.3 million. Our balance sheet reflects $12.9 million in cash and cash equivalents compared with $5.1 million at the end of fiscal 2005. Additionally, we have continued to closely manage our inventories and have reduced them by $8.7 million, or 17 percent, since the end of the first quarter of fiscal 2006, primarily in our upholstery fabrics segment."

Outlook

Commenting on the business outlook, Culp remarked, "The third fiscal quarter is typically a slower period for our industry due to holiday vacation schedules. Additionally, we expect the polyurethane foam shortage and surcharges for raw materials will continue to affect our business, although at a diminishing rate as the quarter progresses. Overall, we anticipate a larger year-over-year decline in sales than the decline of 11 percent in the second quarter. With respect to our mattress ticking segment, we expect sales will show a decline over the third quarter a year ago, but to a slightly lesser extent than the decline in the second quarter. Operating income and margins in this segment are expected to improve 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 larger overall segment year-over-year decline than we had in the second quarter. Even with lower sales, we believe this segment's operating results will show year-over-year improvement with an operating loss for our third quarter that is less severe than the operating loss of $2.0 million for the same period of 2005.

"Considering these factors, we expect the company to report a loss in the third quarter in the range of $0.07 to $0.12 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 $900,000 ($600,000, net of taxes, or $0.05 per diluted share) will be incurred during the third fiscal quarter. Including the restructuring and related charges, the company expects to report a net loss for the third fiscal quarter of $0.12 to $0.17 per diluted share." (A reconciliation of the projected net loss per share calculation has been set forth on Page 6.)

In closing, Culp remarked, "Our primary focus for fiscal 2006 is to restore Culp to profitability. As we continue to work through this important period of transition, we are encouraged by the positive results of the strategic changes we have made throughout our operations. The substantial cost and capacity reductions we have made in our U.S. upholstery fabric operations are moving us closer to our goal of being profitable in this segment. Our non-U.S. produced upholstery fabric business, including our China platform, continues to show favorable trends and we believe there are additional opportunities for extending our global market reach and capabilities. We have strengthened our cost-competitive position on a global basis in mattress ticking and look forward to realizing the full benefits of the capital project in this segment. Overall, we believe we will see continued progress during the second half of fiscal 2006 with improved operating results for both the upholstery fabrics and mattress ticking segments 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		Six Months Ended	
	October 30, 2005	October 31, 2004	October 30, 2005	October 31, 2004
Net sales	$67,006,000	$75,406,000	$129,348,000	$143,255,000
Net loss	$(4,152,000)	$(4,193,000)	$ (8,093,000)	$ (5,245,000)
Net loss per share:				
Basic	$ (0.36)	$ (0.36)	$ (0.70)	$ (0.45)
Diluted	$ (0.36)	$ (0.36)	$ (0.70)	$ (0.45)
Net income (loss) per share, diluted, excluding restructuring and related charges and goodwill impairment (a)	$ (0.03)	$ 0.04	$ (0.08)	$ (0.05)
Average shares outstanding:				
Basic	11,559,000	11,549,000	11,555,000	11,548,000
Diluted	11,559,000	11,549,000	11,555,000	11,548,000

(a) Excludes restructuring and related charges of $6.2 million ($3.8 million, or $0.33 per diluted share, after taxes) for the second quarter of fiscal 2006. Excludes restructuring and related charges of $11.5 million ($7.1 million or $0.62 per diluted share, after taxes) for the first six months of fiscal 2006.

Excludes restructuring and related charges and goodwill impairment of $7.5 million ($4.7 million, or $0.41 per diluted share, after taxes) for the second quarter of fiscal 2005. Excludes restructuring and related charges and goodwill impairment of $7.5 million ($4.7 million or $0.40 per diluted share, after taxes) for the first six months of fiscal 2005.

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

	Three Months Ended		Six Months Ended	
	October 30, 2005	October 31, 2004	October 30, 2005	October 31, 2004
Net loss, as reported	$(4,152,000)	$(4,193,000)	$(8,093,000)	$(5,245,000)
Restructuring and related charges and goodwill impairment, net of income taxes	3,820,000	4,698,000	7,133,000	4,656,000

Pro forma net (loss) income	$ (332,000)	$ 505,000	$ (960,000)	$ (589,000)

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

	Three Months Ended		Six Months Ended	
	October 30, 2005	October 31, 2004	October 30, 2005	October 31, 2004
Net loss, as reported	$ (0.36)	$ (0.36)	$ (0.70)	$ (0.45)
Restructuring and related charges and goodwill impairment, net of income taxes	0.33	0.41	0.62	0.40
Effect of rounding	0.00	(0.01)	0.00	0.00
Pro forma net (loss) income per share	$ (0.03)	$ 0.04	$ (0.08)	$ (0.05)

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

	Three Months Ending January 29, 2006
Projected range of net loss per diluted share	$(0.12)-$(0.17)
Projected restructuring and related charges, net of income taxes	0.05
Projected range of pro forma net loss per diluted share	$(0.07)-$(0.12)

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or
Media Contact:
Kenneth M. Ludwig, 336-889-5161

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF NET LOSS
FOR THE THREE MONTHS AND SIX MONTHS ENDED OCTOBER 30, 2005 AND OCTOBER 31, 2004
(UNAUDITED)
(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED					
		Amounts			Percent of Sales	
		October 30, 2005	October 31, 2004	% Over (Under)	October 30, 2005	October 31, 2004
Net sales	$	67,006	75,406	(11.1)%	100.0 %	100.0 %
Cost of sales		61,455	65,839	(6.7)%	91.7 %	87.3 %
Gross profit		5,551	9,567	(42.0)%	8.3 %	12.7 %
Selling, general and administrative expenses		6,526	8,838	(26.2)%	9.7 %	11.7 %
Goodwill impairment		0	5,126	(100.0)%	0.0 %	6.8 %
Restructuring expense		4,412	1,292	241.5 %	6.6 %	1.7 %
Loss from operations		(5,387)	(5,689)	5.3 %	(8.0)%	(7.5)%
Interest expense		942	937	0.5 %	1.4 %	1.2 %
Interest income		(19)	(29)	(34.5)%	(0.0)%	(0.0)%
Other expense		214	173	23.7 %	0.3 %	0.2 %
Loss before income taxes		(6,524)	(6,770)	3.6 %	(9.7)%	(9.0)%
Income taxes*		(2,372)	(2,577)	(8.0)%	36.4 %	38.1 %
Net loss	$	(4,152)	(4,193)	1.0 %	(6.2)%	(5.6)%
Net loss per share-basic		($0.36)	($0.36)	0.0 %		
Net loss per share-diluted		($0.36)	($0.36)	0.0 %		
Net income (loss) per share, diluted, excluding restructuring and related charges and goodwill impairment (see proforma statement on page 6)		($0.03)	$0.04	(175.0)%		
Average shares outstanding-basic		11,559	11,549	0.1 %		
Average shares outstanding-diluted		11,559	11,549	0.1 %		

	SIX MONTHS ENDED					
		Amounts			Percent of Sales	
		October 30, 2005	October 31, 2004	% Over (Under)	October 30, 2005	October 31, 2004
Net sales	$	129,348	143,255	(9.7)%	100.0 %	100.0 %
Cost of sales		117,240	125,013	(6.2)%	90.6 %	87.3 %
Gross profit		12,108	18,242	(33.6)%	9.4 %	12.7 %
Selling, general and administrative expenses		16,382	18,118	(9.6)%	12.7 %	12.6 %
Goodwill impairment		0	5,126	(100.0)%	0.0 %	3.6 %
Restructuring expense		6,238	1,154	440.6 %	4.8 %	0.8 %
Loss from operations		(10,512)	(6,156)	(70.8)%	(8.1)%	(4.3)%
Interest expense		1,892	1,877	0.8 %	1.5 %	1.3 %
Interest income		(35)	(56)	(37.5)%	(0.0)%	(0.0)%
Other expense		347	387	(10.3)%	0.3 %	0.3 %
Loss before income taxes		(12,716)	(8,364)	(52.0)%	(9.8)%	(5.8)%
Income taxes*		(4,623)	(3,119)	48.2 %	36.4 %	37.3 %
Net loss	$	(8,093)	(5,245)	(54.3)%	(6.3)%	(3.7)%
Net loss per share-basic		($0.70)	($0.45)	55.6 %		
Net loss per share-diluted		($0.70)	($0.45)	55.6 %		
Net loss per share, diluted, excluding restructuring and related charges and goodwill impairment (see proforma statement on page 7)		($0.08)	($0.05)	60.0 %		
Average shares outstanding-basic		11,555	11,548	0.1 %		
Average shares outstanding-diluted		11,555	11,548	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
OCTOBER 30, 2005, OCTOBER 31, 2004 AND MAY 1, 2005
Unaudited
(Amounts in Thousands)

	Amounts		Increase (Decrease)		
	October 30, 2005	October 31, 2004	Dollars	Percent	* May 1, 2005
Current assets					
Cash and cash equivalents	$ 12,883	16,505	(3,622)	(21.9)%	5,107
Accounts receivable	26,919	26,590	329	1.2 %	28,824
Inventories	43,449	48,528	(5,079)	(10.5)%	50,499
Deferred income taxes	7,054	4,980	2,074	41.6 %	7,054
Other current assets	1,846	3,100	(1,254)	(40.5)%	2,691
Total current assets	92,151	99,703	(7,552)	(7.6)%	94,175
Property, plant & equipment, net	54,212	76,062	(21,850)	(28.7)%	66,032
Goodwill	4,114	4,114	0	0.0 %	4,114
Deferred income taxes	14,541	834	13,707	100.0 %	10,086
Other assets	1,521	1,327	194	14.6 %	1,716
Total assets	$ 166,539	182,040	(15,501)	(8.5)%	176,123
Current liabilities					
Current maturities of long-term debt	$ 8,346	594	7,752	1,305.1 %	8,110
Accounts payable	16,613	15,192	1,421	9.4 %	22,852
Accrued expenses	10,669	11,962	(1,293)	(10.8)%	9,556
Accrued restructuring	5,486	5,458	28	0.5 %	5,850
Income taxes payable	1,023	0	1,023	(100.0)%	1,544
Total current liabilities	42,137	33,206	8,931	26.9 %	47,912
Long-term debt , less current maturities	46,584	50,569	(3,985)	(7.9)%	42,440
Total liabilities	88,721	83,775	4,946	5.9 %	90,352
Shareholders' equity	77,818	98,265	(20,447)	(20.8)%	85,771
Total liabilities and shareholders' equity	$ 166,539	182,040	(15,501)	(8.5)%	176,123
Shares outstanding	11,559	11,550	9	0.1 %	11,551

* Derived from audited financial statements

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED OCTOBER 30, 2005 AND OCTOBER 31, 2004
Unaudited
(Amounts in Thousands)

		SIX MONTHS ENDED	
		Amounts	
		October 30, 2005	October 31, 2004
Cash flows from operating activities:			
Net loss	$	(8,093)	(5,245)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation		9,836	6,900
Amortization of other assets		51	70
Stock-based compensation		104	104
Goodwill impairment		0	5,126
Deferred income taxes		(4,455)	(696)
Restructuring expense		6,238	1,154
Changes in assets and liabilities:			
Accounts receivable		1,905	4,129
Inventories		7,050	517
Other current assets		845	(1,466)
Other assets		149	153
Accounts payable		(5,623)	1,228
Accrued expenses		1,113	(1,066)
Accrued restructuring		(3,510)	(440)
Income taxes payable		(521)	(1,850)
Net cash provided by operating activities		5,089	8,618
Cash flows from investing activities:			
Capital expenditures		(4,875)	(5,556)
Proceeds from the sale of buildings and equipment		3,950	0
Net cash used in investing activities		(925)	(5,556)
Cash flows from financing activities:			
Payments on vendor-financed capital expenditures		(799)	(1,273)
Proceeds from issuance of long-term debt		4,380	133
Proceeds from common stock issued		31	15
Net cash provided by (used in) financing activities		3,612	(1,125)
Increase in cash and cash equivalents		7,776	1,937
Cash and cash equivalents at beginning of period		5,107	14,568
Cash and cash equivalents at end of period	$	12,883	16,505
Free Cash Flow (1)	$	3,365	1,789

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(1) Free Cash Flow reconciliation is as follows:		2nd Qtr FY 2006	2nd Qtr FY 2005
A) Net cash provided by operating activities	$	5,089	8,618
B) Minus: Capital Expenditures		(4,875)	(5,556)
C) Add: Proceeds from the sale of buildings and equipment		3,950	0
D) Minus: Payments on vendor-financed capital expenditures		(799)	(1,273)
	$	3,365	1,789

CULP, INC. FINANCIAL INFORMATION RELEASE
SALES, GROSS PROFIT AND OPERATING INCOME (LOSS) BY SEGMENT/DIVISION
FOR THE THREE MONTHS ENDED OCTOBER 30, 2005 AND OCTOBER 31, 2004

(Amounts in thousands)

	THREE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Total Sales	
Net Sales by Segment	October 30, 2005	October 31, 2004	% Over (Under)	October 30, 2005	October 31, 2004
Mattress Fabrics	$ 23,990	26,886	(10.8)%	35.8 %	35.7 %
Upholstery Fabrics	43,016	48,520	(11.3)%	64.2 %	64.3 %
Net Sales	$ 67,006	75,406	(11.1)%	100.0 %	100.0 %
Gross Profit by Segment				Gross Profit Margin	
Mattress Fabrics	$ 3,302	4,461	(26.0)%	13.8 %	16.6 %
Upholstery Fabrics	4,000	6,230	(35.8)%	9.3 %	12.8 %
Subtotal	7,302	10,691	(31.7)%	10.9 %	14.2 %
Restructuring related charges	(1,751)(1)	(1,124) (2)	(55.8)%	(2.6)%	(1.5)%
Gross Profit	$ 5,551	9,567	(42.0)%	8.3 %	12.7 %
Sales, General and Administrative expenses by Segment				Percent of Sales	
Mattress Fabrics	$ 1,636	1,784	(8.3)%	6.8 %	6.6 %
Upholstery Fabrics	4,069	6,016	(32.4)%	9.5 %	12.4 %
Unallocated Corporate expenses	821	1,038	(20.9)%	1.2 %	1.4 %
Selling, General and Administrative expenses	$ 6,526	8,838	(26.2)	9.7 %	11.7 %
Operating Income (loss) by Segment				Operating Income (Loss) Margin	
Mattress Fabrics	$ 1,666	2,676	(37.7)%	6.9 %	10.0 %
Upholstery Fabrics	(69)	216	(131.9)%	(0.2)%	0.4 %
Unallocated corporate expenses	(821)	(1,039)	21.0 %	(1.2)%	(1.4)%
Subtotal	776	1,853	(58.1)%	1.2 %	2.5 %
Goodwill impairment	0	(5,126) (3)	(100.0)%	0.0 %	(6.8)%
Restructuring and related charges	(6,163)(1)	(2,416) (2)	(155.1)%	(9.2)%	(3.2)%
Operating loss	$ (5,387)	(5,689)	5.3 %	(8.0)%	(7.5)%
Depreciation by Segment					
Mattress Fabrics	$ 893	915	(2.4)%		
Upholstery Fabrics	1,417	2,408	(41.2)%		
Subtotal	2,310	3,323	(30.5)%		
Accelerated Depreciation	1,355	215	530.2 %		
Total Depreciation	$ 3,665	3,538	3.6 %		

(1) The $1.8 million represents restructuring related charges of $1.3 million of accelerated depreciation associated with the closing of the company's facility in Shelby, NC and consolidating the chenille yarn operations into the Lincolnton, NC facility, $331,000 for inventory markdowns, $104,000 for accelerated depreciation associated with the closing of the company's finishing facility located in Burlington, NC, and $65,000 for termination benefit expenses. The $6.2 million represents restructuring and related charges of $2.1 million for write-downs of buildings and equipment, $1.6

million for accrued termination benefits, $1.3 million of accelerated depreciation associated with the closing of the company's facility in Shelby, NC and consolidating the chenille yarn operations into the Lincolnton, NC facility, $395,000 for asset movement costs, $331,000 for inventory markdowns, $328,000 for lease termination costs, and $104,000 for accelerated depreciation associated with the closing of the company's finishing facility located in Burlington, NC.

(2) The $1.1 million represents restructuring related charges of $910,000 and $215,000 for inventory markdowns and accelerated deprecation associated with the closing of the company's facility in Pageland, SC and consolidating those operations into the Graham, NC facility. The $2.4 million represents restructuring and related charges of $1.0 million for accrued termination benefits, $910,000 for inventory markdowns, $278,000 for write-downs of buildings and equipment, and $215,000 for accelerated depreciation associated with the closing of the company's facility in Pageland, SC and consolidating those operations into the Graham, NC facility.

(3) The $5.1 million represents a goodwill impairment charge related to the Culp Decorative Fabrics division within the upholstery fabrics segment.

CULP, INC. FINANCIAL INFORMATION RELEASE
SALES, GROSS PROFIT AND OPERATING INCOME (LOSS) BY SEGMENT/DIVISION
FOR THE SIX MONTHS ENDED OCTOBER 30, 2005 AND OCTOBER 31, 2004

(Amounts in thousands)

	SIX MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Total Sales	
Net Sales by Segment	October 30, 2005	October 31, 2004	% Over (Under)	October 30, 2005	October 31, 2004
Mattress Fabrics	$ 46,905	52,839	(11.2)%	36.3 %	36.9 %
Upholstery Fabrics	82,443	90,416	(8.8)%	63.7 %	63.1 %
Net Sales	$ 129,348	143,255	(9.7)%	100.0 %	100.0 %
Gross Profit by Segment				Gross Profit Margin	
Mattress Fabrics	$ 6,397	9,255	(30.9)%	13.6 %	17.5 %
Upholstery Fabrics	7,957	10,186	(21.9)%	9.7 %	11.3 %
Subtotal	14,354	19,441	(26.2)%	11.1 %	13.6 %
Restructuring related charges	(2,246)(1)	(1,199) (4)	(87.3)%	(1.7)%	(0.8)%
Gross Profit	$ 12,108	18,242	(33.6)%	9.4 %	12.7 %
Sales, General and Administrative expenses by Segment				Percent of Sales	
Mattress Fabrics	$ 3,373	3,679	(8.3)%	7.2 %	7.0 %
Upholstery Fabrics	8,404	12,589	(33.2)%	10.2 %	13.9 %
Unallocated Corporate expenses	1,583	1,850	(14.4)%	1.2 %	1.3 %
Subtotal	13,360	18,118	(26.3)	10.3	12.6 %
Restructuring related charges	3,022 (2)	0	100.0 %	2.3 %	0.0 %
Selling, General and Administrative expenses	$ 16,382	18,118	(9.6)	12.7 %	12.6 %
Operating Income (loss) by Segment				Operating Income (Loss) Margin	
Mattress Fabrics	$ 3,024	5,575	(45.8)%	6.4 %	10.6 %
Upholstery Fabrics	(448)	(2,403)	81.4 %	(0.5)%	(2.7)%
Unallocated corporate expenses	(1,582)	(1,849)	14.4 %	(1.2)%	(1.3)%
Subtotal	994	1,323	(24.9)%	0.8 %	0.9 %
Goodwill impairment	0	(5,126) (5)	(100.0)%	0.0 %	(3.6)%
Restructuring and related charges	(11,506)(3)	(2,353) (4)	(389.0)%	(8.9)%	(1.6)%
Operating loss	$ (10,512)	(6,156)	(70.8)%	(8.1)%	(4.3)%
Depreciation by Segment					
Mattress Fabrics	$ 1,749	1,831	(4.5)%		
Upholstery Fabrics	3,216	4,854	(33.7)%		
Subtotal	4,965	6,685	(25.7)%		
Accelerated Depreciation	4,871	215	2,165.6 %		
Total Depreciation	$ 9,836	6,900	42.6 %		

(1) The $2.3 million represents restructuring related charges of $1.3 million of accelerated depreciation associated with the closing of the company's facility in Shelby, NC and consolidating the chenille yarn operations into the Lincolnton, NC facility, $495,000 for accelerated depreciation on

equipment associated with the consolidation of the Burlington, NC and Anderson, SC manufacturing facilities within the CVP division, $331,000 for inventory markdowns, $104,000 for accelerated depreciation associated with the closing of the company's finishing facility located in Burlington, NC, and $65,000 for termination benefit expenses.

(2) The $3.0 million represents accelerated depreciation associated with the design and distribution centers sold in June of 2005.

(3) The $11.5 million represents restructuring and related charges of $3.5 million for accelerated depreciation associated with the design and distribution centers sold in June of 2005 and equipment associated with the consolidation of the Burlington, NC and Anderson, SC manufacturing facilities within the CVP division, $2.9 million for write-downs of buildings and equipment, $1.6 million for asset movement costs, $1.5 million for termination benefits, $1.3 million for accelerated depreciation associated with the closing of the company's facility in Shelby, NC and consolidating the chenille yarn operations into the Lincolnton, NC facility, $378,000 for lease termination costs, $331,000 for inventory markdowns, $104,000 for accelerated depreciation associated with the closing of the company's finishing facility located in Burlington, NC.

(4) The $1.2 million represents restructuring related charges of $910,000 and $215,000 for inventory markdowns and accelerated depreciation associated with the closing of the company's facility in Pageland, SC and consolidating those operations into the Graham, NC facility, $75,000 for equipment dismantling charges related to the closing of the Lumberton, NC manufacturing facility. The $2.4 million represents restructuring and related charges of $910,000 for inventory markdowns, $876,000 for accrued termination benefits, $278,000 for write-downs of buildings and equipment, $215,000 for accelerated depreciation associated with the closing of the company's facility in Pageland, SC and consolidating those operations into the Graham, NC facility, and $75,000 for equipment dismantling charges related to the closing of the Lumberton, NC manufacturing facility.

(5) The $5.1 million represents a goodwill impairment charge related to the Culp Decorative Fabrics division within the upholstery fabrics segment.

CULP, INC.
PROFORMA CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FOR THE THREE MONTHS ENDED OCTOBER 30, 2005 AND OCTOBER 31, 2004
(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED												
					October 30, 2005						October 31, 2004		
	As Reported October 30, 2005	% of Sales	Adjust-ments	% of Sales	Proforma Net of Adjustments	% of Sales	As Reported October 31, 2004	% of Sales	Adjust-ments	% of Sales	Proforma Net of Adjustments	% of Sales	Proforma % Over (Under)
Net sales	$ 67,006	100.0%	0		67,006	100.0%	75,406	100.0%	0		75,406	100.0%	-11.1%
Cost of sales	61,455	91.7%	(1,751)	-2.6%(1)	59,704	89.1%	65,839	87.3%	(1,124)	-1.5%(3)	64,715	85.8%	-7.7%
Gross profit	5,551	8.3%	(1,751)	-2.6%	7,302	10.9%	9,567	12.7%	(1,124)	-1.5%	10,691	14.2%	-31.7%
Selling, general and administrative expenses	6,526	9.7%	0	0.0%	6,526	9.7%	8,838	11.7%	0	0.0%	8,838	11.7%	-26.2%
Goodwill impairment	0	0.0%	0	0.0%	0	0.0%	5,126	6.8%	(5,126)	-6.8%(4)	0	0.0%	0.0%
Restructuring expense	4,412	6.6%	(4,412)	-6.6%(2)	0	0.0%	1,292	1.7%	(1,292)	-1.7%(5)	0	0.0%	0.0%
Income (loss) from operations	(5,387)	-8.0%	(6,163)	-9.2%	776	1.2%	(5,689)	-7.5%	(7,542)	-10.0%	1,853	2.5%	-58.1%
Interest expense	942	1.4%	0	0.0%	942	1.4%	937	1.2%	0	0.0%	937	1.2%	0.5%
Interest income	(19)	0.0%	0	0.0%	(19)	0.0%	(29)	0.0%	0	0.0%	(29)	0.0%	-34.5%
Other expense	214	0.3%	0	0.0%	214	0.3%	173	0.2%	0	0.0%	173	0.2%	23.7%
Income (loss) before income taxes	(6,524)	-9.7%	(6,163)	-9.2%	(361)	-0.5%	(6,770)	-9.0%	(7,542)	-10.0%	772	1.0%	-146.8%
Income taxes (6)	(2,372)	36.4%	(2,343)	38.0%	(29)	8.0%	(2,577)	38.1%	(2,844)	37.7%	267	34.6%	-110.9%
Net income (loss)	$ (4,152)	-6.2%	(3,820)	-5.7%	(332)	-0.5%	(4,193)	-5.6%	(4,698)	-6.2%	505	0.7%	-165.8%
Net income (loss) per share-basic	($0.36)		($0.33)		($0.03)		($0.36)		($0.41)		$0.04		
Net income (loss) per share-diluted	($0.36)		($0.33)		($0.03)		($0.36)		($0.41)		$0.04		
Average shares outstanding-basic	11,559		11,559		11,559		11,549		11,549		11,549		
Average shares outstanding -diluted	11,559		11,559		11,559		11,549		11,549		11,722		

Notes:

(1) The $1.8 million represents restructuring related charges of $1.3 million of accelerated depreciation associated with the closing of the company's facility in Shelby, NC and consolidating the chenille yarn operations into the Lincolnton, NC facility, $331,000 for inventory markdowns, $104,000 for accelerated depreciation associated with the closing of the company's finishing facility located in Burlington, NC, and $65,000 for termination benefits.
(2) The $4.4 million represents restructuring charges of $2.1 million for write-downs of buildings and equipment, $1.5 million for accrued termination benefits, $395,000 for asset movement costs, and $328,000 for lease termination costs.
(3) The $1.1 million represents restructuring related charges of $910,000 and $215,000 for inventory markdowns and accelerated depreciation associated with the closing of the company's facility in Pageland, SC and consolidating those operations into the Graham, NC facility.
(4) The $5.1 million represents a goodwill impairment charge related to the Culp Decorative Fabrics division within the upholstery fabrics segment.
(5) The $1.3 million represents restructuring charges of $1.0 million for accrued termination benefits and $278,000 for write-downs of buildings and equipment.
(6) The percent of net sales column for income taxes is calculated as a % of income (loss) before income taxes.

CULP, INC.
PROFORMA CONSOLIDATED STATEMENTS OF LOSS
FOR THE SIX MONTHS ENDED OCTOBER 30, 2005 AND OCTOBER 31, 2004
(Amounts in Thousands, Except for Per Share Data)

	SIX MONTHS ENDED												
	October 30, 2005						October 31, 2004						
	As Reported October 30, 2005	% of Sales	Adjust- ments	% of Sales	Proforma Net of Adjustments	% of Sales	As Reported October 31, 2004	% of Sales	Adjust- ments	% of Sales	Proforma Net of Adjustments	% of Sales	Proforma % Over (Under)
Net sales	$129,348	100.0%	0		129,348	100.0%	143,255	100.0%	0		143,255	100.0%	-9.7%
Cost of sales	117,240	90.6%	(2,246)	-1.7%(1)	114,994	88.9%	125,013	87.3%	(1,199)	-0.8%(4)	123,814	86.4%	-7.1%
Gross profit	12,108	9.4%	(2,246)	-1.7%	14,354	11.1%	18,242	12.7%	(1,199)	-0.8%	19,441	13.6%	-26.2%
Selling, general and administrative expenses	16,382	12.7%	(3,022)	-2.3%(2)	13,360	10.3%	18,118	12.6%	0	0.0%	18,118	12.6%	-26.3%
Goodwill impairment	0	0.0%	0	0.0%	0	0.0%	5,126	3.6%	(5,126)	-3.6%(6)	0	0.0%	0.0%
Restructuring expense	6,238	4.8%	(6,238)	-4.8%(3)	0	0.0%	1,154	0.8%	(1,154)	-0.8%(5)	0	0.0%	0.0%
Income (loss) from operations	(10,512)	-8.1%	(11,506)	-8.9%	994	0.8%	(6,156)	-4.3%	(7,479)	-5.2%	1,323	0.9%	-24.9%
Interest expense	1,892	1.5%	0	0.0%	1,892	1.5%	1,877	1.3%	0	0.0%	1,877	1.3%	0.8%
Interest income	(35)	0.0%	0	0.0%	(35)	0.0%	(56)	0.0%	0	0.0%	(56)	0.0%	-37.5%
Other expense	347	0.3%	0	0.0%	347	0.3%	387	0.3%	0	0.0%	387	0.3%	-10.3%
Loss before income taxes	(12,716)	-9.8%	(11,506)	-8.9%	(1,210)	-0.9%	(8,364)	-5.8%	(7,479)	-5.2%	(885)	-0.6%	36.7%
Income taxes (7)	(4,623)	36.4%	(4,373)	38.0%	(250)	20.7%	(3,119)	37.3%	(2,823)	37.7%	(296)	33.5%	-15.7%
Net loss	$ (8,093)	-6.3%	(7,133)	-5.5%	(960)	-0.7%	(5,245)	-3.7%	(4,656)	-3.3%	(589)	-0.4%	63.1%
Net loss per share-basic	($0.70)		($0.62)		($0.08)		($0.45)		($0.40)		($0.05)		
Net loss per share-diluted	($0.70)		($0.62)		($0.08)		($0.45)		($0.40)		($0.05)		
Average shares outstanding-basic	11,555		11,555		11,555		11,548		11,548		11,548		
Average shares outstanding-diluted	11,555		11,555		11,555		11,548		11,548		11,548		

Notes:

(1) The $2.3 million represents restructuring related charges of $1.3 million of accelerated depreciation associated with the closing of the company's facility in Shelby, NC and consolidating the chenille yarn operations into the Lincolnton, NC facility, $495,000 for accelerated depreciation associated with the consolidation of the Burlington, NC and Anderson, SC manufacturing facilities within the CVP division, $331,000 for inventory markdowns, $104,000 for accelerated depreciation associated with the closing of the company's finishing facility located in Burlington, NC, and $65,000 for termination benefit expenses.
(2) The $3.0 million represents accelerated depreciation associated with the design and distribution centers sold in June of 2005.
(3) The $6.2 million represents restructuring expenses of $2.9 million for write- downs of buildings and equipment, $1.6 million for asset movement costs, $1.5 million for termination benefits, and $378,000 for lease termination costs.
(4) The $1.2 million represents restructuring related charges of $910,000 and $215,000 for inventory markdowns and accelerated depreciation associated with the closing of the company's facility in Pageland, SC and consolidating those operations into the Graham, NC facility, and $75,000 for equipment dismantling charges related to the closing of the Lumberton, NC manufacturing facility.
(5) The $1.2 million represents restructuring expenses of $876,000 for accrued termination benefits and $278,000 for write-downs of buildings and equipment.
(6) The $5.1 million represents a goodwill impairment charge related to the Culp Decorative Fabrics division within the upholstery fabrics segment.
(7) The percent of net sales column for income taxes is calculated as a % of loss before income taxes.