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 6, 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 1.01 - Entry into a Material Definitive Agreement

On December 6, 2006, Culp, Inc. (the "Company") entered into a Second Amendment to Note Purchase Agreements (the "Amendment"), a copy of which is attached hereto as Exhibit 99(c). The Amendment amends the Note Purchase Agreements with the holders of the Company's currently outstanding unsecured senior notes (the "Notes"), which are payable over an average remaining term of three years beginning March 2007 through March 2010. The holders of the Notes are identified in Exhibit 99(c). The Amendment changes the financial covenants applicable to the Company in a way that provides additional flexibility to account for recent changes and potential additional changes that the Company has made or could make to its business and the accounting consequences of those changes, including asset write downs for closed facilities and a valuation allowance against the Company's deferred tax assets. The Amendment also reduces the Company's outstanding debt, without the payment of a prepayment penalty, and raises the interest rate payable on the remaining outstanding Notes. A summary of the terms of the Amendment, which is qualified by reference to the complete text of the Amendment, is as follows:

- Upon execution of this amendment, the Company will prepay $3 million in principal amount and interest on the Notes, without prepayment penalty or "make whole" premium.

- An increase in the interest rate on the Notes from 7.76% to 8.80%, effective December 1, 2006.

- A change in the calculation of consolidated net worth and tangible net worth for purposes of financial covenant compliance, such that restructuring expenses and related costs associated with previously announced restructuring initiatives and any future restructuring initiatives involving the remaining U.S. upholstery facilities will not be counted against the Company's net worth.

- A similar change in the calculation of net worth such that a write down or "valuation allowance" under GAAP against the Company's deferred tax assets would not be counted as a reduction of the Company's net worth for purposes of financial covenant compliance.

- A provision providing for prepayments of the Notes (at the option of the noteholders and without prepayment penalty) to the extent that the Company's cash balances exceed $8 million at the end of each fiscal quarter.

- Covenants regarding the use of net proceeds from sales of assets.

- An increase in the amount of other debt allowed to be incurred by the Company, including a provision that would allow for debt of up to $5 million in the Company's China subsidiary.

- Other changes to financial covenants, including limits on capital expenditures and restrictions on the payment of dividends or stock repurchases.

- Additional negative covenants to restrict certain changes in the Company's business or methods of operation and certain business transactions.

- A decrease in the cross-default provision to cover any debt in an amount of $1 million or more.

Item 2.02 - Results of Operations and Financial Condition

On December 6, 2006, the Company issued a news release to announce its financial results for the second quarter ended October 29, 2006. The news release is attached hereto as Exhibit 99(a).

Also on December 6, 2006, the Company released a Financial Information Release containing additional financial information and disclosures about the Company's second quarter ended October 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. The Company has included this proforma information in order to show operational performance excluding the effects of restructuring and related charges that are not expected to occur on a regular basis. Management believes this presentation aids in the comparison of financial results among comparable financial periods. In addition, this information is used by management to make operational decisions about the Company's business, is used in certain financial covenants in the Company's loan 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, including the "Risk Factors" section in the company's most recent annual report of Form 10-K filed with the Securities and Exchange Commission on July 26, 2006 for the fiscal year ended April 30, 2006.

Item 9.01 (d) -- Exhibits

99(a) News Release dated December 6, 2006

99(b) Financial Information Release dated December 6, 2006

99(c) Second Amendment to Note Purchase Agreement

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: /s/Franklin N. Saxon

President

By: Kenneth R. Bowling

Vice President-Finance, Treasurer

Dated: December 6, 2006

Exhibit 99(a)

Culp Announces Second Quarter Results for Fiscal 2007

HIGH POINT, N.C.--(BUSINESS WIRE)--Dec. 6, 2006--Culp, Inc. (NYSE: CFI) today reported financial and operating results for the fiscal 2007 second quarter and six months ended October 29, 2006.

Overview

For the three months ended October 29, 2006, net sales were $59.0 million compared with $67.0 million a year ago. The company reported net income of $812,000, or $0.07 per diluted share, for the second quarter of fiscal 2007 compared with a net loss of $4.2 million, or $0.36 per diluted share, for the second quarter of fiscal 2006. The financial results for the second quarter of fiscal 2007 include $233,000, or $0.02 per diluted share, in restructuring and related charges, after taxes. Excluding these charges, net income for the second fiscal quarter was $1,045,000, or $0.09 per diluted share. The results for the second quarter of fiscal 2006 include restructuring and related charges of $3.8 million, or $0.33 per diluted share, after taxes. Excluding these charges, net loss for the second fiscal quarter of 2006 was $332,000, or $0.03 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 29, 2006, the company reported net sales of $121.6 million compared with $129.3 million for the same period a year ago. Net income for the first six months of fiscal 2007 was $946,000, or $0.08 per diluted share, compared with a net loss of $8.1 million, or $0.70 per diluted share, for the same period last year. Excluding restructuring and related charges, net income for the first six months of fiscal 2007 was $2.2 million, or $0.19 per diluted share. Excluding restructuring and related charges, net loss for the first six months of fiscal 2006 was $960,000, or $0.08 per diluted share.

Robert G. Culp, III, chairman of the board and chief executive officer of Culp, Inc., said, "We are pleased with our solid execution during a challenging period for the retail home furnishing industry. While our top line results reflect the furniture industry slowdown and related inventory correction, we continued to make progress in improving our operating performance in both mattress ticking and upholstery fabrics. The changes we have made in each of our operating segments have enabled us to operate more efficiently, even on lower volumes."

Mattress Fabrics Segment

Mattress fabric (known as mattress ticking) sales for the second quarter were $23.5 million, a 2.1 percent decline compared with $24.0 million for the second quarter of fiscal 2006. On a unit volume basis, total yards sold decreased by 7.9 percent compared with the second quarter of fiscal 2006. This trend primarily reflects a decline in demand for printed ticking, a less popular category. However, sales of knitted ticking continued to increase, reflecting changing customer demand. Although prices on the key product lines have trended lower, the average selling price of $2.28 per yard for mattress ticking for the second quarter of fiscal 2007 was slightly higher than the average selling price of $2.16 per yard for the second quarter last year, due to the shift in product mix to increased sales of substantially higher priced knitted ticking. Operating income for this segment was $2.5 million, or 10.5 percent of sales, compared with $1.7 million, or 6.9 percent of sales, for the prior-year period.

Culp noted, "We showed significant improvement in our operating performance in mattress ticking over the same period a year ago, with operating income up approximately 48 percent and operating margins over 10 percent for the first time in two years. These results reflect solid productivity gains as we are now realizing the full benefits of our $10.0 million capital project implemented over the past two years. Demand for knitted ticking continues to grow as our customers are now using more knits on the top of the mattress and woven jacquards on the sides. We expect this product line, which carries a higher average selling price, to represent a higher percentage of our mattress ticking business in fiscal 2007. Overall, we are pleased with the trends in our mattress ticking business in a challenging market environment. We have continued to make steady progress with key customers and believe we have further enhanced our solid competitive position in mattress ticking."

Upholstery Fabrics Segment

Sales for this segment were $35.5 million, a 17.4 percent decline compared with $43.0 million in the second quarter of fiscal 2006. Total yards sold declined by 18.1 percent, while average selling prices were down less than one percent compared with the second quarter of fiscal 2006. Sales of upholstery fabrics reflect higher sales of non-U.S. produced fabrics, and continued very weak demand industry wide for U.S. produced fabrics, driven by consumer preference for leather and suede furniture and other imported fabrics, including an increasing amount of cut and sewn kits. Sales of non-U.S. produced fabrics were $20.6 million in the second quarter, up 65 percent over the prior year period, while sales of U.S. produced fabrics were $14.9 million, down 51 percent from the second quarter of fiscal 2006. Operating income for the upholstery fabrics segment for the second quarter of fiscal 2007 was $393,000 compared with an operating loss of $69,000 for the same period a year ago. These results reflect significantly higher gross profit related to non-U.S. produced fabrics and substantially lower gross profit related to U.S. produced fabrics. Additionally, selling, general and administrative expenses were down 8.0 percent over the same period last year.

Culp said, "While we continued to see solid growth in sales of non-U.S. produced upholstery fabrics, continued substantial weakness in our U.S. business accounted for the overall segment sales decline during the second quarter. Sales of our non-U.S. produced fabrics represented 58 percent of total upholstery fabric sales for the second quarter, compared with 29 percent a year ago. Culp has built an industry-leading operation in China over the last three years designed to accommodate the growing customer demand for products sourced outside the U.S. We believe this wholly-owned platform is the key driver of our future growth in upholstery fabrics. We are aggressively expanding our capabilities in China with a strong focus on product innovation, quality and global logistics. Culp now employs 450 people and has five buildings totaling about 300,000 square feet located near Shanghai, China.

"With respect to our U.S. operations, we have made considerable progress in changing our product strategy, reducing our manufacturing complexities and improving our cost structure," added Culp. "However, the lower sales volumes are having a significant impact on our expected operating results. Therefore, during the second quarter we made the decision to further reduce our employment levels across our remaining three U.S. manufacturing plants to more appropriately support current demand. Currently, U.S. 'manufacturing' employment in the upholstery fabrics segment is 320 people compared with 534 people at the end of fiscal 2006 and 1,484 at the end of fiscal 2005. In light of the continuing sharp declines in demand for U.S. produced fabrics, we will continue to evaluate our domestic strategy and production requirements. We remain committed to taking whatever additional steps are necessary to achieve profitable U.S. upholstery fabric operations, and the company could take additional restructuring actions in the near future."

Balance Sheet

"Carefully managing our financial position is an important area of focus in fiscal 2007," Culp noted. "At the end of the second fiscal quarter, our balance sheet reflects $9.7 million in cash and cash equivalents, unchanged from the amount at the end of fiscal 2006. While we have built our inventories through the first six months of fiscal 2007 in both operating segments, we are taking the necessary steps to reduce these levels over the second half of this fiscal year. As of October 29, 2006, we also have $1.6 million in assets held for sale, which we expect will be sold over the next twelve months. Our capital spending plans for fiscal 2007 are expected to approximate $2.5 million, with $2.0 million already incurred for the year to date period."

Outlook

Commenting on the outlook for the third quarter of fiscal 2007, Culp remarked, "While we are encouraged by the substantial progress we have made in the first half of this year, we see a continuation of the slowdown in the retail furniture market as high gas prices, shaky consumer confidence and a weaker housing market are adversely affecting sales in the furniture industry. Additionally, we believe there continue to be surplus inventories throughout the furniture retail and manufacturing supply chain, as an increasing amount of products are sourced from Asia with much longer lead times. Overall, we expect our third quarter sales to be approximately 12 to 15 percent lower than sales for the third quarter of fiscal 2006. We expect sales in our mattress ticking segment will show about the same decline as the 2.1 percent decline we had in the second quarter of fiscal 2007. Operating income in this segment is expected to improve over the same period last year due to our growing knitted ticking business and the benefits from our recent capital project. In the upholstery fabrics segment, we expect continued growth in sales of fabrics produced outside the U.S., although the year-over-year growth rate is expected to be considerably lower than the previous quarter. Sales of domestically produced upholstery fabrics are expected to reflect very weak demand, resulting in an estimated 15 to 20 percent overall segment decline year-over-year. Due to the continued substantial weakness in U.S. produced sales and a lower growth rate in non U.S. produced sales, we believe the upholstery fabric segment's operating results for the third quarter will show year-over-year improvement, but will reflect a significant operating loss for the quarter. Operating loss for the upholstery fabrics segment for the third quarter of fiscal 2006 was $1.7 million.

"Considering these factors, we expect the company to report a net loss in the third quarter in the range of ($0.06) to ($0.10) per diluted share, excluding restructuring and related charges for previously announced restructuring initiatives. This is management's best estimate at present, recognizing that future financial results are difficult to predict because the upholstery fabrics industry is undergoing a dramatic transition and many internal changes are still underway within the company. The actual results will depend primarily upon the level of demand throughout the quarter, the company's progress with respect to restructuring activities for our domestic upholstery fabrics operations and the impact of raw material costs."

The company estimates that restructuring and related charges for previously announced restructuring initiatives of approximately $200,000 ($160,000 net of taxes, or $0.01 per diluted share) will be incurred during the third fiscal quarter. Including these restructuring and related charges, the company expects to report a net loss for the third fiscal quarter in the range of ($0.07) to ($0.11) per diluted share. (A reconciliation of the projected net loss per share calculation has been set forth on Page 6.) This projected range does not include additional charges that could be incurred in the third quarter from any new restructuring initiatives.

In closing, Culp remarked, "While the furniture industry is going through a very difficult cycle, we continue to move Culp forward and believe we are taking the right steps to extend the leadership positions we enjoy in both of our operating segments. The diversity of our business is a key strength for Culp, with 75 percent of the company's total sales from mattress fabrics and non-US produced upholstery fabrics. We have built a solid competitive position in mattress ticking and continue to expand our relationships with key customers. Our non-U.S. produced upholstery fabrics are now the driving force behind our upholstery fabrics business, and we are aggressively expanding our capabilities and pursuing opportunities for further innovation and expansion. We continue to evaluate our U.S. upholstery fabric strategy and operations and believe we are making progress toward creating a sustainable business model that will meet current customer demand. Our primary objective is to restore Culp to profitability in fiscal 2007 and position the company for growth over the long term in today's global marketplace."

About the Company

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

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

CULP, INC.
Condensed Financial Highlights
(Unaudited)

Three Months Ended   Six Months Ended

	October 29, 2006	October 30, 2005	October 29, 2006	October 30, 2005
Net sales	$59,040,000	$67,006,000	$121,625,000	$129,348,000
Net income (loss)	$ 812,000	$(4,152,000)	$ 946,000	$ (8,093,000)
Net income (loss) per share:				
Basic	$ 0.07	$ (0.36)	$ 0.08	$ (0.70)
Diluted	$ 0.07	$ (0.36)	$ 0.08	$ (0.70)
Net income (loss) per share, diluted, excluding restructuring and related charges(1)	$ 0.09	$ (0.03)	$ 0.19	$ (0.08)
Average shares outstanding:				
Basic	11,686,000	11,559,000	11,679,000	11,555,000
Diluted	11,689,000	11,559,000	11,682,000	11,555,000

(1) Excludes restructuring and related charges of $365,000 ($233,000 or $0.02 per diluted share, after taxes) for the second quarter of fiscal 2007. Excludes restructuring and related charges of $1.5 million ($1.2 million, or $0.10 per diluted share, after taxes) for the first six months of fiscal 2007.

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.

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

	Three Months Ended		Six Months Ended	
	October 29, 2006	October 30, 2005	October 29, 2006	October 30, 2005
Net income (loss), as reported	$ 812,000	$(4,152,000)	$946,000	$(8,093,000)
Restructuring and related charges, net of income taxes	233,000	3,820,000	1,218,000	7,133,000
Pro forma net income (loss)	$1,045,000	$ (332,000)	$2,164,000	$ (960,000)

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

	Three Months Ended(2)		Six Months Ended(2)	
	October 29, 2006	October 30, 2005	October 29, 2006	October 30, 2005
Net income (loss), per diluted share, as reported	$ 0.07	$ (0.36)	$ 0.08	$ (0.70)
Restructuring and related charges, net of income taxes	0.02	0.33	0.10	0.62
Net income (loss) per diluted share, adjusted	$ 0.09	$ (0.03)	$ 0.19	$ (0.08)

(2) Per share numbers have been rounded

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

Three Months Ending

	January 28, 2007
Projected range of net loss per diluted share	$(0.07)-$(0.11)
Projected restructuring and related charges, net of income taxes	0.01
Projected range of pro forma net loss per diluted share	$(0.06)-$(0.10)

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336-881-5630
or
Media Contact:
Kenneth M. Ludwig
Senior Vice President, Human Resources
336-889-5161

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

	THREE MONTHS ENDED				
	Amounts			Percent of Sales	
	October 29, 2006	October 30, 2005	% Over (Under)	October 29, 2006	October 30, 2005
Net sales	$ 59,040	67,006	(11.9) %	100.0 %	100.0 %
Cost of sales	51,049	61,455	(16.9) %	86.5 %	91.7 %
Gross profit	7,991	5,551	44.0 %	13.5 %	8.3 %
Selling, general and administrative expenses	6,273	6,526	(3.9) %	10.6 %	9.7 %
Restructuring (credit) expense	(264)	4,412	(106.0) %	(0.4) %	6.6 %
Income (loss) from operations	1,982	(5,387)	136.8 %	3.4 %	(8.0)%
Interest expense	938	942	(0.4) %	1.6 %	1.4 %
Interest income	(51)	(19)	168.4 %	(0.1) %	(0.0)%
Other expense	338	214	57.9 %	0.6 %	0.3 %
Income (loss) before income taxes	757	(6,524)	111.6 %	1.3 %	(9.7)%
Income taxes*	(55)	(2,372)	(97.7) %	(7.3) %	36.4 %
Net income (loss)	$ 812	(4,152)	119.6 %	1.4 %	(6.2)%
Net income (loss) per share-basic	$0.07	($0.36)	119.4 %		
Net income (loss) per share-diluted	$0.07	($0.36)	119.4 %		
Net income (loss) per share, diluted, excluding restructuring and related charges (see proforma statement on page 6)	$0.09	($0.03)	400.0 %		
Average shares outstanding-basic	11,686	11,559	1.1 %		
Average shares outstanding-diluted	11,689	11,559	1.1 %		

	SIX MONTHS ENDED				
	Amounts			Percent of Sales	
	October 29, 2006	October 30, 2005	% Over (Under)	October 29, 2006	October 30, 2005
Net sales	$ 121,625	129,348	(6.0) %	100.0 %	100.0 %
Cost of sales	105,574	117,240	(10.0) %	86.8 %	90.6 %
Gross profit	16,051	12,108	32.6 %	13.2 %	9.4 %
Selling, general and administrative expenses	12,846	16,382	(21.6) %	10.6 %	12.7 %
Restructuring expense	466	6,238	(92.5) %	0.4 %	4.8 %
Income (loss) from operations	2,739	(10,512)	126.1 %	2.3 %	(8.1)%
Interest expense	1,888	1,892	(0.2) %	1.6 %	1.5 %
Interest income	(97)	(35)	177.1 %	(0.1) %	(0.0)%
Other expense	60	347	(82.7) %	0.0 %	0.3 %
Income (loss) before income taxes	888	(12,716)	107.0 %	0.7 %	(9.8)%
Income taxes*	(58)	(4,623)	(98.7) %	(6.5) %	36.4 %
Net income (loss)	$ 946	(8,093)	111.7 %	0.8 %	(6.3)%
Net income (loss) per share-basic	$0.08	($0.70)	111.4 %		
Net income (loss) per share-diluted	$0.08	($0.70)	111.4 %		
Net income (loss) per share, diluted, excluding restructuring and related charges (see proforma statement on page 7)	$0.19	($0.08)	337.5 %		

Average shares outstanding-basic	11,679	11,555	1.1 %
Average shares outstanding-diluted	11,682	11,555	1.1 %

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

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED BALANCE SHEETS
OCTOBER 29, 2006, OCTOBER 30, 2005 AND APRIL 30, 2006
Unaudited
(Amounts in Thousands)

		Amounts		Increase (Decrease)		
		October 29, 2006	October 30, 2005	Dollars	Percent	* April 30, 2006
Current assets						
Cash and cash equivalents	$	9,706	12,883	(3,177)	(24.7)%	9,714
Accounts receivable		23,286	26,919	(3,633)	(13.5)%	29,049
Inventories		44,430	43,449	981	2.3 %	36,693
Deferred income taxes		7,120	7,054	66	0.9 %	7,120
Assets held for sale		1,571	-	1,571	100.0 %	3,111
Other current assets		1,506	1,846	(340)	(18.4)%	1,287
Total current assets		87,619	92,151	(4,532)	(4.9)%	86,974
Property, plant & equipment, net		42,487	54,212	(11,725)	(21.6)%	44,639
Goodwill		4,114	4,114	-	0.0 %	4,114
Deferred income taxes		22,023	14,541	7,482	51.5 %	20,176
Other assets		1,354	1,521	(167)	(11.0)%	1,564
Total assets	$	157,597	166,539	(8,942)	(5.4)%	157,467
Current liabilities						
Current maturities of long-term debt	$	7,742	8,346	(604)	(7.2)%	8,060
Accounts payable		18,540	16,613	1,927	11.6 %	20,835
Accrued expenses		9,001	10,669	(1,668)	(15.6)%	7,845
Accrued restructuring		3,017	5,486	(2,469)	(45.0)%	4,054
Income taxes payable		3,880	1,023	2,857	279.3 %	2,488
Total current liabilities		42,180	42,137	43	0.1 %	43,282
Long-term debt , less current maturities		39,554	46,584	(7,030)	(15.1)%	39,662
Total liabilities		81,734	88,721	(6,987)	(7.9)%	82,944
Shareholders' equity		75,863	77,818	(1,955)	(2.5)%	74,523
Total liabilities and shareholders' equity	$	157,597	166,539	(8,942)	(5.4)%	157,467
Shares outstanding		11,687	11,559	128	1.1 %	11,655

* Derived from audited financial statements

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

	SIX MONTHS ENDED	
	Amounts	
	October 29, 2006	October 30, 2005
Cash flows from operating activities:		
Net income (loss)	$ 946	(8,093)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation	3,364	9,836
Amortization of other assets	41	51
Stock-based compensation	287	104
Deferred income taxes	(1,847)	(4,455)
Restructuring (credit) expense	(364)	3,092
Changes in assets and liabilities:		
Accounts receivable	5,763	1,905
Inventories	(7,737)	7,050
Other current assets	(219)	845
Other assets	148	149
Accounts payable	(1,965)	(5,623)
Accrued expenses	1,156	1,113
Accrued restructuring	(1,037)	(364)
Income taxes payable	1,392	(521)
Net cash (used in) provided by operating activities	(72)	5,089
Cash flows from investing activities:		
Capital expenditures	(1,705)	(4,875)
Proceeds from the sale of buildings and equipment	2,738	3,950
Net cash provided by (used in) investing activities	1,033	(925)
Cash flows from financing activities:		
Payments on vendor-financed capital expenditures	(670)	(799)
Payments on long-term debt	(426)	-
Proceeds from issuance of long-term debt	-	4,380
Proceeds from common stock issued	127	31
Net cash (used in) provided by financing activities	(969)	3,612
(Decrease) increase in cash and cash equivalents	(8)	7,776
Cash and cash equivalents at beginning of period	9,714	5,107
Cash and cash equivalents at end of period	$ 9,706	12,883
Free Cash Flow (1)	$ 291	3,365

(1) Free Cash Flow reconciliation is as follows:	2nd Qtr FY 2007	2nd Qtr FY 2006
A) Net cash (used in) provided by operating activities	$ (72)	5,089
B) Minus: Capital Expenditures	(1,705)	(4,875)
C) Add: Proceeds from the sale of buildings and equipment	2,738	3,950
D) Minus: Payments on vendor-financed capital expenditures	(670)	(799)
	$ 291	3,365

CULP, INC. FINANCIAL INFORMATION RELEASE
SALES, GROSS PROFIT AND OPERATING INCOME (LOSS) BY SEGMENT
FOR THE THREE MONTHS ENDED OCTOBER 29, 2006 AND OCTOBER 30, 2005

(Amounts in thousands)

	THREE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Total Sales	
Net Sales by Segment	October 29, 2006	October 30, 2005	% Over (Under)	October 29, 2006	October 30, 2005
Mattress Fabrics	$ 23,494	23,990	(2.1)%	39.8 %	35.8 %
Upholstery Fabrics	35,546	43,016	(17.4)%	60.2 %	64.2 %
Net Sales	$ 59,040	67,006	(11.9)%	100.0 %	100.0 %
Gross Profit by Segment				Gross Profit Margin	
Mattress Fabrics	$ 4,144	3,302	25.5 %	17.6 %	13.8 %
Upholstery Fabrics	4,138	4,000	3.5 %	11.6 %	9.3 %
Subtotal	8,282	7,302	13.4 %	14.0 %	10.9 %
Restructuring related charges	(291)(1)	(1,751)(3)	(83.4)%	(0.5)%	(2.6) %
Gross Profit	$ 7,991	5,551	44.0 %	13.5 %	8.3 %
Selling, General and Administrative expenses by Segment				Percent of Sales	
Mattress Fabrics	$ 1,674	1,636	2.3 %	7.1 %	6.8 %
Upholstery Fabrics	3,745	4,069	(8.0)%	10.5 %	9.5 %
Unallocated Corporate expenses	824	821	0.4 %	1.4 %	1.2 %
	6,243	6,526	(4.3)%	10.6 %	9.7 %
Restructuring related charges	30 (1)	-	100.0 %	0.1 %	0.0 %
Selling, General and Administrative expenses	$ 6,273	6,526	(3.9)%	10.6 %	9.7 %
Operating Income (loss) by Segment				Operating Income (Loss) Margin	
Mattress Fabrics	$ 2,470	1,666	48.3 %	10.5 %	6.9 %
Upholstery Fabrics	393	(69)	669.6 %	1.1 %	(0.2) %
Unallocated corporate expenses	(824)	(821)	0.4 %	(1.4)%	(1.2) %
Subtotal	2,039	776	162.8 %	3.5 %	1.2 %
Restructuring credit (expense)	264 (2)	(4,412)(4)	(106.0)%	0.4 %	(6.6) %
Restructuring related charges	(321)(1)	(1,751)(3)	(81.7)%	(0.5)%	(2.6) %
Operating income (loss)	$ 1,982	(5,387)	136.8 %	3.4 %	(8.0) %
Depreciation by Segment					
Mattress Fabrics	$ 918	893	2.8 %		
Upholstery Fabrics	744	1,417	(47.5)%		
Subtotal	1,662	2,310	(28.1)%		
Accelerated Depreciation	-	1,355	(100.0)%		
Total Depreciation	$ 1,662	3,665	(54.7)%		

Notes:
(1)The $291,000 and $30,000 represents restructuring related charges for other operating costs associated with the closing of plant facilities.
(2)The $264,000 restructuring credit represents $354,000 for asset movement costs, $333,000 for lease termination and other exit costs, a credit of $53,000 for write-downs of a building and equipment, a credit of $437,000 for sales proceeds received on equipment with no carrying value associated with the closing of plant facilities, and a credit

of $461,000 associated with employee termination benefits.

(3)The $1.8 million represents restructuring related charges of $1.4 million for accelerated depreciation, $331,000 for inventory markdowns, and $65,000 for other operating costs associated with the closing of plant facilities.

(4)The $4.4 million represents restructuring charges of $2.1 million for write-downs of buildings and equipment, $1.6 million for employee termination benefits, $395,000 for asset movement costs and $328,000 for lease termination costs.

CULP, INC. FINANCIAL INFORMATION RELEASE
SALES, GROSS PROFIT AND OPERATING INCOME (LOSS) BY SEGMENT
FOR THE SIX MONTHS ENDED OCTOBER 29, 2006 AND OCTOBER 30, 2005

(Amounts in thousands)

	SIX MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Total Sales	
Net Sales by Segment	October 29, 2006	October 30, 2005	% Over (Under)	October 29, 2006	October 30, 2005
Mattress Fabrics	$ 45,339	46,905	(3.3)%	37.3 %	36.3 %
Upholstery Fabrics	76,286	82,443	(7.5)%	62.7 %	63.7 %
Net Sales	$ 121,625	129,348	(6.0)%	100.0 %	100.0 %
Gross Profit by Segment				Gross Profit Margin	
Mattress Fabrics	$ 7,665	6,397	19.8 %	16.9 %	13.6 %
Upholstery Fabrics	9,423	7,957	18.4 %	12.4 %	9.7 %
Subtotal	17,088	14,354	19.0 %	14.0 %	11.1 %
Restructuring related charges	(1,037)(1)	(2,246)(3)	(53.8)%	(0.9)%	(1.7) %
Gross Profit	$ 16,051	12,108	32.6 %	13.2 %	9.4 %
Selling, General and Administrative expenses by Segment				Percent of Sales	
Mattress Fabrics	$ 3,337	3,373	(1.1)%	7.4 %	7.2 %
Upholstery Fabrics	7,453	8,405	(11.3)%	9.8 %	10.2 %
Unallocated Corporate expenses	2,026	1,582	28.1 %	1.7 %	1.2 %
Subtotal	12,816	13,360	(4.1)%	10.5 %	10.3 %
Restructuring related charges	30 (1)	3,022 (4)	(99.0)%	0.0 %	2.3 %
Selling, General and Administrative expenses	$ 12,846	16,382	(21.6)%	10.6 %	12.7 %
Operating Income (loss) by Segment				Operating Income (Loss) Margin	
Mattress Fabrics	$ 4,328	3,024	43.1 %	9.5 %	6.4 %
Upholstery Fabrics	1,970	(448)	539.7 %	2.6 %	(0.5) %
Unallocated corporate expenses	(2,026)	(1,582)	28.1 %	(1.7)%	(1.2) %
Subtotal	4,272	994	329.8 %	3.5 %	0.8 %
Restructuring expense	(466)(2)	(6,238)(5)	(92.5)%	(0.4)%	(4.8) %
Restructuring related charges	(1,067)(1)	(5,268)(6)	(79.7)%	(0.9)%	(4.1) %
Operating income (loss)	$ 2,739	(10,512)	126.1 %	2.3 %	(8.1) %
Depreciation by Segment					
Mattress Fabrics	$ 1,860	1,749	6.3 %		
Upholstery Fabrics	1,504	3,216	(53.2)%		
Subtotal	3,364	4,965	(32.2)%		
Accelerated Depreciation	-	4,871	(100.0)%		
Total Depreciation	$ 3,364	9,836	(65.8)%		

Notes:
(1) The $1.1 million represents restructuring related charges of $798,000 for other operating costs associated with the closing of plant facilities and $239,000 for inventory markdowns. The $30,000 represents restructuring related charges for other operating costs associated with the closing of plant facilities.
(2) The $466,000 represents restructuring charges of $740,000 for asset movement costs, $327,000 for lease termination

and other exit costs, $62,000 for net write-downs of buildings and equipment, a credit of $226,000 for employee termination benefits, and a credit of $437,000 for sales proceeds received on equipment with no carrying value associated with the closing of plant facilities.

(3) The $2.3 million represents restructuring related charges of $1.9 million of accelerated depreciation, $331,000 for inventory markdowns, and $65,000 for other operating costs associated with the closing of plant facilities.

(4) The $3.0 million represents accelerated depreciation.

(5) The $6.2 million represents restructuring charges of $2.9 million for write-downs of buildings and equipment, $1.6 million for asset movement costs, $1.4 million for employee termination benefits, and $378,000 for lease termination costs.

(6) The $5.3 million represents restructuring related charges of $4.9 million for accelerated depreciation, $331,000 for inventory markdowns, and $65,000 for other operating costs associated with the closing of plant facilities.

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

THREE MONTHS ENDED

	As Reported October 29, 2006	% of Sales	Adjustments	% of Sales	October 29, 2006 Proforma Net of Adjustments	% of Sales
Net sales	$ 59,040	100.0%	0		59,040	100.0%
Cost of sales	51,049	86.5%	(291)	-0.5%(1)	50,758	86.0%
Gross profit	7,991	13.5%	(291)	-0.5%	8,282	14.0%
Selling, general and administrative expenses	6,273	10.6%	(30)	-0.1%(1)	6,243	10.6%
Restructuring (credit) expense	(264)	-0.4%	264	0.4%(2)	0	0.0%
Income (loss) from operations	1,982	3.4%	(57)	-0.1%	2,039	3.5%
Interest expense	938	1.6%	0	0.0%	938	1.6%
Interest income	(51)	-0.1%	0	0.0%	(51)	-0.1%
Other expense	338	0.6%	(308)	-0.5%(3)	30	0.1%
Income (loss) before income taxes	757	1.3%	(365)	-0.6%(6)	1,122	1.9%
Income taxes (8)	(55)	-7.3%	(132)	36.2%	77	6.9%
Net income (loss)	$ 812	1.4%	(233)	-0.4%	1,045	1.8%
Net income (loss) per share-basic	$0.07		($0.02)		$0.09	
Net income (loss) per share-diluted	$0.07		($0.02)		$0.09	
Average shares outstanding-basic	11,686		11,686		11,686	
Average shares outstanding-diluted	11,689		11,686		11,689	

THREE MONTHS ENDED

	As Reported October 30, 2005	% of Sales	Adjustments	% of Sales	October 30, 2005 Proforma Net of Adjustments	% of Sales	Proforma % Over (Under)
Net sales	67,006	100.0%	0		67,006	100.0%	-11.9%
Cost of sales	61,455	91.7%	(1,751)	-2.6%(4)	59,704	89.1%	-15.0%
Gross profit	5,551	8.3%	(1,751)	-2.6%	7,302	10.9%	13.4%
Selling, general and administrative expenses	6,526	9.7%	0	0.0%	6,526	9.7%	-4.3%
Restructuring (credit) expense	4,412	6.6%	(4,412)	-6.6%(5)	0	0.0%	0.0%
Income (loss) from operations	(5,387)	-8.0%	(6,163)	-9.2%	776	1.2%	162.8%
Interest expense	942	1.4%	0	0.0%	942	1.4%	-0.4%
Interest income	(19)	0.0%	0	0.0%	(19)	0.0%	168.4%
Other							

expense	214	0.3%	0	0.0%	214	0.3%	-86.0%
Income (loss) before income taxes	(6,524)	-9.7%	(6,163)	-9.2%(7)	(361)	-0.5%	-410.8%
Income taxes (8)	(2,372)	36.4%	(2,343)	38.0%	(29)	8.0%	-366.6%
Net income (loss)	(4,152)	-6.2%	(3,820)	-5.7%	(332)	-0.5%	-414.6%
Net income (loss) per share-basic	($0.36)		($0.33)		($0.03)		
Net income (loss) per share-diluted	($0.36)		($0.33)		($0.03)		
Average shares outstanding-basic	11,559		11,559		11,559		
Average shares outstanding-diluted	11,559		11,559		11,559		

Notes:
(1) The $291,000 and $30,000 represent restructuring related charges for other operating costs associated with the closing of plant facilities.
(2) The $264,000 restructuring credit represents $354,000 for asset movement costs, $333,000 for lease termination and other exit costs, a credit of $53,000 for write-downs of a building and equipment, a credit of $437,000 for sales proceeds received on equipment with no carrying value associated with the closing of plant facilities, and a credit of $461,000 associated with employee termination benefits.
(3) The $308,000 represents sales proceeds received on equipment with no carrying value associated with the closing of plant facilities.
(4) The $1.8 million represents restructuring related charges of $1.4 million for accelerated depreciation, $331,000 for inventory markdowns, and $65,000 for other operating costs associated with the closing of plant facilities.
(5) The $4.4 million represents $2.1 million for write-downs of buildings and equipment, $1.6 million for employee termination benefits, $395,000 for asset movement costs and $328,000 for lease termination costs.
(6) Of this total charge, $418,000 represent cash charges and the credit of $53,000 for write-downs of a building and equipment represent a non-cash gain.
(7) Of this total charge, $2.4 million and $3.8 million represent cash and non-cash charges, respectively.
(8)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 NET INCOME (LOSS)
FOR THE SIX MONTHS ENDED OCTOBER 29, 2006 AND OCTOBER 30, 2005
(Amounts in Thousands, Except for Per Share Data)

	SIX MONTHS ENDED					
	As Reported October 29, 2006	% of Sales	Adjustments	% of Sales	October 29, 2006 Proforma Net of Adjustments	% of Sales
Net sales	$ 121,625	100.0%	0		121,625	100.0%
Cost of sales	105,574	86.8%	(1,037)	-0.9%(1)	104,537	86.0%
Gross profit	16,051	13.2%	(1,037)	-0.9%	17,088	14.0%
Selling, general and administrative expenses	12,846	10.6%	(30)	0.0%(1)	12,816	10.5%
Restructuring expense	466	0.4%	(466)	-0.4%(2)	0	0.0%
Income (loss) from operations	2,739	2.3%	(1,533)	-1.3%	4,272	3.5%
Interest expense	1,888	1.6%	0	0.0%	1,888	1.6%
Interest income	(97)	-0.1%	0	0.0%	(97)	-0.1%
Other expense	60	0.0%	0	0.0%	60	0.0%
Income (loss) before income taxes	888	0.7%	(1,533)	-1.3%(6)	2,421	2.0%
Income taxes (8)	(58)	-6.5%	(315)	20.5%	257	10.6%
Net income (loss)	$ 946	0.8%	(1,218)	-1.0%	2,164	1.8%
Net income (loss) per share-basic	$0.08		($0.10)		$0.19	
Net income (loss) per share-diluted	$0.08		($0.10)		$0.19	
Average shares outstanding-basic	11,679		11,679		11,679	
Average shares outstanding-diluted	11,682		11,679		11,682	

	SIX MONTHS ENDED						
	As Reported October 30, 2005	% of Sales	Adjustments	% of Sales	October 30, 2005 Proforma Net of Adjustments	% of Sales	Proforma % Over (Under)
Net sales	129,348	100.0%	0		129,348	100.0%	-6.0%
Cost of sales	117,240	90.6%	(2,246)	-1.7%(3)	114,994	88.9%	-9.1%
Gross profit	12,108	9.4%	(2,246)	-1.7%	14,354	11.1%	19.0%
Selling, general and administrative expenses	16,382	12.7%	(3,022)	-2.3%(4)	13,360	10.3%	-4.1%
Restructuring expense	6,238	4.8%	(6,238)	-4.8%(5)	0	0.0%	0.0%
Income (loss) from operations	(10,512)	-8.1%	(11,506)	-8.9%	994	0.8%	329.8%
Interest expense	1,892	1.5%	0	0.0%	1,892	1.5%	-0.2%
Interest income	(35)	0.0%	0	0.0%	(35)	0.0%	177.1%
Other expense	347	0.3%	0	0.0%	347	0.3%	-82.7%
Income (loss) before income taxes	(12,716)	-9.8%	(11,506)	-8.9%(7)	(1,210)	-0.9%	-300.1%

Income taxes (8)	(4,623)	36.4%	(4,373)	38.0%	(250)	20.7%	-202.8%
Net income (loss)	(8,093)	-6.3%	(7,133)	-5.5%	(960)	-0.7%	-325.4%
Net income (loss) per share-basic	($0.70)		($0.62)		($0.08)		
Net income (loss) per share-diluted	($0.70)		($0.62)		($0.08)		
Average shares outstanding-basic	11,555		11,555		11,555		
Average shares outstanding-diluted	11,555		11,555		11,555		

Notes:

(1) The $1.1 million represents restructuring related charges of $798,00 for other operating costs associated with the closing of plant facilities and $239,000 for inventory markdowns. The $30,000 represents restructuring related charges for other operating costs associated with the closing of plant facilities.

(2) The $466,000 represents restructuring charges of $740,000 for asset movement costs, $327,000 for lease termination and other exit costs, $62,000 for net write-downs of buildings and equipment, a credit of $226,000 for employee termination benefits, and a credit of $437,000 for sales proceeds received on equipment with no carrying value associated with the closing of plant faciilties.

(3) The $2.3 million represents restructuring related charges of $1.9 million of accelerated depreciation, $331,000 for inventory markdowns, and $65,000 for other operating costs associated with the closing of plant facilities.

(4) The $3.0 million represents accelerated depreciation.

(5) The $6.2 million represents $2.9 million for write-downs of buildings and equipment, $1.6 million for asset movement costs, $1.4 million for employee termination benefits, and $378,000 for lease termination costs.

(6) Of this total charge, $1.2 million and $301,000 represent cash and non-cash charges, respectively.

(7) Of this total charge, $3.4 million and $8.1 million represent cash and non-cash charges, respectively.

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

Exhibit 99(c)

SECOND AMENDMENT TO NOTE PURCHASE AGREEMENTS

THIS SECOND AMENDMENT TO NOTE PURCHASE AGREEMENTS, dated as of the 6th day of December, 2006 (this "Amendment"), is made by and between Culp, Inc., a North Carolina corporation (the "Company"), and the holders of Notes (as defined in the Note Purchase Agreements referred to below) listed on Schedule A (the "Noteholders").

RECITALS

A. The Company and certain financial institutions or entities have heretofore entered into separate and several Note Purchase Agreements, each dated as of March 4, 1998, as amended by that certain First Amendment to Note Purchase Agreements, dated as of January 31, 2002 (collectively, the "Note Purchase Agreements"), pursuant to which the Company has issued its $20,000,000 7.76% Series A Senior Notes due March 15, 2008 collectively (the "Series A Notes") and its $55,000,000 7.76% Series B Senior Notes due March 15, 2010 (collectively, the "Series B Notes", and together with the Series A Notes, the "Notes"). Capitalized terms used herein without definition shall have the meanings given to them in the Note Purchase Agreements.

B. The Company has requested that the Noteholders amend the Note Purchase Agreements as set forth herein, and the Noteholders have agreed to effect such amendments upon the terms and conditions set forth herein.

STATEMENT OF AGREEMENT

The parties hereto agree as follows:

1. Interest Rate. Effective December 1, 2006, the principal amount of the Notes will bear interest at a rate equal to 8.80% per annum. Accordingly, all references in the Note Purchase Agreements to "7.76%" as the rate of interest applicable to the Notes shall be deemed to read "8.80%," and all references in the Note Purchase Agreements to "9.76%" as the rate of interest applicable to overdue payments of principal, interest or any Make-whole Amount shall be deemed to read "10.80%."

2. Amendment to Section 5.15. Section 5.15 of each of the Note Purchase Agreements is amended by replacing the reference to "March 8, 1998" with "the Second Amendment Effective Date".

3. Amendment to Section 8. Section 8 of each of the Note Purchase Agreements is amended by adding a new Section 8.2A, immediately following Section 8.2, as follows:

Section 8.2A Mandatory Offers of Prepayment.

(a) Within five (5) Business Days after any Asset Disposition (other than (i) Asset Dispositions in any fiscal year of the Company with an aggregate value not to exceed $250,000 and (ii) other Asset Dispositions made between the Second Amendment Effective Date and the date of maturity of the Series B Notes with an aggregate value not to exceed $1,000,000), the Company shall give written notice of such Asset Disposition to each holder of Notes, which notice shall contain and constitute an offer to prepay the Notes as described in subparagraph (d) below in an amount equal to 100% of the Net Cash Proceeds received by such Person in connection with such Asset Disposition. Nothing contained in this subparagraph (a) shall permit the Company or any of its Subsidiaries to make any Asset Disposition other than in accordance with Section 10.5.

(b) Within five (5) Business Days after the issuance or incurrence by the Company or any of its Subsidiaries of any Priority Debt (including Priority Debt permitted under Section 10.2) or capital stock, the Company shall give written notice of such issuance or incurrence of Debt or capital stock to each holder of Notes, which notice shall contain and constitute an offer to prepay the Notes as described in subparagraph (d) below in an amount equal to 100% of the Net Cash Proceeds received by such Person in connection with such issuance or incurrence. The provisions of this subsection shall not be deemed to be implied consent to any such issuance or incurrence of Debt otherwise prohibited by the terms and conditions of this Agreement.

(c) Within fifteen (15) Business Days after the end of each fiscal quarter of the Company, the Company shall give written notice to each holder of Notes of an offer to prepay the Notes as described in subparagraph (d) below in an amount equal to the Excess Cash as of the last day of such fiscal quarter, unless Excess Cash as of the last day of such fiscal quarter does not exceed $250,000.

(d) The offer to prepay Notes contemplated by subparagraphs (a) through (c) above shall be an offer to prepay, in accordance with and subject to this Section, scheduled principal installments of the Notes of both Series in chronological order (first to principal installments due on March 15, 2007, second to principal installments due on March 15, 2008, third to principal installments due on March 15, 2009 and finally to principal installments due on March 15, 2010) on a date specified in such offer (the "Proposed

8.2A Prepayment Date"), which Proposed 8.2A Prepayment Date shall be not less than 15 days and not more than 30 days after the date of the offer (and if the Proposed Prepayment Date is not specified in such offer, the Proposed Prepayment Date shall be the first Business Day after the 30th day after the date of such offer).

(e) A holder of Notes may accept the offer to prepay made pursuant to this Section by causing a notice of such acceptance to be delivered to the Company at least five days prior to the Proposed 8.2A Prepayment Date. If the offer is rejected by any holder of Notes (either explicitly or through the absence of an acceptance delivered in accordance with the preceding sentence), the Company at least four days prior to the Proposed 8.2A Prepayment Date shall give written notice to each holder of Notes that has accepted the offer to prepay (the "Accepting Holders"), in which notice the Company shall (i) state the aggregate outstanding principal amount of Notes in respect of which the offer has been rejected (the "Rejected

Prepayment"), and (ii) offer to increase the prepayment of the Notes of the Accepting Holders by an amount equal to the Rejected Prepayment, such further prepayment to be applied to scheduled principal installments of the Notes held by the Accepting Holders in chronological order.

(f) Prepayment of the Notes to be prepaid pursuant to this Section shall be made, together with interest accrued on the amount so prepaid, but without Make-Whole Amount or other premium, on the applicable Proposed 8.2A Prepayment Date.

4. Amendment to Section 8.4. Section 8.4 of each of the Note Purchase Agreements is hereby replaced in its entirety with the following:

Section 8.4 Allocation of Partial Prepayments. In the case of partial prepayment of the Notes (other than a prepayment pursuant to Section 8.2 or Section 8.2A), the principal amount of the Notes to be prepaid shall be allocated among all of the Notes of both Series at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment. In the case of an offer of partial prepayment of the Notes pursuant to Section 8.2A, the principal amount of the Notes offered to be prepaid shall be allocated among all of the Notes (or if the offer is made under Section 8.2A(e), all of the Notes of the Accepting Holders) of both Series at the time outstanding in proportion, as nearly as practicable, to the respective scheduled principal installments on such Notes next due and payable in chronological order, and with respect to each scheduled principal payment, shall be allocated pro rata among the holders, or the Accepting Holders, as appropriate, to whom such scheduled payment is due.

5. Amendment to Section 10.1. Section 10.1 of each of the Note Purchase Agreements is hereby replaced in its entirety with the following:

Section 10.1. Certain Financial Limits. The Company shall not at any time permit:

(a) Tangible Net Worth to be less than the sum of (i) $60,000,000, plus (ii) an aggregate amount equal to 50% of its Consolidated Net Income (but, in each case, only if a positive number) for each completed fiscal quarter beginning with the fiscal quarter ended January 27, 2002, plus (iii) an amount equal to Restructuring Charges for each completed fiscal quarter beginning with the fiscal quarter ended January 28, 2007; or

(b) Capital Expenditures of the Company and its Subsidiaries to exceed (i) $3,000,000 in the aggregate during the Company's 2007 fiscal year, (ii) $4,000,000 in the aggregate during the Company's 2008 fiscal year and (iii) for any fiscal year of the Company thereafter, the sum of (A) $4,000,000 and (B) such additional amount of Capital Expenditures that may be incurred without causing the Company to have a Fixed Charge Coverage Ratio (measured for the most recently ended four fiscal quarters of the Company for which financial statements have been delivered to the holders of the Notes and giving pro forma effect to the incurrence of such additional Capital Expenditures as if they had been incurred during such period) of less than 2.25:1.0.

6. Amendment to Section 10.2(a). Section 10.2(a) of each of the Note Purchase Agreements is hereby amended by (a) replacing the reference to "10% of Consolidated Net Worth" in subparagraph (3)(ii) thereof with "15% of Consolidated Net Worth" and (b) replacing subparagraph (4) thereof in its entirety with the following:

(4) Notwithstanding the foregoing, (i) Consolidated Funded Debt shall not at any time exceed: (A) 65% of Tangible Capitalization during the period from the Effective Date of the First Amendment (as defined therein) through April 30, 2003; (B) 57% of Tangible Capitalization during the period from May 1, 2003 through April 30, 2004; and (C) 50% of Tangible Capitalization at any time thereafter; and (ii) from and after the Effective Date of the First Amendment (as defined therein), the Company will not, and will not permit any Subsidiaries to, declare or make, or incur any liability to declare or make, any Restricted Payment, unless the Fixed Charge Coverage Ratio (measured for the most recently ended four fiscal quarters of the Company for which financial statements have been delivered to the holders of the Notes and giving pro forma effect to such Restricted Payment as if it had been paid during such period) is at least equal to 2.25:1.00.

7. Addition of New Sections 10.2(c) and 10.2(d). Section 10.2 of each of the Note Purchase Agreements is further amended by inserting the following paragraphs (c) and (d) at the end of such Section:

(c) Without limitation of the foregoing restrictions, the Company shall not at any time permit Priority Debt to exceed 15% of Consolidated Net Worth.

(d) The Net Cash Proceeds of the issuance or incurrence of any Priority Debt shall be applied in accordance with Section 8.2A(b).

8. Amendment to Section 10.3. Section 10.3 of each of the Note Purchase Agreements is amended by replacing subparagraph (k) of such Section in its entirety with the following:

(k) other Liens not otherwise permitted by paragraphs (a) through (j) securing Debt other than the principal credit facilities of the Company and its Subsidiaries from time to time; provided that after giving effect to the imposition of such Lien and the incurrence of the obligation secured thereby, Priority Debt shall not exceed 15% of Consolidated Net Worth.

9. Amendment to Section 10.5. Section 10.5 of each of the Note Purchase Agreements is amended by replacing such Section in its entirety with the following:

Section 10.5 Sale of Assets, etc. Except as permitted under Section 10.4, the Company will not, and will not permit any of its Subsidiaries to, make any Asset Disposition unless:

(a) in the good faith opinion of the Company, the Asset Disposition is in exchange for consideration having a Fair Market Value at least equal to that of the property exchanged and is in the best interest of the Company or such Subsidiary; and

(b) immediately prior to and after giving effect to the Asset Disposition, no Default or Event of Default would exist; and

(c) immediately after giving effect to the Asset Disposition, the Disposition Value of all property that was the subject of any Asset Disposition occurring in the then current fiscal year of the Company would not exceed 15% of Consolidated Assets as of the end of the then most recently ended fiscal quarter of the Company; and

(d) the Net Cash Proceeds from the Asset Disposition are applied in accordance with Section 8.2A(a).

10. Amendment to Section 10. Section 10 of each of the Note Purchase Agreements is amended by adding the following as new Sections 10.7 through 10.11:

Section 10.7. Sale and Lease-Back. The Company will not, and will not permit any Subsidiary to, enter into or permit to remain in effect any Sale and Leaseback Transaction with any Person.

Section 10.8. Sale or Discount of Receivables. The Company will not, and will not permit any Subsidiary to, sell with recourse, or discount or otherwise sell for less than the face value thereof, any of its notes or accounts receivable.

Section 10.9. Change in Business. The Company will not, and will not permit any Subsidiary to, enter into any business other than the business presently conducted by the Company and its Subsidiaries and businesses reasonably related thereto.

Section 10.10. Loans, Advances and Investments. The Company will not, and will not permit any Subsidiary to, make or permit to remain outstanding any loan or advance to, or own, purchase or acquire any stock, obligations or securities of, or all or a substantial portion of the assets of, or any other interest in, or make any capital contribution to, any Person (each, an "Investment"), except that the Company or any Subsidiary may:

(i) make or permit to remain outstanding Investments in or to any Wholly-Owned Subsidiary and Investments outstanding on the Second Amendment Effective Date and listed on Schedule 10.10 or any Investments in new Wholly-Owned Subsidiaries not in excess of $2,000,000 in the aggregate;

(ii) acquire and own stock, obligations or securities received in settlement of debts (created in the ordinary course of business) owing to the Company or any Subsidiary;

(iii) own, purchase or acquire (A) prime commercial paper of, and time deposits and certificates of deposit in, United States commercial banks (having capital, surplus and undivided profits in excess of $100,000,000) and whose long-term unsecured debt obligations (or the long-term unsecured debt obligations of the bank holding company owning all of the capital stock of such bank) are rated in one of the top three rating classifications by at least one nationally recognized rating agency (a "Qualifying Bank"), in each case to the extent due within one year from the date of purchase and payable in the United States in United States dollars, direct obligations of, or obligations guaranteed by the United States of America, or any agency acting as an instrumentality of the United States of America pursuant to authority granted by the Congress of the United States of America, so long as such obligation or guarantee shall have the benefit of the full faith and credit of the United States of America which shall have been pledged pursuant to authority granted by the Congress of the United States of America and (B) money market accounts with any Qualifying Banks, which accounts invest solely in assets of the type described in clause (A);

(iv) make or permit to remain outstanding travel and other like advances to officers and employees in the ordinary course of business;

(v) Capital Expenditures permitted to be made pursuant to Section 10.1(c); and

(vi) make or permit to remain outstanding other Investments in an aggregate amount not in excess of $1,000,000 at any time.

Section 10.11. Restrictive Agreements. The Company will not permit any Subsidiary to enter into or otherwise be bound by or subject to any contract or agreement (including, without limitation, any provision of its certificate or articles of incorporation or bylaws) that restricts its ability (i) to pay dividends or other distributions on account of its stock, (ii) to create, grant or permit to exist any Liens securing the Notes or guarantees thereof or (iii) to guaranty the obligations of the Company under the Notes and this Agreement; provided, however, that Subsidiaries of the Company incorporated under the laws of China may agree to the foregoing restrictions in credit facilities with Chinese financial institutions so long as the aggregate amount committed and lent under such credit facilities does not exceed $5,000,000.

11. Amendment to Section 11.

(a) Section 11 is amended by replacing subparagraph (c) in its entirety with the following:

(c) the Company defaults in the performance of or compliance with any term contained in Section 10 or Section 7.1(d); or

(b) Section 11 is further amended by replacing references to "$5,000,000" in subparagraph (f) with "$1,000,000".

12. Amendment to Schedule B. Schedule B is amended by replacing the definitions of "Asset Disposition", "Default Rate" "Consolidated Net Worth" and "Funded Debt" with the following:

"Asset Disposition" means any Transfer except:

(a) any Transfer from a Subsidiary to the Company or a Wholly-Owned Subsidiary so long as immediately before and immediately after the consummation of any such Transfer and after giving effect thereto, no Default or Event of Default exists;

(b) any sale of real estate, machinery and equipment in connection with the closure of the Company's upholstery fabric plants located in Graham, North Carolina, Anderson, South Carolina and Lincolnton, North Carolina; (ii) the sale of the Company's corporate headquarters located in High Point, North Carolina; and (iii) the disposition of assets described (as of the Second Amendment Effective Date) on the Company's balance sheet as "Assets Held For Sale"; and

(c) any Transfer made in the ordinary course of business and involving only property that is inventory held for sale.

"Consolidated Net Worth" means, at any time,

(a) the sum of (i) the par value (or value stated on the books of the corporation) of the capital stock (but excluding Redeemable Preferred Stock, treasury stock and capital stock subscribed but unissued) of the Company and its Subsidiaries plus (ii) the amount of paid-in capital and retained earnings of the Company and its Subsidiaries, plus (iii) the amount equal to all Restructuring Charges for all completed fiscal quarters, commencing with the fiscal quarter ended January 28, 2007, in each case as such amounts would be shown on consolidated financial statements of the Company and its Subsidiaries as prepared in accordance with GAAP, minus

(b) to the extent included in clause (a), all amounts properly attributable to minority interests, if any, in the stock and surplus of Subsidiaries.

"Default Rate" means that rate of interest that is the greater of (i) 10.80% per annum or (ii) 2% over the rate of interest publicly announced from time to time by JPMorgan Chase Bank, N.A. in New York, New York, as its "base" or "prime" rate.

"Funded Debt" means, with respect to any Person, all Debt of such Person which by its terms or by the terms of any instrument or agreement relating thereto matures, or which is otherwise payable or unpaid, one year or more from, or is directly or indirectly renewable or extendible at the option of the obligor in respect thereof to a date one year or more (including, without limitation, an option of such obligor under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more) from, the date of the creation thereof; provided that Funded Debt shall include, as at any date of determination, Current Maturities of Funded Debt. In the case of the Company "Funded Debt" shall exclude that portion of the proceeds of the issuance of Funded Debt of the Company consisting of industrial development revenue bonds which is held by the trustee for such bonds pending withdrawal and application by the Company.

13. New Definitions. The following defined terms and definitions are hereby inserted in appropriate alphabetical order in Schedule B to each of the Note Purchase Agreements:

"Capital Expenditures" means, as applied to any Person, all expenditures by such Person which, in accordance with GAAP, would be classified as capital expenditures, including without limitation Capital Leases.

"Consolidated EBITDAR" means, with reference to any period, the sum of (i) all Consolidated Net Income, (ii) interest expense, income tax expense, depreciation and amortization expense of the Company and its Subsidiaries for such period (taken as a cumulative whole), as determined in accordance with GAAP, after eliminating all offsetting debits and credits between the Company and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Company and its Subsidiaries in accordance with GAAP, and (iii) Operating Lease Rentals, in each case for such period.

"Consolidated Fixed Charges" means, with reference to any period, the sum of (i) (A) the Current Maturities of Funded Debt of the Company and its Subsidiaries for such period (taken as a cumulative whole) and (B) the interest expense of the Company and its Subsidiaries for such period (taken as a cumulative whole), in each case as determined in accordance with GAAP, after eliminating all offsetting debits and credits between the Company and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Company and its Subsidiaries in accordance with GAAP, (ii) Operating Lease Rentals and (iii) Restricted Payments, in each case for such period.

"Excess Cash" means, as of the last day of any fiscal quarter of the Company, the amount by which (x) the aggregate cash and cash equivalents of the Company on hand as of the last day of such fiscal quarter exceeds (y) $8,000,000.

"Fixed Charge Coverage Ratio" means, for any period for the Company and its Subsidiaries measured on a consolidated basis, the ratio of (i) (A) Consolidated EBITDAR minus (B) Capital Expenditures and income taxes paid in cash to (ii) Consolidated Fixed Charges, in each case for such period.

"Investment" shall have the meaning set forth in Section 10.10.

"Net Cash Proceeds" means (i) with respect to any Asset Disposition, the amount of all cash, checks, notes, instruments, and other items of payment received (directly or indirectly) from time to time (whether as initial consideration or through the payment of deferred consideration) by or on behalf of such Person, in connection therewith after deducting therefrom only (A) reasonable expenses related thereto incurred by such Person in connection therewith and (B) taxes paid or payable to any taxing authorities by such Person in connection therewith and (C) amounts necessary to satisfy in full any Indebtedness secured by the assets that are the subject of such Asset Disposition and (ii) with respect to the issuance or incurrence of any Debt or capital stock by the Company or any of its Subsidiaries, the aggregate amount of cash received (directly or indirectly) from time to time (whether as initial consideration or through the payment or disposition of deferred compensation) by or on behalf of such Person in connection therewith, after deducting therefrom only (A) reasonable expenses related thereto incurred by such Person in connection therewith and (B) taxes paid to any taxing authorities by such Person in connection therewith, to the extent, but only to the extent, that the amounts so deducted are (1) actually paid to a Person that, except in the case of reasonable out-of-pocket expenses, is not an Affiliate of such Person or any of its Subsidiaries and (2) properly attributable to such transaction or to the asset that is the subject thereof.

"Operating Lease Rentals" means, with reference to any period, all fixed rents or charges (including as such all payments which the lessee is obligated to make on termination of the lease or surrender of the property) payable by the Company and its Subsidiaries (as lessee, sublessee, license, franchisee or the like) under all leases, licenses, or other agreements for the use or possession of real or personal property, tangible or intangible (except Capital Leases) having a term of more than one year (whether as an initial term or any extension or renewal thereof and including options to renew or extend any term, whether or not exercised), during such period, of the Company and its Subsidiaries for such period (taken as a cumulative whole), as determined in accordance with GAAP, after eliminating all offsetting debits and credits between the Company and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Company and its Subsidiaries in accordance with GAAP.

"Proposed Prepayment Date" shall have the meaning set forth in Section 8.2A(e).

"Rejected Prepayment" shall have the meaning set forth in Section 8.2A(f).

"Restricted Payments" means (a) dividends or other distributions or payments on capital stock or other equity interests of the Company or any Subsidiary (except (i) distributions in such stock or other equity interests and (ii) dividends, distributions and payments on capital stock of any Subsidiary paid to the Company or on a pro rata basis to all shareholders of such Subsidiary) and (b) the redemption or acquisition of such stock or other equity interests of the Company or any Subsidiary (except when solely in exchange for such stock or other equity interests or when made by any Wholly-Owned Subsidiary).

"Restructuring Charges" means, collectively, (i) all cash and non-cash restructuring expenses and restructuring-related costs directly related to (A) the closing of the Company's upholstery fabric plants in Graham, North Carolina, Anderson, South Carolina and Lincolnton, North Carolina, (B) the previous closing of the Company's upholstery fabrics plant in Chattanooga, Tennessee, (C) the closing of the Company's upholstery prints plant in Burlington, North Carolina, and (D) the sale of the Company's corporate headquarters located in High Point, North Carolina and the related costs associated with moving such headquarters to a new location, so long as the foregoing restructuring expenses and restructuring-related costs paid in cash do not exceed $4,000,000 in the aggregate during the term of this Agreement, and (ii) non-cash write-downs of deferred tax assets of the Company accounted for as "valuation allowances."

"Sale and Leaseback Transaction" shall mean any arrangement with any Person or to which such Person is a party providing for the leasing by the Company or any Subsidiary of real or personal property which has been or is to be sold or transferred by the Company or any Subsidiary to any Person to which funds have been or are to be advanced on the security of such property or rental obligations of the Company or any Subsidiary.

"Second Amendment" means the Second Amendment to Note Purchase Agreements, dated as of the Second Amendment Effective Date, among the Company and the Noteholders (as defined therein), which amends this Agreement.

"Second Amendment Effective Date" means December 6, 2006.

14. Amendment to Schedules. Schedules 5.4 and 5.15 of the Note Purchase Agreements are hereby amended by replacing such Schedules in their entirety with Schedules 5.4 and 5.15 attached hereto. The Note Purchase Agreements are further amended by adding Schedule 10.10 attached hereto as Schedule 10.10 to each Note Purchase Agreement.

15. Conditions to Effectiveness of this Amendment. Notwithstanding any other provision of this Amendment and without affecting in any manner the rights of the Noteholders hereunder, it is understood and agreed that this Amendment shall not become effective, and the Company shall have no rights under this Amendment, until (i) the Company has prepaid the principal amount of the Series B Notes by an amount equal to $3,000,000, together with accrued and unpaid interest on such principal prepayment, such principal and interest to be allocated to the Series B Notes in proportion to the respective unpaid principal amounts thereof and such principal amount to be applied to the scheduled principal installments of the Series B Notes due on March 15, 2007, (ii) the Company shall have paid the fees, charges and disbursements of counsel to the Noteholders, incurred in connection with this Amendment and (iii) the Noteholders shall have received each of the following documents:

(a) executed counterparts to this Amendment from the Company and each of the Noteholders;

(b) an amended and restated Note for each Noteholder, which amended and restated Note will provide for such increased interest rate and otherwise be in form and substance equivalent to the Notes delivered at the Closing;

(c) a certificate certifying as to articles of incorporation, bylaws and resolutions of the Company attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the First Amendment, this Amendment and the Notes contemplated pursuant to subparagraph (b) above;

(d) an opinion related to the Company and this Amendment, covering such matters and otherwise in form and substance reasonably satisfactory to the Noteholders; and

(e) a copy of the principal credit facility of the Company, together with all amendments thereto.

16. Representations and Warranties. To induce the Noteholders to enter into this Amendment, the Company represents and warrants to the Noteholders that:

(a) the execution, delivery and performance by the Company of this Amendment (i) are within its corporate power and authority; (ii) have been duly authorized by all necessary corporate action; (iii) will not contravene, result in a breach of, or constitute any default under, or result in the creation of any Lien in any property of the Company or any Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which the Company or any Subsidiary is bound or by which the Company or any Subsidiary or any of their respective properties may be bound or by which the Company or any Subsidiary or any of its respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority applicable to the Company or any Subsidiary;

(b) this Amendment has been duly executed and delivered for the benefit of or on behalf of the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms;

(c) after giving effect to this Amendment, the representations and warranties contained in Section 5 of each of the Note Purchase Agreements are true and correct in all material respects (except for any representations or warranties that speak only as of a specific earlier date), and no Default or Event of Default has occurred and is continuing as of the date hereof; and

(d) the Lien Release has been consummated.

17. Miscellaneous.

17.1 Counterparts; Effectiveness. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Delivery of an executed signature page to this Amendment by facsimile or electronic mail transmission shall be effective as delivery of a manually executed counterpart thereof. This Amendment shall become effective on the date on which all conditions set forth in Section 16 above have been satisfied.

17.2 Effect of Amendment. From and after the Effective Date, all references in any Note Purchase Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import referring to such Note Purchase Agreement shall mean and be a reference to such Note Purchase Agreement as amended by this Amendment. This Amendment is limited as specified and shall not constitute or be deemed to constitute an amendment, modification or waiver of any provision of any Note Purchase Agreement except as expressly set forth herein. Except as expressly amended hereby, the Note Purchase Agreements shall remain in full force and effect in accordance with their terms.

17.3 Governing Law. This Amendment shall be governed by and construed and enforced in accordance with the laws of the State of New York, excluding choice-of-law principles of such laws that would require the application of the laws of a jurisdiction other than the State of New York.

17.4 Severability. To the extent any provision of this Amendment is prohibited by or invalid under the applicable law of any jurisdiction, such provision shall be ineffective only to the extent of such prohibition or invalidity and only in any such jurisdiction, without prohibiting or invalidating such provision in any other jurisdiction or the remaining provisions of this Amendment in any jurisdiction.

17.5 Successors and Assigns. This Amendment shall be binding upon, inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto and of all other holders of Notes (including, without limitation, any subsequent holder of a Note).

17.6 Construction. The headings of the various sections and subsections of this Amendment have been inserted for convenience only and shall not in any way affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly authorized officers as of the date first above written.

CULP, INC.

By: /s/ Kenneth R. Bowling

Name: Kenneth R. Bowling

Title: VP Finance, Treasurer

ALLSTATE LIFE INSURANCE COMPANY

By: /s/ Robert B. Bodett

Name: Robert B. Bodett

Title: Authorized Signatory

By: /s/ David Walsh

Name: David Walsh

Title: Authorized Signatory

CONNECTICUT GENERAL LIFE
INSURANCE COMPANY

By: CIGNA INVESTMENTS, INC.

By: /s/ Lori E. Hopkins

Name: Lori E. Hopkins

Title: Vice President

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LIFE INSURANCE COMPANY OF NORTH AMERICA

By: CIGNA INVESTMENTS, INC.

By: /s/ Lori E. Hopkins

Name: Lori E. Hopkins

Title: Vice President

CONNECTICUT GENERAL LIFE INSURANCE COMPANY,
on behalf of one or more separate accounts

By: CIGNA INVESTMENTS, INC.

By: /s/ Lori E. Hopkins

Name: Lori E. Hopkins

Title: Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ Jay White

Name: Jay White

Title: Vice President

J. ROMEO & CO.

By: /s/ Vivian Tirado

Name: Vivian Tirado

Title: Vice President

HARE & CO.

By: /s/ Amy Judd

Name: Amy Judd

Title: Authorized Representative

ACE PROPERTY AND CASUALTY
INSURANCE COMPANY

By: COLUMBIA MANAGEMENT ADVISORS, INC.

By: /s/ Richard A.Hegwood

Name: Richard A. Hegwood

Title: Director

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UNITED OF OMAHA LIFE INSURANCE COMPANY

By: /s/ Curtis R. Caldwell

Name: Curtis R. Caldwell

Title: Authorized Representative

MUTUAL OF OMAHA INSURANCE COMPANY

By: /s/ Curtis R. Caldwell

Name: Curtis R. Caldwell

Title: Authorized Representative

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PRUDENTIAL RETIREMENT INSURANCE ANNUITY COMPANY

By: Prudential Investment Management, Inc., as Investment Manager

By: /s/ Jay White

Vice President

PRUCO LIFE INSURANCE COMPANY

By: /s/ Jay White

Vice President

Signature Page to Second Amendment

Schedule 5.4

Subsidiaries, etc.

List of Subsidiaries

Name of Subsidiary	Jurisdiction of Incorporation
Culp International Holdings Ltd.	Cayman Islands
Culp Fabrics (Shanghai) Co., Ltd.	People's Republic of China
Culp Fabrics (Shanghai) International Trading Co., Ltd.	People's Republic of China
Rayonese Textile Inc.	Canada
3096726 Canada Inc.	Canada

Executive Officers and Directors and Affiliates

Executive Officers and Directors:

Robert G. Culp, III	Chairman of the Board of Directors and Chief Executive Officer
Franklin N. Saxon	Director, President and Chief Operating Officer
Robert G. Culp, IV	President, Culp Home Fashions
Kenneth M. Ludwig	Senior VP- Human Resources; Corporate Secretary
Kenneth R. Bowling	VP - Finance, Treasurer
Jean L.P. Brunel	Director
Howard L. Dunn	Director
Patrick B. Flavin	Director
Kenneth R. Larson	Director
Kenneth W. McAllister	Director

Holder of ten percent (10%) or more of the Company's capital stock:

The Robert G. Culp, Jr. Family Trust.

Schedule 5.15

Indebtedness

- $75,000,000 Senior Notes

Series A Senior Notes	$ 12,300,000
Series B Senior Notes	$ 30,140,000

Real Estate Loan - Wachovia Bank	$ 4,242,000
Canadian Government Loan	$ 714,000
Revolving Line of Credit	$ 8,000,00 (1)

- Vendor-Financed Equipment Purchases

Staubli	$ 425,044
Picanol	$ 1,261,403

- Letters of Credit

Workers Compensation	$ 2,725,000
Inventory Purchases	$ 219,000

Interest Rate Swap - Wachovia Real Estate Loan	$ 2,170,000 (2)

(1) There were no borrowings outstanding under this agreement as of October 29, 2006.

(2) This amount represents the notional amount under this agreement.

Schedule 10.10

Investments

See list of Subsidiaries set forth in Schedule 5.4.