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) August 28, 2007

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

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

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

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

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

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

INDEX

Item 2.02 - Results of Operations and Financial Condition

On August 28, 2007, the Company issued a news release to announce its financial results for the first quarter ended July 29, 2007. The news release is attached hereto as Exhibit 99(a).

Also on August 28, 2007, the Company released a Financial Information Release containing additional financial information and disclosures about the Company's first quarter ended July 29, 2007. The Financial Information Release is attached hereto as Exhibit 99(b).

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

Forward Looking Information. This report and the exhibits hereto contain statements that may be deemed "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995 (Section 27A of the Securities Act of 1933 and Section 27A of the Securities and Exchange Act of 1934). Such statements are inherently subject to risks and uncertainties. Further, forward-looking statements are intended to speak only as of the date on which they are made. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often but not always characterized by qualifying words such as "expect," "believe," "estimate," "plan" and "project" and their derivatives, and include but are not limited to statements about the company's future operations, production levels, sales, SG&A or other expenses, margins, gross profit, operating income, earnings or other performance measures. Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income, and general economic conditions. Decreases in these economic indicators could have a negative effect on the company's business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could affect the Company adversely. Changes in consumer tastes or preferences toward products not produced by the Company could erode demand for the Company's products. In addition, strengthening of the U.S. dollar against other currencies could make the Company's products less competitive on the basis of price in markets outside the United States. Also, economic and political instability in international areas could affect the company's operations or sources of goods in those areas, as well as demand for the company's products in international markets. The Company's level of success in integrating the acquisition of assets from the International Textile Group, Inc. and in capturing and retaining sales to customers related to the acquisition will affect the Company's ability to meet its sales goals. Finally, unanticipated delays or costs in executing restructuring actions could cause the cumulative effect of restructuring actions to fail to meet the objectives set forth by management. Other factors that could affect the matters discussed in forward-looking statements are included in the company's periodic reports filed with the Securities and Exchange Commission, including the "Risk Factors" section in the company's most recent annual report of Form 10-K filed with the Securities and Exchange Commission on July 19, 2007 for the fiscal year ended April 29, 2007.

Item 9.01 (d) -- Exhibits

99(a) News Release dated August 28, 2007

99(b) Financial Information Release dated August 28, 2007

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CULP, INC.
(Registrant)

By: /s/ Kenneth R. Bowling
Chief Financial Officer
(principal financial officer)

By: /s/ Thomas B. Gallagher, Jr.
Corporate Controller
(principal accounting officer)

Dated: August 28, 2007

EXHIBIT INDEX

Exhibit Number	Exhibit
99(a)	News Release dated August 28, 2007
99(b)	Financial Information Release dated August 28, 2007

Exhibit 99(a)

Culp Announces First Quarter Results for Fiscal 2008

HIGH POINT, N.C.--(BUSINESS WIRE)--Aug. 28, 2007--Culp, Inc. (NYSE: CFI) today reported financial and operating results for the first quarter ended July 29, 2007.

Overview

For the three months ended July 29, 2007, net sales were $65.2 million, up 4.2 percent compared with $62.6 million a year ago. The company reported net income of $851,000, or $0.07 per diluted share, for the first quarter of fiscal 2008, compared with net income of $132,000, or $0.01 per diluted share, for the first quarter of fiscal 2007. The financial results for the first quarter of fiscal 2008 included $624,000, or $0.05 per diluted share, in restructuring and related charges, after taxes. Excluding these charges, net income for the first fiscal quarter was $1.5 million, or $0.12 per diluted share. The first quarter fiscal 2008 results reflect a significantly higher tax rate due primarily to higher taxable income from the company's U.S. operations compared with the prior year period. The financial results for the first quarter of fiscal 2007 include after-tax restructuring and related charges of $985,000, or $0.08 per diluted share. Excluding these charges, net income for the first fiscal quarter of 2007 was $1.1 million, or $0.09 per diluted share. (A reconciliation of net income and net income per share has been set forth on Page 6.)

Frank Saxon, chief executive officer of Culp, Inc., said, "We are off to an encouraging start for the first quarter of fiscal 2008 with overall higher sales and improved profitability compared with the same period last year. Our performance primarily reflects the significant gains made in our mattress fabrics business. The acquisition of the mattress fabrics product line of International Textile Group, Inc.'s Burlington House Division ("ITG"), acquired at the end of the third quarter of fiscal 2007, has furthered our growth strategy in this segment. The upholstery fabrics segment continued to face significant industry-wide challenges during the quarter. However, with our China platform and the aggressive restructuring of our U.S. upholstery fabric operations, we believe we are now better positioned to meet these challenges, remain profitable and benefit from any upturn in overall demand."

Mattress Fabrics Segment

Mattress fabric (known as mattress ticking) sales for the first quarter were $36.5 million, a 67 percent increase compared with $21.8 million for the first quarter of fiscal 2007. This trend reflects the incremental sales related to the company's acquisition of ITG's mattress fabrics product line and organic growth. Mattress fabric sales represented over 56 percent of total company sales. On a unit volume basis, total yards sold increased by 58 percent compared with the first quarter of fiscal 2007. The average selling price of $2.44 per yard for the first quarter of fiscal 2008 increased six percent over the same period a year ago, reflecting a shift in product mix toward more knitted fabrics. Operating income for this segment was $3.8 million, or 10.3 percent of sales, compared with $1.9 million, or 8.5 percent of sales, for the prior-year period. These operating results also include transition costs of approximately $500,000 incurred during the first quarter of fiscal 2008.

"The mattress fabrics business continues to be a bright spot for Culp with sales up 67 percent over the same period a year ago, "said Saxon. "The bedding industry has remained strong in spite of the ongoing issues in the housing industry, primarily due to a steady replacement business. The integration of the additional production and sales has gone well, and we have been pleased with our customer retention rate following the ITG acquisition. We have also experienced meaningful organic growth, especially with knitted ticking, which is a growing product category and has a higher average selling price. The results for the quarter were affected by modestly higher raw material costs and the strengthening of the Canadian currency as compared to the same period last year. For fiscal 2008, we are focused on maintaining our high level of execution and service for our customers, effectively managing an increased amount of working capital and pursuing opportunities to enhance our leadership position in the mattress fabrics industry."

Upholstery Fabrics Segment

Sales for this segment, which include both fabric and cut and sewn kits, were $28.7 million, a 30 percent decline compared with $40.7 million in the first quarter of fiscal 2007. Total fabric yards sold declined by 38 percent, while average selling prices were the same as for the first quarter of fiscal 2007. Sales of cut and sewn kits were up significantly over the same period last year. Upholstery fabrics sales reflect very weak demand industry wide, as well as continued soft demand for U.S. produced upholstery 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 $18.9 million in the first quarter, down 20 percent over the prior year period, while sales of U.S. produced fabrics were $9.8 million, down 43 percent from the first quarter of fiscal 2007. Operating income for the upholstery fabrics segment for the first quarter of fiscal 2008 was $450,000 compared with $1.6 million for the same period a year ago.

Saxon remarked, "The results for the upholstery fabrics segment reflect the very difficult operating environment for the retail furniture industry. Discretionary consumer spending for furniture continues to be very soft due to a slowing economy, weak housing market and high energy prices. Likewise, demand for upholstery fabrics has continued to decline, especially for U.S. produced fabrics. While our non-U.S. operations now account for over 65 percent of all upholstery fabric sales, those sales have also been affected by the overall weak demand.

"Considering the tough market conditions, we were pleased to report a profitable performance in upholstery fabrics, primarily driven by our non-U.S. operations. We have significantly improved our cost structure with substantially lower U.S. manufacturing costs and lower selling, general and administrative expenses for the first quarter of fiscal 2008, which were down 14 percent from the fourth quarter of fiscal 2007. We have also reduced our inventory levels in the upholstery fabrics segment by almost $10 million, or 31 percent, since the first quarter of fiscal 2007. In addition, we are encouraged by the favorable trends we are seeing in fabric placements with many customers for the upcoming furniture market in October.

"We are excited about our progress in China and today we have a substantial wholly-owned operation with over 450 associates. In fiscal 2008, our focus will be on improving gross profit from our U.S. manufacturing operations, developing differentiated products, building upon our capabilities in the China platform and improving our supply chain performance," said Saxon.

Balance Sheet

"Maintaining a strong balance sheet will continue to be an important priority for Culp in fiscal 2008," added Saxon. "At the end of the first fiscal quarter, our balance sheet reflected $9.0 million in cash and cash equivalents. Total debt and outstanding balances on our lines of credit were $38.6 million compared with $47.3 million a year earlier. During the first quarter of fiscal 2008, we prepaid $2.2 million in long term debt scheduled for payment in March 2008. We also prepaid an additional $1.0 million in early August. Our debt to capital ratio has improved significantly and was 32 percent at the end of the first quarter, compared with 39 percent a year earlier. As of July 29, 2007, we also had $1.9 million in assets held for sale, which we expect will be sold in fiscal 2008."

Outlook

Commenting on the outlook for the second quarter of fiscal 2008, Saxon remarked, "We believe our mattress fabrics segment will continue to perform well, however, we see little indication for a meaningful change in the trends in our upholstery fabrics segment. Overall, we expect our second quarter sales to be slightly higher than the second quarter of last year.

We expect sales in our mattress fabrics segment to be up 50 to 55 percent for the second quarter. Operating income in this segment is also expected to improve substantially compared with the prior year period due to higher sales volume, full production schedules and the completion of the ITG integration.

"In our upholstery fabrics segment, we expect sales to be down approximately 20 to 25 percent for the second quarter, due primarily to lower sales of U.S. produced fabrics. We believe the upholstery fabric segment's operating results will reflect a small operating profit with continued solid gross profit margins in our non-U.S. produced business and lower selling, general and administrative expenses as compared to the first quarter of the current fiscal year. We are estimating approximately $450,000 of restructuring and related charges during the second fiscal quarter for the continued operating costs of closed U.S. facilities. However, these charges will continue to decline over the course of fiscal 2008, as these facilities are sold and as leases expire. At this point, we estimate that we will incur an additional $200,000 of restructuring and related charges over the second half of fiscal 2008 for previously announced restructuring initiatives."

"Considering these factors, we expect the company to report net income in the second quarter in the range of $0.12 to $0.15 per diluted share, excluding restructuring and related charges for previously announced restructuring initiatives. The second quarter fiscal 2008 results will reflect a significantly higher tax rate compared to the previous year due primarily to higher taxable income from the company's U.S. operations compared with the prior year period. 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," said Saxon.

The company estimates that restructuring and related charges of approximately $450,000 ($293,000 net of taxes, or $0.02 per diluted share) will be incurred during the second fiscal quarter. Including the restructuring and related charges, the company expects to report net income for the second fiscal quarter in the range of $0.10 to $0.13 per diluted share. (A reconciliation of the projected net income per share calculation has been set forth on Page 6.)

In closing, Saxon remarked, "We are optimistic about Culp's prospects for fiscal 2008. We are beginning to benefit from the important strategic decisions made and implemented during the past few years. Most of the difficult, yet necessary, restructuring moves in upholstery fabrics are now behind us. The ITG acquisition has significantly enhanced our solid competitive position in mattress fabrics. As a result, Culp enters fiscal 2008 a leaner, more efficient operation with leadership positions in both of our operating segments. Mattress fabrics will be the key driver of our growth in fiscal 2008. While our upholstery fabrics business is being affected by the extremely challenging conditions in the furniture industry, we believe we have the right strategy in place to meet these challenges and take advantage of the opportunities presented. Our China platform has positioned Culp to be competitive in a changing marketplace and to be a leader in our industry. We are now the sole U.S. supplier of velvet fabrics and believe we can continue to maintain a U.S. upholstery fabrics operation that supports customer demand. Overall, we remain confident in our ability to execute our strategy and deliver value to both our customers and shareholders."

About the Company

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

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

CULP, INC.
Condensed Financial Highlights
(Unaudited)

	Three Months Ended	
	July 29, 2007	July 30, 2006
Net sales	$65,230,000	$62,585,000
Income before income taxes	$ 1,311,000	$ 129,000
Net income	$ 851,000	$ 132,000
Net income per share:		
Basic	$ 0.07	$ 0.01
Diluted	$ 0.07	$ 0.01
Income before income taxes, excluding restructuring and related charges(a)	$ 2,286,000	$ 1,298,000
Net income, excluding restructuring and related charges(a)	$ 1,475,000	$ 1,117,000
Net income per share, diluted, excluding restructuring and related charges(a)	$ 0.12	$ 0.09
Average shares outstanding:		
Basic	12,583,000	11,672,000
Diluted	12,728,000	11,770,000

(a) Excludes restructuring and related charges of $975,000 ($624,000 or $0.05 per diluted share, after taxes) for the first quarter of fiscal 2008. Excludes restructuring and related charges of $1.2 million ($985,000 or $0.08 per diluted share, after taxes) for the first quarter of fiscal 2007. (See reconciliation on the following page)

CULP, INC.

Reconciliation of Income before income taxes as Reported to Pro Forma Income before income taxes
(Unaudited)

	Three Months Ended	
	July 29, 2007	July 30, 2006
Income before income taxes, as reported	$ 1,311,000	$ 129,000
Restructuring and related charges	975,000	1,169,000
Pro forma income before income taxes	$ 2,286,000	$ 1,298,000

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

	Three Months Ended	
	July 29, 2007	July 30, 2006
Net income, as reported	$ 851,000	$ 132,000
Restructuring and related charges, net of income taxes	624,000	985,000
Pro forma net income	$ 1,475,000	$ 1,117,000

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

	Three Months Ended	
	July 29, 2007	July 30, 2006
Net income per diluted share	$ 0.07	$ 0.01

Restructuring and related charges, net of income taxes	0.05	0.08
Pro forma net income per diluted share	$ 0.12	$ 0.09

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

	Three Months Ending October 28, 2007
Projected range of net income per diluted share	$0.10 - $0.13
Projected restructuring and related charges, net of income taxes	0.02
Projected range of pro forma net income per diluted share	$0.12 - $0.15

CONTACT: Culp, Inc.
Investor Contact:
Kenneth R. Bowling, 336-881-5630
Chief Financial Officer
or
Media Contact:
Kenneth M. Ludwig, 336-889-5161
Senior Vice President,
Human Resources

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF NET INCOME
FOR THE THREE MONTHS ENDED JULY 29, 2007 AND JULY 30, 2006

(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Sales	
	July 29, 2007	July 30, 2006 (1)	% Over (Under)	July 29, 2007	July 30, 2006
Net sales	$ 65,230	62,585	4.2 %	100.0 %	100.0 %
Cost of sales	56,174	54,525	3.0 %	86.1 %	87.1 %
Gross profit	9,056	8,060	12.4 %	13.9 %	12.9 %
Selling, general and administrative expenses	6,321	6,575	(3.9)%	9.7 %	10.5 %
Restructuring expense	432	423	2.1 %	0.7 %	0.7 %
Income from operations	2,303	1,062	116.9 %	3.5 %	1.7 %
Interest expense	818	950	(13.9)%	1.3 %	1.5 %
Interest income	(58)	(46)	26.1 %	(0.1)%	(0.1)%
Other expense	232	29	700.0 %	0.4 %	0.0 %
Income before income taxes	1,311	129	916.3 %	2.0 %	0.2 %
Income taxes*	460	(3)	N.M.	35.1 %	(2.3)%
Net income	$ 851	132	544.7 %	1.3 %	0.2 %
Net income per share-basic	$ 0.07	0.01	600.0 %		
Net income per share-diluted	$ 0.07	0.01	600.0 %		
Net income per share, diluted, excluding restructuring and related charges (see pro-forma statement on page 5)	$ 0.12	0.09	33.3 %		
Average shares outstanding-basic	12,583	11,672	7.8 %		
Average shares outstanding-diluted	12,728	11,770	8.1 %		

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

(1) Certain prior year amounts have been corrected to conform to current year presentation. A credit of $307,000 regarding sales proceeds received on equipment with no carrying value was reclassified from other expense to restructuring expense to conform to current year presentation.

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED BALANCE SHEETS
JULY 29, 2007, JULY 30, 2006 AND APRIL 29, 2007
Unaudited
(Amounts in Thousands)

	Amounts		Increase (Decrease)		
	July 29, 2007	July 30, 2006	Dollars	Percent	* April 29, 2007
Current assets					
Cash and cash equivalents	$ 9,017	8,387	630	7.5 %	10,169
Accounts receivable	23,903	26,044	(2,141)	(8.2)%	29,290
Inventories	42,159	43,055	(896)	(2.1)%	40,630
Deferred income taxes	5,376	7,120	(1,744)	(24.5)%	5,376
Assets held for sale	1,906	2,531	(625)	(24.7)%	2,499
Other current assets	1,649	2,789	(1,140)	(40.9)%	1,824

Total current assets	84,010	89,926	(5,916)	(6.6)%	89,788
Property, plant & equipment, net	36,901	42,835	(5,934)	(13.9)%	37,773
Goodwill	4,114	4,114	-	0.0 %	4,114
Deferred income taxes	26,220	21,513	4,707	21.9 %	25,683
Other assets	2,831	1,542	1,289	83.6 %	2,588
Total assets	$ 154,076	159,930	(5,854)	(3.7)%	159,946
Current liabilities					
Current maturities of long-term debt	$ 13,849	7,739	6,110	79.0 %	16,046
Lines of credit	2,641	-	2,641	100.0 %	2,593
Accounts payable	17,995	21,247	(3,252)	(15.3)%	23,585
Accrued expenses	8,484	9,130	(646)	(7.1)%	8,670
Accrued restructuring	3,047	3,745	(698)	(18.6)%	3,282
Income taxes payable - current	856	3,561	(2,705)	(76.0)%	4,579
Total current liabilities	46,872	45,422	1,450	3.2 %	58,755
Income taxes payable - long-term	3,765	-	3,765	100.0 %	-
Long-term debt, less current maturities	22,094	39,601	(17,507)	(44.2)%	22,114
Total liabilities	72,731	85,023	(12,292)	(14.5)%	80,869
Shareholders' equity	81,345	74,907	6,438	8.6 %	79,077
Total liabilities and shareholders' equity	$ 154,076	159,930	(5,854)	(3.7)%	159,946
Shares outstanding	12,635	11,685	950	8.1 %	12,569

* Derived from audited financial statements.

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JULY 29, 2007 AND JULY 30, 2006
Unaudited
Amounts in Thousands)

	THREE MONTHS ENDED	
	Amounts	
	July 29, 2007	July 30, 2006 (1)
Cash flows from operating activities:		
Net income	$ 851	132
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	1,447	1,702
Amortization of other assets	90	23
Stock-based compensation	140	132
Excess tax benefit related to stock options exercised	(21)	-
Deferred income taxes	(518)	(1,337)
Restructuring expenses, net of gain on sale of related assets	160	(237)
Changes in assets and liabilities:		
Accounts receivable	5,387	3,005
Inventories	(1,529)	(6,362)
Other current assets	175	(1,502)
Other assets	(327)	(6)
Accounts payable	(5,251)	796
Accrued expenses	(186)	1,285
Accrued restructuring	(235)	(309)
Income taxes payable	889	1,073
Net cash provided by (used in) operating activities	1,072	(1,605)
Cash flows from investing activities:		
Capital expenditures	(1,113)	(637)
Proceeds from the sale of buildings and equipment	702	1,600
Net cash (used in) provided by investing activities	(411)	963
Cash flows from financing activities:		
Payments on vendor-financed capital expenditures	(70)	(428)
Payments on long-term debt	(2,169)	(382)
Proceeds from common stock issued	405	125
Excess tax benefit related to stock options exercised	21	-
Net cash used in financing activities	(1,813)	(685)
Decrease in cash and cash equivalents	(1,152)	(1,327)
Cash and cash equivalents at beginning of period	10,169	9,714
Cash and cash equivalents at end of period	$ 9,017	8,387
Free Cash Flow (1)	$ 591	(1,070)

---

(1) Free Cash Flow reconciliation is as follows:

	FY 2008	FY 2007
A) Net cash provided by (used in) operating activities	$ 1,072	(1,605)
B) Minus: Capital Expenditures	(1,113)	(637)
C) Add: Proceeds from the sale of buildings and equipment	702	1,600
C) Minus: Payments on vendor-financed capital expenditures	(70)	(428)
	$ 591	(1,070)

---

(1) Certain prior year amounts have been corrected to conform to current year presentation. A gain of $307,000 regarding sales proceeds received on equipment with no carrying value was reclassified from gain on sale of equipment to restructuring expenses, net of gain on sale of related assets within net cash provided by (used in) operating activities.

CULP, INC. FINANCIAL INFORMATION RELEASE
SALES, GROSS PROFIT AND OPERATING INCOME (LOSS) BY SEGMENT
FOR THE THREE MONTHS ENDED JULY 29, 2007 AND JULY 30, 2006

(Amounts in thousands)

	THREE MONTHS ENDED (UNAUDITED)				
	Amounts			Percent of Sales	
Net Sales by Segment	July 29, 2007	July 30, 2006	% Over (Under)	July 29, 2007	July 30, 2006
Mattress Fabrics	$ 36,536	21,845	67.3%	56.0%	34.9%
Upholstery Fabrics	28,694	40,740	(29.6)%	44.0%	65.1%
Net Sales	$ 65,230	62,585	4.2%	100.0%	100.0%
Gross Profit by Segment				Gross Profit Margin	
Mattress Fabrics	$ 5,805	3,521	64.9%	15.9%	16.1%
Upholstery Fabrics	3,768	5,285	(28.7)%	13.1%	13.0%
Subtotal	9,573	8,806	8.7%	14.7%	14.1%
Restructuring related charges	(517)(1)	(746)(4)	-30.7%	(0.8)%	(1.2)%
Gross Profit	$ 9,056	8,060	12.4%	13.9%	12.9%
Sales, General and Administrative expenses by Segment				Percent of Sales	
Mattress Fabrics	$ 2,042	1,663	22.8%	5.6%	7.6%
Upholstery Fabrics	3,318	3,710	(10.6)%	11.6%	9.1%
Unallocated Corporate expenses	935	1,202	(22.2)%	1.4%	1.9%
Subtotal	6,295	6,575	(4.3)%	9.7%	10.5%
Restructuring related charges	26(2)	-	0.0%	0.0%	0.0%
Selling, General and Administrative expenses	$ 6,321	6,575	(3.9)%	9.7%	10.5%
Operating income (loss) by Segment				Operating Income (Loss) Margin	
Mattress Fabrics	$ 3,763	1,858	102.5%	10.3%	8.5%
Upholstery Fabrics	450	1,575	(71.4)%	1.6%	3.9%
Unallocated corporate expenses	(935)	(1,202)	22.2%	(1.4)%	(1.9)%
Subtotal	3,278	2,231	46.9%	5.0%	3.6%
Restructuring expense and restructuring related charges	(975)(3)	(1,169)(5)	(16.6)%	(1.5)%	(1.9)%
Operating income	$ 2,303	1,062	116.9%	3.5%	1.7%
Depreciation by Segment					
Mattress Fabrics	$ 897	942	(4.8)%		
Upholstery Fabrics	550	760	(27.6)%		
Total Depreciation	1,447	1,702	(15.0)%		

(1) The $517,000 represents restructuring related charges of $460,000 for other

operating costs associated with closed plant facilities and $57,000 for inventory markdowns.

(2) The $26,000 represents other operating costs associated with a closed plant facility.

(3) The $975,000 represents $486,000 for other operating costs associated with closed plant facilities, $367,000 for lease termination costs, $362,000 for write-downs of a building and equipment, $57,000 for inventory markdowns, $54,000 for asset movement costs, a credit of $149,000 for employee termination benefits, and a credit of $202,000 for sales proceeds received on equipment with no carrying value. Of this total charge, $517,000, $26,000, and $432,000 are included in cost of sales, selling, general, and administrative expense, and restructuring expense, respectively.

(4) The $746,000 represents restructuring related charges of $507,000 for other operating costs associated with closed plant facilities and $239,000 for inventory markdowns.

(5) The $1.2 million represents $507,000 for other operating costs associated with closed plant facilities, $385,000 for asset movement costs, $239,000 for inventory markdowns, $235,000 for employee termination benefits, $116,000 for write-downs of equipment, a credit of $6,000 for lease termination costs, and a credit of $307,000 for proceeds received on equipment with no carrying value. Certain prior year amounts have been corrected to conform to current year presentation. A credit of $307,000 regarding sales proceeds received on equipment with no carrying value was reclassified from other expense to restructuring expense to conform to current year presentation. Of this total charge, $746,000 and $423,000 are included in cost of sales and restructuring expense, respectively.

CULP, INC.
PROFORMA CONSOLIDATED STATEMENTS OF NET INCOME
FOR THE THREE MONTHS ENDED JULY 29, 2007 AND JULY 30, 2006
(Amounts in Thousands, Except for Per Share Data)

THREE MONTHS ENDED (UNAUDITED)

	As Reported July 29, 2007	% of Sales	Adjustments	% of Sales		July 29, 2007 Proforma Net of Adjustments	% of Sales
Net sales	$ 65,230	100.0%	-	0.0%		65,230	100.0%
Cost of sales	56,174	86.1%	(517)	-0.8%	(1)	55,657	85.3%
Gross profit	9,056	13.9%	(517)	-0.8%		9,573	14.7%
Selling, general and administrative expenses	6,321	9.7%	(26)	0.0%	(2)	6,295	9.7%
Restructuring expense	432	0.7%	(432)	-0.7%	(3)	-	0.0%
Income from operations	2,303	3.5%	(975)	-1.5%		3,278	5.0%
Interest expense	818	1.3%	-	0.0%		818	1.3%
Interest income	(58)	-0.1%	-	0.0%		(58)	-0.1%
Other expense	232	0.4%	-	0.0%		232	0.4%
Income before income taxes	1,311	2.0%	(975)	-1.5%	(7)	2,286	3.5%
Income taxes (6)	460	35.1%	(351)	36.0%		811	35.5%
Net income	$ 851	1.3%	(624)	-1.0%		1,475	2.3%
Net income per share-basic	$ 0.07		($0.05)			$ 0.12	
Net income per share-diluted	$ 0.07		($0.05)			$ 0.12	
Average shares outstanding-basic	12,583		12,583			12,583	
Average shares outstanding-diluted	12,728		12,583			12,728	

	As Reported July 30, 2006	% of Sales	Adjustments	% of Sales		July 30, 2006 Proforma Net of Adjustments	% of Sales	Proforma % Over (Under)
Net sales	62,585	100.0%	-	0.0%		62,585	100.0%	4.2%
Cost of sales	54,525	87.1%	(746)	-1.2%	(4)	53,779	85.9%	3.5%
Gross profit	8,060	12.9%	(746)	-1.2%		8,806	14.1%	8.7%
Selling, general and administrative expenses	6,575	10.5%	-	0.0%		6,575	10.5%	-4.3%
Restructuring expense	423	0.7%	(423)	-0.7%	(5)	-	0.0%	0.0%
Income from operations	1,062	1.7%	(1,169)	-1.9%		2,231	3.6%	46.9%
Interest expense	950	1.5%	-	0.0%		950	1.5%	-13.9%
Interest income	(46)	-0.1%	-	0.0%		(46)	-0.1%	26.1%
Other expense	29	0.0%	-	0.0%		29	0.0%	700.0%
Income before income taxes	129	0.2%	(1,169)	-1.9%	(8)	1,298	2.1%	76.1%
Income taxes (6)	(3)	-2.3%	(184)	15.7%		181	13.9%	348.1%
Net income	132	0.2%	(985)	-1.6%		1,117	1.8%	32.1%
Net income per share-basic	$ 0.01		($0.08)			$ 0.10		
Net income per share-diluted	$ 0.01		($0.08)			$ 0.09		
Average shares outstanding-basic	11,672		11,672			11,672		
Average shares outstanding-diluted	11,770		11,672			11,770		

Notes:

(1) The $517,000 represents restructuring related charges of $460,000 for other operating costs associated with closed plant facilities and $57,000 for

inventory markdowns.

(2) The $26,000 represents other operating costs associated with a closed plant facility.

(3) The $432,000 represents $367,000 for lease termination costs, $362,000 for write-downs of a building and equipment, $54,000 for asset movement costs, a credit of $149,000 for employee termination benefits, and a credit of $202,000 for sales proceeds received on equipment with no carring value.

(4) The $746,000 represents restructuring related charges of $507,000 for other operating costs and $239,000 for inventory markdowns.

(5) The $423,000 represents $385,000 for asset movement costs, $235,000 for employee termination benefits, $116,000 for write-downs of equipment, a credit of $6,000 for lease termination costs, and a credit of $307,000 for sales proceeds received on equipment with no carrying value. Certain prior year amounts have been corrected to conform to current year presentation. A credit of $307,000 regarding sales proceeds received on equipment with no carrying value was reclassified from other expense to restructuring expense to conform to current year presentation.

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

(7) Of this total charge, $556,000 and $419,000 represent cash and non-cash charges, respectively.

(8) Of this total charge, $815,000 and $354,000 represent cash and non-cash charges, respectively.