UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) June 26, 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:

[_] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[_] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[_] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[_] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 2.02 - Results of Operations and Financial Condition

On June 26, 2006, the company issued a news release to announce its financial results for the fourth quarter and fiscal year ended April 30, 2006. The news release is attached hereto as Exhibit 99(a).

Also on June 26, 2006, the Registrant released a Financial Information Release containing additional financial information and disclosures about the Registrant's fourth quarter and fiscal year ended April 30, 2006. The Financial Information Release is attached hereto as Exhibit 99(b).

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

Forward Looking Information. This report contains statements that may be deemed "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995 (Section 27A of the Securities Act of 1933 and Section 27A of the Securities and Exchange Act of 1934). Such statements are inherently subject to risks and uncertainties. Further, forward-looking statements are intended to speak only as of the date on which they are made. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often but not always characterized by qualifying words such as "expect," "believe," "estimate," "plan" and "project" and their derivatives, and include but are not limited to statements about 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 for 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.

Item 9.01 (d) -- Exhibits

99(a) News Release dated June 26, 2006

99(b) Financial Information Release dated June 26, 2006

SIGNATURE

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

CULP, INC.
(Registrant)

By: Franklin N. Saxon

President and Chief Operating Officer

By: Kenneth R. Bowling

Vice President-Finance, Treasurer

Dated: June 26, 2006

Exhibit 99(a)

Culp Announces Fiscal 2006 Results

HIGH POINT, N.C.--(BUSINESS WIRE)--June 26, 2006--Culp, Inc. (NYSE: CFI) today reported financial and operating results for the fourth quarter and fiscal year ended April 30, 2006.

Overview

For the three months ended April 30, 2006, net sales were $70.7 million compared with $74.2 million a year ago. The company reported a net loss of $1.5 million, or $0.13 per diluted share, for the fourth quarter of fiscal 2006, compared with a net loss of $7.7 million, or $0.67 per diluted share, for the fourth quarter of fiscal 2005. The financial results for the fourth quarter of fiscal 2006 included $3.2 million, or $0.27 per diluted share, in restructuring and related charges, after taxes. Excluding these charges, net income for the fourth fiscal quarter was $1.7 million, or $0.14 per diluted share. Included in the net income of $1.7 million is an income tax benefit of $661,000 that reflects losses from the company's U.S. operations combined with lower tax rates on income from foreign sources. The financial results for the fourth quarter of fiscal 2005 include after-tax restructuring and related charges of $6.4 million, or $0.55 per diluted share. Excluding these charges, net loss for the fourth fiscal quarter of 2005 was $1.4 million, or $0.12 per diluted share. (A reconciliation of the net income (loss) and net income (loss) per share and free cash flow calculations has been set forth on Page 6.)

For the fiscal year ended April 30, 2006, the company reported net sales of $261.1 million, compared with $286.5 million for the same period a year ago. Net loss for fiscal 2006 was $11.8 million, or $1.02 per diluted share, compared with a net loss of $17.9 million, or $1.55 per diluted share, for the same period last year. Excluding restructuring and related charges, net loss for fiscal 2006 was $438,000, or $0.04 per diluted share. Excluding restructuring and related charges and goodwill impairment, net loss for fiscal 2005 was $3.4 million, or $0.30 per diluted share.

Robert G. Culp, III, chairman of the board and chief executive officer of Culp, Inc., said, "The fourth quarter of 2006 was a defining point for Culp. Our improved financial and operating results reflect the benefits of the aggressive steps we have taken this year to more effectively position Culp in the dynamic global marketplace. We are pleased with the return to a quarterly operating profit in the upholstery fabrics segment after a challenging two-year period of quarterly operating losses. Overall, we believe we have made significant progress over the past year in transforming to a leaner and more agile business model."

Mattress Fabrics Segment

Mattress fabric (known as mattress ticking) sales for the fourth quarter were $24.1 million, a 10.8 percent decline compared with $27.0 million for the fourth quarter of fiscal 2005. Mattress ticking sales represented 34 percent of overall sales for the fourth fiscal quarter. On a unit volume basis, total yards sold decreased by 9.5 percent compared with the fourth quarter of fiscal 2005. This trend reflects a decline in demand for printed ticking, a less popular category. However, sales of knitted ticking continued to increase, reflecting changing customer demand. While selling prices have continued to trend lower for all product lines, the average selling price of $2.25 per yard for mattress ticking for the fourth quarter of fiscal 2006 was the same compared with the fourth quarter last year, reflecting the shift in product mix to increased sales of substantially higher priced knitted ticking. Operating income for this segment was $2.0 million, or 8.4 percent of sales, compared with $2.2 million, or 8.2 percent of sales, for the prior-year period.

"We continued to demonstrate steady improvement in our operating margins over the prior quarter and over the same period a year ago," noted Culp. "This trend reflects the higher sales and profits in knitted ticking as well as productivity gains from the current year's $7.0 million capital project. We are pleased with our results to date as this project is realizing its potential. This investment demonstrates our strong commitment to this business, and, as a result, we have significantly enhanced Culp's globally cost competitive position in the marketplace."

Upholstery Fabrics Segment

Sales for this segment were $46.6 million, a 1.2 percent decline compared with $47.2 million in the fourth quarter of fiscal 2005. Total yards sold declined by 3.6 percent, while average selling prices were up 1.7 percent compared with the fourth quarter of fiscal 2005. Sales of upholstery fabrics, which accounted for 66 percent of overall sales, reflect continued soft demand industrywide for U.S. produced fabrics, driven by consumer preference for leather and suede furniture and other imported fabrics, including an increasing amount of cut and sewn kits. Sales of U.S. produced fabrics were $26.3 million, down 27.3 percent from the fourth quarter of fiscal 2005, while sales of non-U.S. produced fabrics were $20.3 million, up 84.5 percent over the prior year period. Operating income for the upholstery fabrics segment for the fourth quarter of fiscal 2006 was $1.2 million compared with an operating loss of $2.0 million for the same period a year ago. These results reflect continued strong growth in sales and profits of non-U.S. produced fabrics, lower U.S. manufacturing fixed costs and variances, and lower selling, general and administrative expenses, which were down 30 percent for the fourth quarter of fiscal 2006 compared with the same period last year.

Culp remarked, "We are encouraged by the improved results in the fourth quarter for our upholstery fabrics segment as we experienced our lowest quarterly sales decline since the July 2001 quarter and the first operating profit for this segment in two years. Sales of non-U.S. produced fabrics continued to show strong growth trends with record quarterly sales from our China operations. As our customers have continued to aggressively source fabrics produced outside the U.S., orders for China-produced fabrics outpaced orders for U.S.-produced fabrics during the fourth quarter. We believe Culp is well positioned to benefit from this growing demand and we intend to build on our competitive position with an off-shore product strategy focused on innovation in a low-cost environment.

"With respect to our U.S. upholstery fabric operations, we continue to demonstrate meaningful progress in creating a sustainable business model that will support the lower customer demand for U.S. produced fabrics, especially decorative fabrics," added Culp. "Since the beginning of fiscal 2006, we have worked diligently to revamp our U.S. upholstery fabric product strategy by offering a more select group of attractively priced, high volume decorative and velvet fabrics that are well packaged by color and coordination, utilizing an increasing amount of lower cost imported yarns. Over this time period we have significantly reduced our stock keeping units, or SKUs, of lower volume products that do not fit our U.S. operating model, including the discontinuation of our U.S. produced printed upholstery fabrics. As a result, we have also substantially reduced our product complexity going forward. Along with this shift in product strategy, we have taken aggressive steps since the beginning of fiscal 2006 to reduce our U.S. manufacturing costs, capacity and employment levels. We combined two velvet manufacturing operations and consolidated our finished goods distribution and design centers. We also closed two of our three yarn manufacturing plants and outsourced these yarns to current suppliers. In addition, we completed the outsourcing initiative for our decorative fabrics finishing operation and closed this plant at the end of our fiscal year.

"As a result of these activities, Culp now has three U.S. manufacturing facilities operating in the upholstery fabrics segment - one for velvet fabrics, one for decorative fabrics and one for specialty yarns. As of April 30, 2006, the book value of our U.S. based upholstery fabrics fixed assets is less than $10 million, compared with approximately $32 million at the end of fiscal 2005. Total U.S. employment in our upholstery fabric operations was 660 at the end of fiscal 2006 compared with 1404 at the end of the prior year. This reconfiguration reflects our goal to be a more market driven company with fewer fixed assets and also substantially reduces our risk level going forward.

"Although we have made considerable progress, we have continued to evaluate our U.S. operations and identify additional opportunities to help us to meet our objectives," added Culp. "We made the decision in May to stop manufacturing chenille yarns and outsource these products to a current supplier. Additionally, we are further reducing our capacity and related costs in our decorative fabrics operation. These steps will allow us to further reduce our U.S. manufacturing costs and move us closer to reaching our target operating model."

Balance Sheet

"We began fiscal 2006 with key goals to improve cash flow from operations, reduce debt and build our cash position, even with significant amounts of restructuring activities," added Culp. "We are pleased with the results we achieved, and, as a result, we ended the year in a stronger financial position. We improved cash flow from operations to $10.3 million in fiscal 2006, compared with $4.0 million in fiscal 2005. We reduced our long-term debt to $47.7 million at the end of fiscal 2006, compared with $50.6 million a year ago, and we improved our cash position to $9.7 million compared with $5.1 million at the end of fiscal 2005. Throughout the year we have continued to closely monitor our inventory levels and have reduced them by $13.8 million, or 27 percent, primarily in our upholstery fabrics segment. As of April 30, 2006, we also have $3.1 million in assets held for sale, which we expect will be sold in fiscal 2007. Additionally, our capital spending plans for fiscal 2007 are modest and not expected to exceed $2.0 million."

Outlook

Commenting on the outlook for the first quarter of fiscal 2007, Culp remarked, "We are encouraged by the progress we have made and expect to realize more benefits from the many strategic initiatives that are underway at Culp. Overall, we expect our first quarter sales decline to be slightly greater than the 4.7 percent decline we had in the fourth quarter. We expect sales in our mattress ticking segment will show a substantially smaller year-over-year decline than the 10.8 percent decline we had in the fourth quarter. 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 should note that the summer months are typically a slower season. However, we expect continued strong growth in sales of fabrics produced outside the U.S. We believe sales of domestically produced upholstery fabrics will continue to reflect very weak demand, resulting in a greater overall segment year-over-year decline than the 1.2 percent decline we had in the fourth quarter. Even with lower U.S. sales, we believe the upholstery fabric segment's operating results for the first quarter will show improvement due to higher sales and profitability in our non-U.S. operations, lower manufacturing fixed costs and variances in our U.S. operations, and reduced selling, general and administrative expenses. As a result, we expect to report a small operating profit in upholstery fabrics in our first quarter, compared with an operating loss of $380,000 for the first quarter of fiscal 2006.

"Considering these factors, we expect the company to report first quarter results in the range of $0.00 to $0.03 per diluted share, excluding restructuring and related charges. This is management's best estimate at present, recognizing that future financial results are difficult to predict because the upholstery fabrics industry is undergoing a dramatic transition and many internal changes are still underway within the company. The actual results will depend primarily upon the level of demand throughout the quarter, the company's progress with respect to restructuring activities for our domestic upholstery fabrics operations and the impact of raw material costs."

The company estimates that restructuring and related charges of approximately $500,000 ($440,000 net of taxes, or $0.04 per diluted share) will be incurred during the first fiscal quarter. Including the restructuring and related charges, the company expects to report a net loss for the first fiscal quarter in the range of ($0.04) to ($0.01) per diluted share. (A reconciliation of the projected net loss per share calculation has been set forth on Page 6.)

In closing, Culp remarked, "We have many reasons to be optimistic about the company's prospects for the next fiscal year. Fiscal 2006 has been an important period of transition and we believe we have taken the right steps to enhance the leadership positions we enjoy in both of our operating segments. We are realizing the full benefits of the capital project in the mattress ticking segment, and, as a result, have further enhanced our globally cost-competitive position in a business currently facing pricing pressures. Our non-U.S. produced upholstery fabric business, including our China platform, is gaining momentum and we are excited about the opportunities to extend our global reach. With the aggressive strategic steps we have taken in our U.S. upholstery fabric business to revise our product strategy and substantially reduce operating costs and capacity, we have created a better model to sustain our domestic operations. As we begin fiscal 2007, we are confident that Culp can approach both the opportunities and challenges in today's global marketplace from a stronger position."

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.

CULP, INC.
Condensed Financial Highlights
(Unaudited)

	Three Months Ended		Fiscal Year Ended	
	April 30, 2006	May 1, 2005	April 30, 2006	May 1, 2005
Net sales	$70,718,000	$74,183,000	$261,101,000	$286,498,000
Net loss	$(1,534,000)	$(7,730,000)	$(11,796,000)	$(17,852,000)
Net loss per share:				
Basic	$ (0.13)	$ (0.67)	$ (1.02)	$ (1.55)
Diluted	$ (0.13)	$ (0.67)	$ (1.02)	$ (1.55)
Net income (loss) per share, diluted, excluding restructuring and related charges and goodwill impairment(a)	$ 0.14	$ (0.12)	$ (0.04)	$ (0.30)
Average shares outstanding:				
Basic	11,594,000	11,550,000	11,567,000	11,549,000
Diluted	11,594,000	11,550,000	11,567,000	11,549,000

(a) Excludes restructuring and related charges of $4.7 million ($3.2 million, or $0.27 per diluted share, after taxes) for the fourth quarter of fiscal 2006. Excludes restructuring and related charges of $17.9 million ($11.4 million or $0.98 per diluted share, after taxes) for fiscal 2006. Of the $4.7 million and $17.9 million, non-cash charges were $4.1 million and $13.0 million, respectively.

Excludes restructuring and related charges of $10.3 million ($6.4

million or $0.55 per diluted share, after taxes) for the fourth quarter of fiscal 2005. Excludes restructuring and related charges and goodwill impairment of $23.2 million ($14.4 million or $1.25 per diluted share, after taxes) for fiscal 2005. Of the $10.3 million and $23.2 million, non-cash charges were $7.4 million and $18.4 million, respectively.

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

	Three Months Ended		Fiscal Year Ended	
	April 30, 2006	May 1, 2005	April 30, 2006	May 1, 2005
Net loss, as reported	$(1,534,000)	$(7,730,000)	$(11,796,000)	$(17,852,000)
Restructuring and related charges and goodwill impairment, net of income taxes	3,184,000	6,380,000	11,358,000	14,423,000
Pro forma net income (loss)	$ 1,650,000	$(1,350,000)	$ (438,000)	$ (3,429,000)

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

	Three Months Ended		Fiscal Year Ended	
	April 30, 2006	May 1, 2005	April 30, 2006	May 1, 2005
Net loss, as reported	$ (0.13)	$ (0.67)	$ (1.02)	$ (1.55)
Restructuring and related charges and goodwill impairment, net of income taxes	0.27	0.55	0.98	1.25
Pro forma net income (loss) per share	$ 0.14	$ (0.12)	$ (0.04)	$ (0.30)

Reconciliation of Cash Flow from Operations to Free Cash Flow
(Unaudited)

	Fiscal Year Ended	
	April 30, 2006	May 1, 2005
Net cash provided by operating activities	$ 10,300,000	$ 3,972,000
Capital expenditures	(6,242,000)	(11,448,000)
Proceeds from sale of building and equipment	3,950,000	0
Payments on vendor-financed capital expenditures	(942,000)	(1,527,000)
Free cash flow	$ 7,066,000	$ (9,003,000)

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

	Three Months Ending July 30, 2006
Projected range of net loss per diluted share	$(0.04) - $(0.01)
Projected restructuring and related charges, net of	

income taxes	0.04
Projected range of pro forma net income (loss) per diluted share	\$ 0.00 - \$ 0.03

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

Exhibit 99(b)

Financial Information Release dated June 26, 2006

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF LOSS
FOR THE THREE MONTHS AND TWELVE MONTHS ENDED APRIL 30, 2006 AND MAY 1, 2005
(UNAUDITED)
(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED				
	Amounts			Percent of Sales	
	April 30, 2006	May 1, 2005	% Over (Under)	April 30, 2006	May 1, 2005
Net sales	$ 70,718	74,183	(4.7)%	100.0 %	100.0 %
Cost of sales	63,135	68,835	(8.3)%	89.3 %	92.8 %
Gross profit	7,583	5,348	41.8 %	10.7 %	7.2 %
Selling, general and administrative expenses	6,474	9,048	(28.4)%	9.2 %	12.2 %
Restructuring expense	3,692	8,083	(54.3)%	5.2 %	10.9 %
Loss from operations	(2,583)	(11,783)	78.1 %	(3.7)%	(15.9)%
Interest expense	1,055	924	14.2 %	1.5 %	1.2 %
Interest income	(48)	(36)	33.3 %	(0.1)%	(0.0)%
Other expense	152	81	87.7 %	0.2 %	0.1 %
Loss before income taxes	(3,742)	(12,752)	70.7 %	(5.3)%	(17.2)%
Income taxes*	(2,208)	(5,022)	(56.0)%	59.0 %	39.4 %
Net loss	$ (1,534)	(7,730)	80.2 %	(2.2)%	(10.4)%
Net loss per share-basic	($0.13)	($0.67)	80.6 %		
Net loss per share-diluted	($0.13)	($0.67)	80.6 %		
Net income (loss) per share, diluted, excluding restructuring and related charges	$0.14	($0.12)	216.7 %		
Average shares outstanding-basic	11,594	11,550	0.4 %		
Average shares outstanding-diluted	11,594	11,550	0.4 %		

	TWELVE MONTHS ENDED				
	Amounts			Percent of Sales	
	April 30, 2006	May 1, 2005	% Over (Under)	April 30, 2006	May 1, 2005
Net sales	$ 261,101	286,498	(8.9)%	100.0 %	100.0 %
Cost of sales	237,233	260,341	(8.9)%	90.9 %	90.9 %
Gross profit	23,868	26,157	(8.8)%	9.1 %	9.1 %
Selling, general and administrative expenses	28,954	35,357	(18.1)%	11.1 %	12.3 %
Goodwill impairment	0	5,126	(100.0)%	0.0 %	1.8 %
Restructuring expense	10,273	10,372	(1.0)%	3.9 %	3.6 %
Loss from operations	(15,359)	(24,698)	37.8 %	(5.9)%	(8.6)%
Interest expense	4,010	3,713	8.0 %	1.5 %	1.3 %
Interest income	(126)	(134)	(6.0)%	(0.0)%	(0.0)%
Other expense	634	517	22.6 %	0.2 %	0.2 %
Loss before income taxes	(19,877)	(28,794)	31.0 %	(7.6)%	(10.1)%
Income taxes*	(8,081)	(10,942)	(26.1)%	40.7 %	38.0 %
Net loss	$ (11,796)	(17,852)	33.9 %	(4.5)%	(6.2)%
Net loss per share-basic	($1.02)	($1.55)	34.2 %		
Net loss per share-diluted	($1.02)	($1.55)	34.2 %		
Net loss per share, diluted, excluding restructuring and related charges and goodwill impairment	($0.04)	($0.30)	86.7 %		
Average shares outstanding-basic	11,567	11,549	0.2 %		

Average shares outstanding-diluted	11,567	11,549	0.2 %

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

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED BALANCE SHEETS
APRIL 30, 2006 AND MAY 1, 2005
(UNAUDITED)
(Amounts in Thousands)

	Amounts		Increase (Decrease)	
	April 30, 2006	May 1, 2005	Dollars	Percent
Current assets				
Cash and cash equivalents	$ 9,714	5,107	4,607	90.2 %
Accounts receivable	29,049	28,824	225	0.8 %
Inventories	36,693	50,499	(13,806)	(27.3)%
Deferred income taxes	7,120	7,054	66	0.9 %
Assets held for sale	3,111	0	3,111	100.0 %
Other current assets	1,287	2,691	(1,404)	(52.2)%
Total current assets	86,974	94,175	(7,201)	(7.6)%
Property, plant and equipment, net	44,639	66,032	(21,393)	(32.4)%
Goodwill	4,114	4,114	0	0.0 %
Deferred income taxes	20,176	10,086	10,090	100.0 %
Other assets	1,564	1,716	(152)	(8.9)%
Total assets	$ 157,467	176,123	(18,656)	(10.6)%
Current liabilities				
Current maturities of long-term debt	$ 8,060	8,110	(50)	(0.6)%
Accounts payable	20,835	22,852	(2,017)	(8.8)%
Accrued expenses	7,845	9,556	(1,711)	(17.9)%
Accrued restructuring	4,054	5,850	(1,796)	(30.7)%
Income taxes payable	2,488	1,544	944	61.1 %
Total current liabilities	43,282	47,912	(4,630)	(9.7)%
Long-term debt , less current maturities	39,662	42,440	(2,778)	(6.5)%
Total liabilities	82,944	90,352	(7,408)	(8.2)%
Shareholders' equity	74,523	85,771	(11,248)	(13.1)%
Total liabilities and shareholders' equity	$ 157,467	176,123	(18,656)	(10.6)%
Shares outstanding	11,655	11,551	104	0.9 %

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED APRIL 30, 2006 AND MAY 1, 2005
(UNAUDITED)
(Amounts in Thousands)

		TWELVE MONTHS ENDED	
		Amounts	
		April 30, 2006	May 1, 2005
Cash flows from operating activities:			
Net loss	$	(11,796)	(17,852)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Regular depreciation		9,402	12,862
Accelerated depreciation		4,960	6,022
Amortization of other assets		93	130
Stock-based compensation		139	210
Goodwill impairment		0	5,126
Deferred income taxes		(10,156)	(12,022)
Restructuring expense		6,582	6,690
Changes in assets and liabilities:			
Accounts receivable		(225)	1,895
Inventories		13,806	(1,454)
Other current assets		1,404	(969)
Other assets		(44)	67
Accounts payable		(1,302)	6,251
Accrued expenses		(1,711)	(3,560)
Accrued restructuring		(1,796)	882
Income taxes payable		944	(306)
Net cash provided by operating activities		10,300	3,972
Cash flows from investing activities:			
Capital expenditures		(6,242)	(11,448)
Proceeds from the sale of buildings and equipment		3,950	0
Net cash used in investing activities		(2,292)	(11,448)
Cash flows from financing activities:			
Payments on vendor-financed capital expenditures		(942)	(1,527)
Payments on long-term debt		(7,848)	(480)
Proceeds from issuance of long-term debt		5,020	0
Proceeds from common stock issued		369	22
Net cash used in financing activities		(3,401)	(1,985)
Increase (decrease) in cash and cash equivalents		4,607	(9,461)
Cash and cash equivalents at beginning of period		5,107	14,568
Cash and cash equivalents at end of period	$	9,714	5,107
Free Cash Flow (1)	$	7,066	(9,003)

(1) Free Cash Flow reconciliation is as follows:

			FY 2006	FY 2005
A)	Net cash provided by operating activities	$	10,300	3,972
B)	Minus: Capital Expenditures		(6,242)	(11,448)
C)	Add: Proceeds from the sale of buildings and equipment		3,950	0
D)	Minus: Payments on vendor-financed capital expenditures		(942)	(1,527)
		$	7,066	(9,003)

CULP, INC. FINANCIAL INFORMATION RELEASE
SALES, GROSS PROFIT AND OPERATING INCOME (LOSS) BY SEGMENT
FOR THE THREE MONTHS ENDED APRIL 30, 2006 AND MAY 1, 2005
(UNAUDITED)
(Amounts in thousands)

		THREE MONTHS ENDED				
		Amounts			Percent of Total Sales	
Net Sales by Segment		April 30, 2006	May 1, 2005	% Over (Under)	April 30, 2006	May 1, 2005
Mattress Fabrics	$	24,102	27,018	(10.8)%	34.1 %	36.4 %
Upholstery Fabrics		46,616	47,165	(1.2)%	65.9 %	63.6 %
Net Sales	$	70,718	74,183	(4.7)%	100.0 %	100.0 %
Gross Profit by Segment					Gross Profit Margin	
Mattress Fabrics	$	3,740	4,092	(8.6)%	15.5 %	15.1 %
Upholstery Fabrics		4,882	3,316	47.2 %	10.5 %	7.0 %
Subtotal		8,622	7,408	16.4 %	12.2 %	10.0 %
Restructuring related charges		(1,039)(1)	(2,060)(3)	(49.6)%	(1.5)%	(2.8)%
Gross Profit	$	7,583	5,348	41.8 %	10.7 %	7.2 %
Sales, General and Administrative expenses by Segment					Percent of Sales	
Mattress Fabrics	$	1,708	1,869	(8.6)%	7.1 %	6.9 %
Upholstery Fabrics		3,742	5,334	(29.8)%	8.0 %	11.3 %
Unallocated corporate expenses		1,024	1,732	(40.9)%	1.4 %	2.3 %
Subtotal		6,474	8,935	(27.5)%	9.2 %	12.0 %
Restructuring related charges		0	113 (4)	(100.0)%	0.0 %	0.2 %
Selling, General and Administrative expenses		6,474	9,048	(28.4)%	9.2 %	12.2 %
Operating Income (loss) by Segment					Operating Income (Loss) Margin	
Mattress Fabrics	$	2,032	2,223	(8.6)%	8.4 %	8.2 %
Upholstery Fabrics		1,140	(2,018)	156.5 %	2.4 %	(4.3)%
Unallocated corporate expenses		(1,024)	(1,732)	40.9 %	(1.4)%	(2.3)%
Subtotal		2,148	(1,527)	240.7 %	3.0 %	(2.1)%
Restructuring expense and restructuring related charges		(4,731)(2)	(10,256)(5)	(53.9)%	(6.7)%	(13.8)%
Operating loss	$	(2,583)	(11,783)	78.1 %	(3.7)%	(15.9)%
Depreciation by Segment						
Mattress Fabrics	$	948	892	6.3 %		
Upholstery Fabrics		1,158	2,043	(43.3)%		
Subtotal		2,106	2,935	(28.2)%		
Accelerated Depreciation		(19)	1,444	(101.3)%		
Total Depreciation	$	2,087	4,379	(52.3)%		

(1) The $1.0 million represents restructuring related charges of $849,000 for inventory markdowns, $210,000 for operating costs associated with the closing of or closed plant facilities, and a credit of $19,000 for accelerated depreciation.

(2) The $4.7 million represents restructuring and related charges of $3.2 million for write-downs of equipment, $849,000 for inventory markdowns, $331,000 for termination benefits, $219,000 for asset movement costs, $210,000 for operating costs associated with the closing of or closed plant facilities, and credit of $99,000 for lease termination costs and accelerated depreciation. Of this total charge, $3.7 million and $1.0 million are included in restructuring expense and cost of sales,

respectively.

(3) The $2.0 million represents restructuring related charges of $1.3 million for accelerated depreciation and $734,000 for inventory markdowns.

(4) The $113,000 represents accelerated deprecation.

(5) The $10.3 million represents restructuring and related charges of $5.3 million for write-downs of buildings and equipment, $1.6 million related to asset movement costs, $1.5 million for accelerated depreciation, $1.2 for termination benefits, and $734,000 for inventory markdowns. Of this total charge, $8.1 million, $2.0 million, and $113,000 are included in restructuring expense, cost of sales, and selling, general, and administrative expenses, respectively.

CULP, INC. FINANCIAL INFORMATION RELEASE
SALES, GROSS PROFIT AND OPERATING INCOME (LOSS) BY SEGMENT
FOR THE TWELVE MONTHS ENDED APRIL 30, 2006 AND MAY 1, 2005
(UNAUDITED)

(Amounts in thousands)

	TWELVE MONTHS ENDED				
	Amounts			Percent of Total Sales	
Net Sales by Segment	April 30, 2006	May 1, 2005	% Over (Under)	April 30, 2006	May 1, 2005
Mattress Fabrics	$ 93,688	105,432	(11.1)%	35.9 %	36.8 %
Upholstery Fabrics	167,413	181,066	(7.5)%	64.1 %	63.2 %
Net Sales	$ 261,101	286,498	(8.9)%	100.0 %	100.0 %
Gross Profit by Segment				Gross Profit Margin	
Mattress Fabrics	$ 13,579	16,819	(19.3)%	14.5 %	16.0 %
Upholstery Fabrics	14,909	16,899	(11.8)%	8.9 %	9.3 %
Subtotal	28,488	33,718	(15.5)%	10.9 %	11.8 %
Restructuring related charges	(4,620)(1)	(7,561)(4)	(38.9)%	(1.8)%	(2.6)%
Gross Profit	$ 23,868	26,157	(8.8)%	9.1 %	9.1 %
Sales, General and Administrative expenses by Segment				Percent of Sales	
Mattress Fabrics	$ 6,724	7,430	(9.5)%	7.2 %	7.0 %
Upholstery Fabrics	15,863	23,334	(32.0)%	9.5 %	12.9 %
Unallocated corporate expenses	3,345	4,480	(25.3)%	1.3 %	1.6 %
Subtotal	25,932	35,244	(26.4)%	9.9 %	12.3 %
Restructuring related charges	3,022(2)	113(5)	2,574.3%	1.2 %	0.0 %
Selling, General and Administrative expenses	28,954	35,357	(18.1)%	11.1 %	12.3 %
Operating Income (loss) by Segment				Operating Income (Loss) Margin	
Mattress Fabrics	$ 6,855	9,389	(27.0)%	7.3 %	8.9 %
Upholstery Fabrics	(954)	(6,435)	85.2 %	(0.6)%	(3.6)%
Unallocated corporate expenses	(3,345)	(4,480)	25.3 %	(1.3)%	(1.6)%
Subtotal	2,556	(1,526)	267.5 %	1.0 %	(0.5)%
Goodwill Impairment	0	(5,126)(6)	(100.0)%	0.0 %	(1.8)%
Restructuring expense and restructuring related	(17,915)(3)	(18,046)(7)	(0.7)%	(6.9)%	(6.3)%
Operating loss	$ (15,359)	(24,698)	37.8 %	(5.9)%	(8.6)%
Depreciation by Segment					
Mattress Fabrics	$ 3,662	3,635	0.7 %		
Upholstery Fabrics	5,740	9,227	(37.8)%		
Subtotal	9,402	12,862	(26.9)%		
Accelerated Depreciation	4,960	6,022	(17.6)%		
Total Depreciation	$ 14,362	18,884	(23.9)%		

(1) The $4.6 million represents restructuring related charges of $2.0 million for inventory markdowns, $1.9 million for accelerated depreciation, $665,000 for operating costs associated with the closing of or closed plant facilities.

(2) The $3.0 million represents accelerated depreciation.

(3) The $17.9 million represents restructuring and related charges of $6.0 million for write-downs of buildings and equipment, $5.0 million for accelerated depreciation, $2.2 million for asset movement costs, $2.0

million for inventory markdowns, $1.7 million for termination benefits, $665,000 for operating costs associated with the closing of or closed plant facilities, and $316,000 for lease termination and other exit costs. Of this total charge, $10.3 million, $4.6 million, and $3.0 million were included in restructuring expense, cost of sales, and selling, general, and administrative expenses, respectively.

(4) The $7.6 million represents restructuring related charges of $6.0 million for accelerated depreciation and $1.6 million for inventory markdowns.

(5) The $113,000 represents accelerated depreciation.

(6) The $5.1 million represents a goodwill impairment charge related to the Culp Decorative Fabrics division.

(7) The $18.0 million represents $6.0 million for accelerated depreciation, $5.7 million for write-downs of buildings and equipment, $2.5 million related to asset movement costs, $2.2 million related to termination benefits, and $1.6 million for inventory markdowns. Of this total charge, $10.4 million, $7.6 million, and $113,000 were included in restructuring expense, cost of sales, selling, general, and administrative expenses, respectively.

CULP, INC.
PROFORMA CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FOR THE THREE MONTHS ENDED APRIL 30, 2006 AND MAY 1, 2005
(UNAUDITED)
(Amounts in Thousands, Except for Per Share Data)

		THREE MONTHS ENDED							
		As Reported April 30, 2006	% of Sales	Adjustments	% of Sales		April 30, 2006 Proforma Net of Adjustments	% of Sales	
Net sales	$	70,718	100.0%	0			70,718	100.0%	
Cost of sales		63,135	89.3%	(1,039)	-1.5%	(1)	62,096	87.8%	
Gross profit		7,583	10.7%	(1,039)	-1.5%		8,622	12.2%	
Selling, general and administrative expenses		6,474	9.2%	0	0.0%		6,474	9.2%	
Restructuring expense		3,692	5.2%	(3,692)	-5.2%	(2)	0	0.0%	
Income (loss) from operations		(2,583)	-3.7%	(4,731)	-6.7%		2,148	3.0%	
Interest expense		1,055	1.5%	0	0.0%		1,055	1.5%	
Interest income		(48)	-0.1%	0	0.0%		(48)	-0.1%	
Other expense		152	0.2%	0	0.0%		152	0.2%	
Income (loss) before income taxes		(3,742)	-5.3%	(4,731)	-6.7%	(8)	989	1.4%	
Income taxes (7)		(2,208)	59.0%	(1,547)	41.3%		(661)	-66.8%	(6
Net (loss) income	$	(1,534)	-2.2%	(3,184)	-4.5%		1,650	2.3%	
Net income (loss) per share-basic		($0.13)		($0.27)			$0.14		
Net income (loss) per share-diluted		($0.13)		($0.27)			$0.14		
Average shares outstanding-basic		11,594		11,594			11,594		
Average shares outstanding-diluted		11,594		11,594			11,637		

		THREE MONTHS ENDED							
		As Reported May 1, 2005	% of Sales	Adjustments	% of Sales		May 1, 2005 Proforma Net of Adjustments	% of Sales	Proforma % Over (Under)
Net sales	$	74,183	100.0%	0			74,183	100.0%	-4.7%
Cost of sales		68,835	92.8%	(2,060)	-2.8%	(3)	66,775	90.0%	-7.0%
Gross profit		5,348	7.2%	(2,060)	-2.8%		7,408	10.0%	16.4%
Selling, general and administrative expenses		9,048	12.2%	(113)	0.0%	(4)	8,935	12.0%	-27.5%
Restructuring expense		8,083	10.9%	(8,083)	-10.9%	(5)	0	0.0%	0.0%
Income (loss) from operations		(11,783)	-15.9%	(10,256)	-13.8%		(1,527)	-2.1%	-240.7%
Interest expense		924	1.2%	0	0.0%		924	1.2%	14.2%
Interest income		(36)	0.0%	0	0.0%		(36)	0.0%	33.3%
Other expense		81	0.1%	0	0.0%		81	0.1%	87.7%
Income (loss) before income taxes		(12,752)	-17.2%	(10,256)	-13.8%	(9)	(2,496)	-3.4%	-139.6%
Income taxes (7)		(5,022)	39.4%	(3,876)	37.8%		(1,146)	45.9%	-42.3%
Net (loss) income	$	(7,730)	-10.4%	(6,380)	-8.6%		(1,350)	-1.8%	-222.2%
Net income (loss) per share-basic		($0.67)		($0.55)			($0.12)		
Net income (loss) per share-diluted		($0.67)		($0.55)			($0.12)		
Average shares outstanding-basic		11,550		11,550			11,550		
Average shares outstanding-diluted		11,550		11,550			11,550		

Notes:

(1) The $1.0 million represents restructuring related charges of $849,000 for inventory markdowns, $210,000 for operating costs associated with the closing of or closed plant facilities, and a credit of $19,000 for accelerated depreciation.

(2) The $3.7 million represents restructuring charges of $3.2 million for write-downs of equipment, $331,000 for termination benefits, $219,000 for asset movement costs, and a credit of $80,000 for lease termination costs.

(3) The $2.0 million represents restructuring related charges of $1.3 million for accelerated depreciation and $734,000 for inventory markdowns.

(4) The $113,000 represents accelerated depreciation.

(5) The $8.1 million represents restructuring and related charges of $5.3 million for write-downs of buildings and equipment, $1.6 million related to asset movement costs, and $1.2 million for termination benefits.

(6) Effective tax rate of 66.8% represents an income tax benefit on losses from U.S. operations combined with lower tax rates on income from foreign sources.

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

(8) Of the total charge of $4.7 million, $4.1 million and $600,000 represent non-cash and cash charges, respectively.

(9) Of the total charge of $10.2 million, $7.4 million and $2.8 million represents non-cash and cash charges, respectively.

CULP, INC.
PROFORMA CONSOLIDATED STATEMENTS OF LOSS
FOR THE TWELVE MONTHS ENDED APRIL 30, 2006 AND MAY 1, 2005
(UNAUDITED)
(Amounts in Thousands, Except for Per Share Data)

	TWELVE MONTHS ENDED							
	As Reported April 30, 2006	% of Sales	Adjustments	% of Sales		April 30, 2006 Proforma Net of Adjustments	% of Sales	
Net sales	$ 261,101	100.0%				261,101	100.0%	
Cost of sales	237,233	90.9%	(4,620)	-1.8%	(1)	232,613	89.1%	
Gross profit	23,868	9.1%	(4,620)	-1.8%		28,488	10.9%	
Selling, general and administrative expenses	28,954	11.1%	(3,022)	-1.2%	(2)	25,932	9.9%	
Goodwill impairment	0	0.0%	0	0.0%		0	0.0%	
Restructuring expense	10,273	3.9%	(10,273)	-3.9%	(3)	0	0.0%	
Income (loss) from operations	(15,359)	-5.9%	(17,915)	-6.9%		2,556	1.0%	
Interest expense	4,010	1.5%	0	0.0%		4,010	1.5%	
Interest income	(126)	0.0%	0	0.0%		(126)	0.0%	
Other expense	634	0.2%	0	0.0%		634	0.2%	
Loss before income taxes	(19,877)	-7.6%	(17,915)	-6.9%	(10)	(1,962)	-0.8%	
Income taxes (9)	(8,081)	40.7%	(6,557)	36.6%		(1,524)	77.7%	(8)
Net loss	$ (11,796)	-4.5%	(11,358)	-4.4%		(438)	-0.2%	
Net loss per share-basic	($1.02)		($0.98)			($0.04)		
Net loss per share-diluted	($1.02)		($0.98)			($0.04)		
Average shares outstanding-basic	11,567		11,567			11,567		
Average shares outstanding-diluted	11,567		11,567			11,567		

	TWELVE MONTHS ENDED							
	As Reported May 1, 2005	% of Sales	Adjustments	% of Sales		May 1, 2005 Proforma Net of Adjustments	% of Sales	Proforma % Over (Under)
Net sales	$ 286,498	100.0%	0			286,498	100.0%	-8.9%
Cost of sales	260,341	90.9%	(7,561)	-2.6%	(4)	252,780	88.2%	-8.0%
Gross profit	26,157	9.1%	7,561	2.6%		33,718	11.8%	-15.5%
Selling, general and administrative expenses	35,357	12.3%	(113)	0.0%	(5)	35,244	12.3%	-26.4%
Goodwill impairment	5,126	0.0%	(5,126)	-1.8%	(6)	0	0.0%	0.0%
Restructuring expense	10,372	3.6%	(10,372)	-3.6%	(7)	0	0.0%	0.0%
Income (loss) from operations	(24,698)	-8.6%	(23,172)	-8.1%		(1,526)	-0.5%	-267.5%
Interest expense	3,713	1.3%	0	0.0%		3,713	1.3%	8.0%
Interest income	(134)	0.0%	0	0.0%		(134)	0.0%	-6.0%
Other expense	517	0.2%	0	0.0%		517	0.2%	22.6%
Loss before income taxes	(28,794)	-10.1%	(23,172)	-8.1%	(11)	(5,622)	-2.0%	-65.1%
Income taxes (9)	(10,942)	38.0%	(8,749)	37.8%		(2,193)	39.0%	-30.5%
Net loss	$ (17,852)	-6.2%	(14,423)	-5.0%		(3,429)	-1.2%	-87.2%
Net loss per share-basic	($1.55)		($1.25)			($0.30)		
Net loss per share-diluted	($1.55)		($1.25)			($0.30)		
Average shares outstanding-basic	11,549		11,549			11,549		
Average shares outstanding-diluted	11,549		11,549			11,549		

Notes:

(1) The $4.6 million represents restructuring related charges of $2.0 million for inventory markdowns, $1.9 million for accelerated depreciation,

$665,000 for operating costs associated with the closing of or closed plant facilities.

(2) The $3.0 million represents accelerated depreciation.

(3) The $10.2 million represents $6.0 million for write-downs of buildings and equipment, $2.2 million for asset movement costs, $1.7 million for termination benefits, and $316,000 for lease termination and other exit costs.

(4) The $7.6 million represents restructuring related charges of $6.0 million for accelerated depreciation and $1.6 million for inventory markdowns.

(5) The $113,000 represents accelerated depreciation.

(6) The $5.1 million represents a goodwill impairment charge related to the Culp Decorative Fabrics division.

(7) The $10.4 million represents $5.7 million for write-downs of buildings and equipment, $2.5 million related to asset movement costs, and $2.2 million related to termination benefits.

(8) Effective tax rate of 77.7% represents an income tax benefit on losses from U.S. operations combined with lower tax rates on income from foreign sources.

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

(10) Of the total charge of $17.9 million, $13.0 million and $4.9 million represent non-cash and cash charges, respectively.

(11) Of the total charge of $23.2 million, $18.4 million and $4.8 million represent non-cash and cash charges, respectively.