

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) June 23, 2009

Culp, Inc.

(Exact Name of Registrant as Specified in its Charter)

North Carolina

(State or Other Jurisdiction
of Incorporation)

0-12781

(Commission File Number)

56-1001967

(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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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. 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, and strengthening of currencies in Canada and China can have a negative impact on the Company’s sales in the U.S. of products produced in those countries. 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 10, 2008 for the fiscal year ended April 27, 2008.

Item 2.02 – Results of Operations and Financial Condition

On June 23, 2009, the Company issued a news release to announce its financial results for the fourth quarter ended May 3, 2009. The news release is attached hereto as Exhibit 99(a).

Also on June 23, 2009, the Company released a Financial Information Release containing additional financial information and disclosures about the Company’s fourth quarter ended May 3, 2009. 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 liquidity measure that the Company defines as net cash provided by operating activities, less cash capital expenditures and capital lease expenditures, plus any proceeds from sales of fixed assets, and plus any excess tax benefits related to stock options exercised. Management believes the disclosure of free cash flow provides useful information to investors because it measures our available cash flow for potential debt repayment, stock repurchases and additions to cash and cash equivalents. We note, however, that not all of the Company’s free cash flow is available for discretionary spending, as we have mandatory debt payments and other cash requirements that must be deducted from our cash available for future use. In operating our business, management uses free cash flow to make decisions about what commitments of cash to make for operations, such as capital expenditures (and financing arrangements for these expenditures), purchases of inventory or supplies, SG&A expenditure levels, compensation, and other commitments of cash, while still allowing for adequate cash to meet known future commitments for cash, such as debt repayment. Also, free cash flow is used by the Company as a financial goal for purposes of determining management incentive bonuses.

The news release and Financial Information Release contain adjusted income statement information, which reconciles reported and projected income statement information with adjusted results, both on a pre-tax and after tax basis, which exclude restructuring and related charges. This information constitutes non-GAAP performance measures. The Company has included this adjusted information in order to show operational performance excluding the effects of restructuring and related charges that occur on an irregular basis. We have also presented pre-tax results because the Company’s income tax provisions and percentages have been volatile and unpredictable in recent periods. Management believes these presentations aid in the comparison of financial results among comparable financial periods. We note, however, that the usefulness of earnings before income taxes and excluding restructuring and related charges is limited in that these performance measures do not necessarily indicate the likely future financial results of the company and that the excluded tax and restructuring charges can and do relate to liabilities or charges that reflect reductions in income, future expenditures, or lower values for our assets and business. Adjusted income statement information is used by management to make operational decisions about our business and to evaluate the financial success of the Company or its individual segments, especially when comparing results among various periods, is used in certain financial covenants in our loan agreements, and is used by the Company as financial goals for purposes of determining management incentive bonuses.

Item 9.01 (d) -- Exhibits

99(a) News Release dated June 23, 2009

99(b) Financial Information Release dated June 23, 2009

SIGNATURES

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

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: June 23, 2009

EXHIBIT INDEX

Exhibit Number

Exhibit

99(a)

News Release dated June 23, 2009

99(b)

Financial Information Release dated June 23, 2009

Culp Announces Results for Fourth Quarter Fiscal 2009

HIGH POINT, N.C.--(BUSINESS WIRE)--June 23, 2009--Culp, Inc. (NYSE: CFI) today reported financial and operating results for the fourth quarter and year ended May 3, 2009.

Highlights for the fourth quarter and fiscal year 2009 include the following:

- Net sales were \$47.8 million, 25 percent lower than the fourth quarter of the last year, with mattress fabrics segment sales down 23 percent and upholstery fabric segment sales down 28 percent.
 - Pre-tax income was \$2.2 million, or 4.6% of sales, for the fourth quarter of fiscal 2009 compared with \$1.4 million, or 2.2% of sales, in the prior year period.
 - Net income for the fourth quarter was \$1.7 million, or \$0.13 per share, compared with \$2.1 million, or \$0.16 per share, in the prior year quarter. The current quarter included income tax expense of \$517,000 while the prior year's quarter included a tax benefit of \$647,000, which was principally due to the tax effects of foreign currency exchange losses in the company's Canadian operation.
 - The mattress fabrics business achieved continued profitability, with operating income of \$3.5 million in the fourth quarter and operating margins exceeding the fourth quarter of last year, in spite of unprecedented weak consumer demand in the bedding industry.
 - The upholstery fabrics business showed improved profitability for the fourth quarter, with an operating income of \$666,000, or 3.1 percent of sales, reversing operating losses of \$2.2 million in the first half of this fiscal year. This performance was in the face of the most challenging furniture industry conditions in many years.
 - Cash flow from operations was \$8.0 million for the fourth quarter and \$22.8 million for the fiscal year. This compares with \$16.4 million for last year. This year's performance is due to consistent profitability in mattress fabrics and outstanding working capital management in both segments. Key measures for working capital, such as days' sales in receivables and inventory turnover, continued to improve, even with lower sales volume.
 - The company's financial position continued to strengthen significantly during the fourth quarter, with an ending cash balance of \$11.8 million and total debt reduced to \$16.4 million. As of year end, total debt less cash (net debt) was \$4.6 million, compared with \$12.3 million at the end of the third quarter and \$23.7 million at the end of the second quarter.
 - Including debt repayments during the fourth quarter totaling \$11.7 million, the company has repaid \$35.4 million in total debt over the last two fiscal years.
 - The first quarter projection of fiscal 2010 is for overall sales to decrease 21 to 26 percent, with mattress fabric and upholstery fabric sales both expected to decline about the same percentage as consumer demand for furniture and bedding remains very weak. The prior year's first quarter had 14 weeks compared with 13 weeks for the first quarter of fiscal 2010. Pre-tax income for the first quarter of fiscal 2010 is expected to be in the range of \$1.4 to \$2.2 million.
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Overview

For the three months ended May 3, 2009, net sales were \$47.8 million, compared with \$64.0 million a year ago. The company reported net income of \$1.7 million, or \$0.13 per diluted share, for the fourth quarter of fiscal 2009, compared with net income of \$2.1 million, or \$0.16 per diluted share, for the fourth quarter of fiscal 2008. On a pre-tax basis, the company reported income of \$2.2 million compared with pre-tax income of \$1.4 million for the fourth quarter of fiscal 2008. The pre-tax results for the fourth quarters of fiscal 2009 and 2008 included restructuring and related charges in the upholstery fabrics segment of \$48,000 and \$633,000, respectively. Excluding these charges in both periods, pre-tax income for the fourth quarter of fiscal 2009 was \$2.3 million compared with \$2.1 million in the fourth quarter of fiscal 2008. (A reconciliation of pre-tax income has been set forth on Page 6.)

For the fiscal year ended May 3, 2009, the company reported net sales of \$203.9 million compared with \$254.0 million for the same period a year ago. Net loss for fiscal 2009 was \$38.8 million, or \$3.07 per diluted share, compared with net income of \$5.4 million, or \$0.42 per diluted share, for fiscal 2008. This net loss for fiscal 2009 included a \$27.2 million non-cash charge for the establishment of a valuation allowance against substantially all of the company's net deferred tax assets. On a pre-tax basis, the company reported a loss of \$6.9 million compared with pre-tax income of \$4.8 million in fiscal 2008. The pre-tax results for fiscal 2009 include restructuring and related charges in the upholstery fabrics segment of \$13.1 million, of which \$11.5 million related to non-cash charges and \$1.6 million related to cash charges. The pre-tax results for fiscal 2008 include restructuring and related charges in the upholstery fabrics segment of \$2.9 million, of which \$1.5 million related to non-cash charges and \$1.4 million related to cash charges. Excluding these charges in both periods, pre-tax income for fiscal 2009 was \$6.2 million, compared with pre-tax income of \$7.8 million for fiscal 2008.

Commenting on the results, Frank Saxon, president and chief executive officer of Culp, Inc., said, "Our fourth quarter performance reflects excellent progress and consistent execution through what has been an extremely challenging business environment. In spite of a decline in sales, both our mattress fabrics and upholstery fabrics businesses showed improved margins, as we continued to realize the incremental benefits of a leaner and more agile operating platform. At the same time, we have been diligent in our efforts to carefully manage our working capital, generate cash and reduce our debt substantially through this unprecedented economic downturn. As a result, we have strengthened our financial position considerably, which is an increasingly important competitive advantage in today's market. We have also continued to make important investments in our businesses during the year with a strategic acquisition and major capital expenditures in our mattress fabrics segment, along with product and marketing initiatives in both segments. Most importantly, Culp continues to represent a strong and stable supplier for our customers."

Mattress Fabrics Segment

Mattress fabric sales for the fourth quarter were \$26.6 million, a 23 percent decline compared with \$34.6 million for the fourth quarter of fiscal 2008. Operating income was \$3.5 million for this segment compared with \$3.9 million a year ago, while operating income margin improved to 13.3 percent of sales, compared with 11.1 percent of sales, for the prior-year period. Mattress fabric sales for the year were \$115.4 million, down 16.4 percent from \$138.1 million in fiscal 2008, reflecting a decline in demand for bedding products. Operating income for fiscal 2009 was \$13.2 million, or 11.5 percent of sales, compared with \$14.1 million, or 10.2 percent of sales in fiscal 2008.

“While the sales environment has been very challenging, we are pleased with the strong operating performance of our mattress fabrics business,” said Saxon. “The continued solid margin improvement reflects the implementation of the \$5.0 million capital project completed earlier this year, as well as the successful integration of the mattress fabrics operation of Bodet & Horst, or B&H, acquired in August 2008. Together, these investments have significantly enhanced our operating platform in mattress fabrics, with more efficient, vertically-integrated manufacturing capabilities in all major product categories. We believe that we are well positioned to effectively compete during this downturn in the bedding industry, and to benefit very well from any upside in demand when it occurs. More importantly, we have improved our service capabilities with outstanding delivery performance, quality, innovation and value, and, as always, our top priority is meeting the needs of our customers.”

Upholstery Fabrics Segment

Fourth quarter sales for this segment, which include both fabric and cut and sew kits, were \$21.2 million, a 28 percent decline compared with \$29.4 million in the fourth quarter of fiscal 2008. Upholstery fabrics sales reflect continued very soft demand industry wide, as well as continued very weak demand for U.S. produced upholstery fabrics, driven by imported furniture and fabrics. Sales of non-U.S. produced fabrics were \$17.3 million in the fourth quarter, down 14 percent over the prior year period, while sales of U.S. produced fabrics were \$3.9 million, down 58 percent from the fourth quarter of fiscal 2008. Operating income for the upholstery fabrics segment for the fourth quarter of fiscal 2009 was \$666,000, or 3.1 percent of sales, reversing operating losses of \$2.2 million in the first half of this fiscal year. For the year, sales were \$88.5 million, down 24 percent from \$116.0 million a year ago; due primarily to lower U.S. produced sales. Operating loss for the year was \$1.5 million, compared with operating income of \$1.2 million for fiscal 2008.

“The implementation of our profit improvement plan, initiated during the second quarter of this fiscal year, has exceeded our expectations, and we realized significant benefits from these actions during the fourth quarter,” Saxon noted. “The consolidation of our China operations during the second and third quarters, and significant reductions in selling, general and administrative, or SG&A, expenses have lowered our costs by at least \$6 million on an annual basis. Further, the upholstery fabrics division has contributed substantially to our strong cash flow this year through outstanding working capital management, especially with inventories. Inventory levels have been lowered to \$9.1 million, a 56 percent decrease from the previous year end level of \$20.8 million. Inventory turnover has also improved in a declining sales environment. As a result of our aggressive actions this year and previous years, we have established a very lean and agile platform with our China operation and our one remaining U.S. facility. We have significantly improved our competitive position by pursuing a strategy to dramatically lower the capital invested in the business and transition to a highly variable cost model.

“In reaching this point, we had to make a number of very difficult decisions in this business during the year. However, as a result of these actions and those in previous years, we are cautiously optimistic about our prospects in the upholstery fabrics business because of the following: (a) we have been receiving significantly higher fabric placements, including cut and sew kits, with a broader base of key customers; (b) we have established a mature, scalable and low cost model in China that is vertically integrated by way of a network of key manufacturing partners that we have developed over several years; (c) we have made significant progress in the competitive position of our U.S. facility this year; and (d) we are now keenly focused on sales and marketing initiatives rather than restructuring actions. These are all favorable indicators for improving results over the medium term as the eventual recovery in demand for furniture takes place,” said Saxon.

Balance Sheet

“A key priority for fiscal 2009 has been a very disciplined focus on strengthening our financial position and generating cash in light of the uncertain business climate,” added Saxon. “Cash flow from operations was \$8.0 million for the fourth quarter and \$22.8 million for fiscal 2009, which compares with \$16.4 million in fiscal 2008. Our balance sheet reflected \$11.8 million in cash as of May 3, 2009, compared with \$4.9 million at the end of last year. We made substantial improvement in our working capital management, especially inventories, which were down by over \$11.4 million, or 32 percent, since the end of fiscal 2008. Day’s sales in receivables and inventory turnover have also steadily improved, even with declining sales. For fiscal 2010, the company expects cash flow generated from working capital improvements to be substantially lower than the last two fiscal years.

Saxon added, "Total debt, which includes current maturities of long term debt and long term debt, was \$16.4 million at the end of fiscal 2009, including the \$11.0 million unsecured term loan added in the second quarter for the B&H acquisition, compared with \$28.1 million at the end of the third quarter of this fiscal year. At the end of fiscal 2009, net debt, or total debt less cash, was \$4.6 million, compared with net debt of \$12.3 million at the end of the third quarter and \$23.7 million at the end of the second quarter. Four years ago at the end of fiscal 2005, net debt totaled \$45 million. During the fourth quarter, the company reduced long term debt by \$11.7 million, \$7.1 million of which related to a scheduled principal payment and \$4.6 million related to principal payments due in March and June of 2010 (with no prepayment penalties). Looking ahead, scheduled principal payments for fiscal 2010, 2011 and 2012 are \$4.8 million, \$169,000 and \$2.4 million, respectively. All of Culp's debt remains unsecured, including lines of credit totaling \$10.5 million in the U.S. and China with no borrowings outstanding. Overall, our financial position has strengthened considerably during this fiscal year and is providing us with an important competitive advantage in light of the challenges facing our industry."

Outlook

Commenting on the outlook for the first of fiscal 2010, Saxon remarked, "We expect that the prevailing economic uncertainties and issues surrounding the housing and credit crises will continue to unfavorably affect consumer demand for furniture and bedding products. Also, the first quarter of last year had 14 weeks compared with 13 weeks for the first quarter of fiscal 2010. Overall, we expect our first quarter of fiscal 2010 sales to be down approximately 21 to 26 percent from the first quarter of last year.

"We expect sales in our mattress fabrics segment to be down approximately 22 to 27 percent for the first quarter. Even with the lower sales, operating income margin in this segment is expected to be in the range of last year's first quarter operating margin.

"In our upholstery fabrics segment, we expect sales to be down approximately 20 to 25 percent for the first quarter, mostly from the decline in sales of U.S. produced fabrics. In spite of considerably lower sales, we believe the upholstery fabric segment's results will reflect a small operating profit.

Considering these factors, the company expects to report pre-tax income for the first fiscal quarter of 2010 in the range of \$1.4 to \$2.2 million. Given the volatility in the income tax area during fiscal 2009, the income tax expense or benefit and related tax rate for the first quarter of fiscal 2010 are too uncertain to estimate. This is management's best estimate at present, recognizing that future financial results are difficult to predict because of severe economic uncertainties and demand challenges facing the upholstery fabrics and mattress fabrics industries." said Saxon.

In closing, Saxon remarked, "We believe Culp has demonstrated solid execution in fiscal 2009, in spite of unprecedented challenges related to the economic downturn. We made measurable progress throughout the year in developing a leaner, more efficient operating platform, reducing our costs and at the same time, strengthening our financial position. As we begin fiscal 2010, we believe we are well positioned as the market leader in both businesses. We have a focused strategy and the financial strength to build upon our strong competitive position. With the improvements in our manufacturing platform for both woven and knit product categories, we are excited about the additional opportunities for our mattress fabrics business to develop our product offerings and further enhance our value proposition to customers. Our upholstery fabrics business has come through a long period of restructuring and is now well positioned for sustained profitability. Above all, we are focused on execution for our customers as a financially stable and reliable source of innovative fabrics, delivery performance and quality."

About the Company

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

This release contains statements that may be deemed "forward-looking statements" within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995 (Section 27A of the Securities Act of 1933 and Section 27A of the Securities and Exchange Act of 1934). Such statements are inherently subject to risks and uncertainties. Further, forward-looking statements are intended to speak only as of the date on which they are made. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results or otherwise are not statements of historical fact. Such statements are often but not always characterized by qualifying words such as "expect," "believe," "estimate," "plan" and "project" and their derivatives, and include but are not limited to statements about the company's future operations, production levels, sales, SG&A or other expenses, margins, gross profit, operating income, earnings or other performance measures. Factors that could influence the matters discussed in such statements include the level of housing starts and sales of existing homes, consumer confidence, trends in disposable income, and general economic conditions. Decreases in these economic indicators could have a negative effect on the company's business and prospects. Likewise, increases in interest rates, particularly home mortgage rates, and increases in consumer debt or the general rate of inflation, could affect the company adversely. Changes in consumer tastes or preferences toward products not produced by the company could erode demand for the company's products. 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 and strengthening of currencies in Canada and China can have a negative impact on the company's sales in the U.S. of products produced in those countries. 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 filed with the Securities and Exchange Commission on July 10, 2008, for fiscal year ended April 27, 2008.

CULP, INC.
Condensed Financial Highlights
(Unaudited)

	Three Months Ended		Fiscal Year Ended	
	May 3, 2009	April 27, 2008	May 3, 2009	April 27, 2008
Net sales	\$ 47,762,000	\$ 63,998,000	\$ 203,938,000	\$ 254,046,000
Income (loss) before income taxes	\$ 2,212,000	\$ 1,430,000	\$ (6,883,000)	\$ 4,843,000
Net income (loss)	\$ 1,695,000	\$ 2,077,000	\$ (38,842,000)	\$ 5,385,000
Net income (loss) per share:				
Basic	\$ 0.13	\$ 0.16	\$ (3.07)	\$ 0.43
Diluted	\$ 0.13	\$ 0.16	\$ (3.07)	\$ 0.42
Income before income taxes, excluding restructuring and related charges*	\$ 2,260,000	\$ 2,063,000	\$ 6,206,000	\$ 7,755,000
Average shares outstanding:				
Basic	12,653,000	12,642,000	12,651,000	12,624,000
Diluted	12,694,000	12,729,000	12,651,000	12,765,000

*Excludes restructuring and related charges of \$48,000 for the fourth quarter of fiscal 2009. Excludes restructuring and related charges of \$13.1 million for fiscal 2009.

Excludes restructuring and related charges of \$633,000 for the fourth quarter of fiscal 2008. Excludes restructuring and related charges of \$2.9 million for fiscal 2008.

CULP, INC.
Reconciliation of Income (Loss) before Income Taxes
as Reported to Adjusted Income before Income Taxes
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	May 3, 2009	April 27, 2008	May 3, 2009	April 27, 2008
Income (loss) before income taxes, as reported	\$ 2,212,000	\$ 1,430,000	\$ (6,883,000)	\$ 4,843,000
Restructuring and related charges	\$ 48,000	\$ 633,000	\$ 13,089,000	\$ 2,912,000
Adjusted income before income taxes	<u>\$ 2,260,000</u>	<u>\$ 2,063,000</u>	<u>\$ 6,206,000</u>	<u>\$ 7,755,000</u>

CONTACT:

Culp, Inc.

Investor & Media Contact:

Kenneth R. Bowling, 336-881-5630

Chief Financial Officer

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS AND TWELVE MONTHS ENDED MAY 3, 2009 AND APRIL 27, 2008
(UNAUDITED)
(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED				
	Amounts			Percent of Sales	
	May 3, 2009	April 27, 2008	% Over (Under)	May 3, 2009	April 27, 2008
Net sales	\$ 47,762	\$ 63,998	(25.4) %	100.0 %	100.0 %
Cost of sales	39,408	55,093	(28.5) %	82.5 %	86.1 %
Gross profit	8,354	8,905	(6.2) %	17.5 %	13.9 %
Selling, general and administrative expenses	5,252	6,698	(21.6) %	11.0 %	10.5 %
Restructuring expense	33	127	(74.0) %	0.1 %	0.2 %
Income from operations	3,069	2,080	47.5 %	6.4 %	3.3 %
Interest expense	620	595	4.2 %	1.3 %	0.9 %
Interest income	(14)	(57)	(75.4) %	(0.0) %	(0.1) %
Other expense	251	112	124.1 %	0.5 %	0.2 %
Income before income taxes	2,212	1,430	54.7 %	4.6 %	2.2 %
Income taxes*	517	(647)	N.M.	23.4 %	(45.2) %
Net income	\$ 1,695	\$ 2,077	(18.4) %	3.5 %	3.2 %
Net income per share-basic	\$0.13	\$0.16	(18.8) %		
Net income per share-diluted	\$0.13	\$0.16	(18.8) %		
Average shares outstanding-basic	12,653	12,642	0.1 %		
Average shares outstanding-diluted	12,694	12,729	(0.3) %		

	TWELVE MONTHS ENDED				
	Amounts			Percent of Sales	
	May 3, 2009	April 27, 2008 (1)	% Over (Under)	May 3, 2009	April 27, 2008
Net sales	\$ 203,938	\$ 254,046	(19.7) %	100.0 %	100.0 %
Cost of sales	179,286	220,887	(18.8) %	87.9 %	86.9 %
Gross profit	24,652	33,159	(25.7) %	12.1 %	13.1 %
Selling, general and administrative expenses	19,751	23,973	(17.6) %	9.7 %	9.4 %
Restructuring expense	9,471	886	N.M.	4.6 %	0.3 %
(Loss) income from operations	(4,570)	8,300	N.M.	(2.2) %	3.3 %
Interest expense	2,359	2,975	(20.7) %	1.2 %	1.2 %
Interest income	(89)	(254)	(65.0) %	(0.0) %	(0.1) %
Other expense	43	736	(94.2) %	0.0 %	0.3 %
(Loss) income before income taxes	(6,883)	4,843	N.M.	(3.4) %	1.9 %
Income taxes*	31,959	(542)	N.M.	N.M.	(11.2) %
Net (loss) income	\$ (38,842)	\$ 5,385	N.M.	(19.0) %	2.1 %
Net (loss) income per share-basic	(\$3.07)	\$0.43	N.M.		
Net (loss) income per share-diluted	(\$3.07)	\$0.42	N.M.		
Average shares outstanding-basic	12,651	12,624	0.2 %		
Average shares outstanding-diluted	12,651	12,765	(0.9) %		

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

(1) Derived from audited financial statements.

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED BALANCE SHEETS
MAY 3, 2009 AND APRIL 27, 2008
Unaudited
(Amounts in Thousands)

	Amounts		Increase (Decrease)	
	May 3, 2009	* April 27, 2008	Dollars	Percent
Current assets				
Cash and cash equivalents	\$ 11,797	\$ 4,914	6,883	140.1 %
Accounts receivable	18,116	27,073	(8,957)	(33.1) %
Inventories	23,978	35,394	(11,416)	(32.3) %
Deferred income taxes	54	4,380	(4,326)	(98.8) %
Assets held for sale	1,209	5,610	(4,401)	(78.4) %
Income taxes receivable	210	438	(228)	(52.1) %
Other current assets	1,264	1,328	(64)	(4.8) %
Total current assets	<u>56,628</u>	<u>79,137</u>	<u>(22,509)</u>	<u>(28.4) %</u>
Property, plant and equipment, net	24,253	32,939	(8,686)	(26.4) %
Goodwill	11,593	4,114	7,479	181.8 %
Deferred income taxes	-	29,430	(29,430)	(100.0) %
Other assets	2,820	2,409	411	17.1 %
Total assets	<u>\$ 95,294</u>	<u>\$ 148,029</u>	<u>(52,735)</u>	<u>(35.6) %</u>
Current liabilities				
Current maturities of long-term debt	\$ 4,764	\$ 7,375	(2,611)	(35.4) %
Current portion of a obligation under capital lease	626	-	626	100.0 %
Accounts payable - trade	17,030	21,103	(4,073)	(19.3) %
Accounts payable - capital expenditures	923	1,547	(624)	(40.3) %
Accrued expenses	6,504	8,300	(1,796)	(21.6) %
Accrued restructuring	853	1,432	(579)	(40.4) %
Income taxes payable - current	83	150	(67)	(44.7) %
Total current liabilities	<u>30,783</u>	<u>39,907</u>	<u>(9,124)</u>	<u>(22.9) %</u>
Accounts payable - capital expenditures	638	1,449	(811)	(56.0) %
Income taxes payable - long-term	3,264	4,802	(1,538)	(32.0) %
Deferred income taxes	974	1,464	(490)	(33.5) %
Long-term debt , less current maturities	<u>11,604</u>	<u>14,048</u>	<u>(2,444)</u>	<u>(17.4) %</u>
Total liabilities	<u>47,263</u>	<u>61,670</u>	<u>(14,407)</u>	<u>(23.4) %</u>
Shareholders' equity	<u>48,031</u>	<u>86,359</u>	<u>(38,328)</u>	<u>(44.4) %</u>
Total liabilities and shareholders' equity	<u>\$ 95,294</u>	<u>\$ 148,029</u>	<u>(52,735)</u>	<u>(35.6) %</u>
Shares outstanding	<u>12,768</u>	<u>12,648</u>	<u>120</u>	<u>0.9 %</u>

* Derived from audited financial statements

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED MAY 3, 2009 AND APRIL 27, 2008
Unaudited
(Amounts in Thousands)

	TWELVE MONTHS ENDED	
	Amounts	
	May 3, 2009	* April 27, 2008
Cash flows from operating activities:		
Net (loss) income	\$ (38,842)	\$ 5,385
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation	6,712	5,548
Amortization of other assets	488	373
Stock-based compensation	425	618
Excess tax benefit related to stock options exercised	-	(17)
Deferred income taxes	33,231	(919)
(Gain) loss on impairment of equipment	(32)	289
Restructuring expenses, net of gain on sale of related assets	7,960	140
Changes in assets and liabilities, net of effects of acquisition of assets:		
Accounts receivable	8,957	2,242
Inventories	12,855	5,236
Other current assets	46	496
Other assets	10	(188)
Accounts payable-trade	(5,365)	(924)
Accrued expenses	(1,721)	(445)
Accrued restructuring	(579)	(1,926)
Income taxes	(1,377)	456
Net cash provided by operating activities	<u>22,768</u>	<u>16,364</u>
Cash flows from investing activities:		
Capital expenditures	(1,970)	(4,846)
Net cash paid for acquisition of assets	(11,365)	-
Proceeds from the sale of buildings and equipment	4,607	2,723
Net cash used in investing activities	<u>(8,728)</u>	<u>(2,123)</u>
Cash flows from financing activities:		
Proceeds from lines of credit	-	1,339
Payments on lines of credit	-	(3,932)
Proceeds from the issuance of long-term debt	11,000	-
Payments on vendor-financed capital expenditures	(1,236)	(642)
Payments on capital lease obligation	(754)	-
Payments on long-term debt	(16,055)	(16,737)
Debt issuance costs	(133)	-
Proceeds from common stock issued	21	459
Excess tax benefit related to stock options exercised	-	17
Net cash used in financing activities	<u>(7,157)</u>	<u>(19,496)</u>
Increase (decrease) in cash and cash equivalents	6,883	(5,255)
Cash and cash equivalents at beginning of year	<u>4,914</u>	<u>10,169</u>
Cash and cash equivalents at end of year	<u>\$ 11,797</u>	<u>\$ 4,914</u>
Free Cash Flow (1)	<u>\$ 23,415</u>	<u>\$ 13,616</u>

(1) Free Cash Flow reconciliation is as follows:

	FY 2009	FY 2008
A) Net cash provided by operating activities	\$ 22,768	\$ 16,364
B) Minus: Capital Expenditures	(1,970)	(4,846)
C) Add: Proceeds from the sale of buildings and equipment	4,607	2,723
D) Minus: Payments on vendor-financed capital expenditures	(1,236)	(642)
E) Minus: Payments on capital lease obligation	(754)	-
F) Add: Excess tax benefit related to stock options exercised	-	17
	<u>\$ 23,415</u>	<u>\$ 13,616</u>

* Derived from audited financial statements.

CULP, INC. FINANCIAL INFORMATION RELEASE
STATEMENTS OF OPERATIONS BY SEGMENT
FOR THE THREE MONTHS ENDED MAY 3, 2009 AND APRIL 27, 2008

(Amounts in thousands)

	THREE MONTHS ENDED (UNAUDITED)				
	Amounts		% Over (Under)	Percent of Total Sales	
	May 3, 2009	April 27, 2008		May 3, 2009	April 27, 2008
Net Sales by Segment					
Mattress Fabrics	\$ 26,588	34,638	(23.2) %	55.7 %	54.1 %
Upholstery Fabrics	21,174	29,360	(27.9) %	44.3 %	45.9 %
Net Sales	<u>\$ 47,762</u>	<u>63,998</u>	<u>(25.4) %</u>	<u>100.0 %</u>	<u>100.0 %</u>
Gross Profit by Segment					
Mattress Fabrics	\$ 5,392	6,533	(17.5) %	20.3 %	18.9 %
Upholstery Fabrics	2,977	2,907	2.4 %	14.1 %	9.9 %
Subtotal	8,369	9,440	(11.3) %	17.5 %	14.8 %
Loss on impairment of equipment	-	(33) (2)	(100.0) %	0.0 %	(0.1) %
Restructuring related charges	(15) (1)	(502) (1)	(97.0) %	(0.0) %	(0.8) %
Gross Profit	<u>\$ 8,354</u>	<u>8,905</u>	<u>(6.2) %</u>	<u>17.5 %</u>	<u>13.9 %</u>
Selling, General and Administrative expenses by Segment					
Mattress Fabrics	\$ 1,848	2,679	(31.0) %	7.0 %	7.7 %
Upholstery Fabrics	2,310	2,773	(16.7) %	10.9 %	9.4 %
Unallocated Corporate	1,094	1,242	(11.9) %	2.3 %	1.9 %
	5,252	6,694	(21.5) %	11.0 %	10.5 %
Restructuring related charges	-	4 (1)	(100.0) %	0.0 %	0.0 %
Selling, General and Administrative expenses	<u>\$ 5,252</u>	<u>6,698</u>	<u>(21.6) %</u>	<u>11.0 %</u>	<u>10.5 %</u>
Operating Income (loss) by Segment					
Mattress Fabrics	\$ 3,545	3,854	(8.0) %	13.3 %	11.1 %
Upholstery Fabrics	666	134	397.0 %	3.1 %	0.5 %
Unallocated Corporate	(1,094)	(1,242)	(11.9) %	(2.3) %	(1.9) %
Subtotal	3,117	2,746	13.5 %	6.5 %	4.3 %
Loss on impairment of equipment	-	(33) (2)	(100.0) %	0.0 %	(0.1) %
Restructuring expense and restructuring related charges	(48) (1)	(633) (1)	(92.4) %	(0.1) %	(1.0) %
Operating income	<u>\$ 3,069</u>	<u>2,080</u>	<u>47.5 %</u>	<u>6.4 %</u>	<u>3.3 %</u>
Depreciation by Segment					
Mattress Fabrics	\$ 925	776	19.2 %		
Upholstery Fabrics	32 (3)	507	(93.7) %		
Total Depreciation	<u>957</u>	<u>1,283</u>	<u>(25.4) %</u>		

Notes:

(1) See page 6 for detailed explanations of restructuring expense and restructuring related charges.

(2) The \$33 represents an impairment loss on older and existing equipment that is being replaced by newer and more efficient equipment. This impairment loss pertains to the mattress fabrics segment.

(3) Upholstery fabrics depreciation expense represents allocation of corporate departments shared by both the mattress and upholstery fabric segments.

CULP, INC. FINANCIAL INFORMATION RELEASE
STATEMENTS OF OPERATIONS BY SEGMENT
FOR THE TWELVE MONTHS ENDED MAY 3, 2009 AND APRIL 27, 2008

(Amounts in thousands)

	TWELVE MONTHS ENDED (UNAUDITED)				
	Amounts		% Over (Under)	Percent of Total Sales	
	May 3, 2009	April 27, 2008		May 3, 2009	April 27, 2008
Net Sales by Segment					
Mattress Fabrics	\$ 115,396	138,064	(16.4) %	56.6 %	54.3 %
Upholstery Fabrics	88,542	115,982	(23.7) %	43.4 %	45.7 %
Net Sales	<u>\$ 203,938</u>	<u>254,046</u>	<u>(19.7) %</u>	<u>100.0 %</u>	<u>100.0 %</u>
Gross Profit by Segment					
			Gross Profit Margin		
Mattress Fabrics	\$ 20,996	22,576	(7.0) %	18.2 %	16.4 %
Upholstery Fabrics	7,253	12,829	(43.5) %	8.2 %	11.1 %
Subtotal	28,249	35,405	(20.2) %	13.9 %	13.9 %
Loss on impairment of equipment	-	(289) (2)	(100.0) %	0.0 %	(0.1) %
Restructuring related charges	(3,597) (1)	(1,957) (1)	83.8 %	(1.8) %	(0.8) %
Gross Profit	<u>\$ 24,652</u>	<u>33,159</u>	<u>(25.7) %</u>	<u>12.1 %</u>	<u>13.1 %</u>
Selling, General and Administrative expenses by Segment					
			Percent of Sales		
Mattress Fabrics	\$ 7,749	8,457	(8.4) %	6.7 %	6.1 %
Upholstery Fabrics	8,756	11,650	(24.8) %	9.9 %	10.0 %
Unallocated Corporate	3,225	3,797	(15.1) %	1.6 %	1.5 %
Subtotal	19,730	23,904	(17.5) %	9.7 %	9.4 %
Restructuring related charges	21 (1)	69 (1)	(69.6) %	0.0 %	0.0 %
Selling, General and Administrative expenses	<u>\$ 19,751</u>	<u>23,973</u>	<u>(17.6) %</u>	<u>9.7 %</u>	<u>9.4 %</u>
Operating Income (loss) by Segment					
			Operating Income (Loss) Margin		
Mattress Fabrics	\$ 13,247	14,118	(6.2) %	11.5 %	10.2 %
Upholstery Fabrics	(1,503)	1,180	N.M.	(1.7) %	1.0 %
Unallocated Corporate	(3,225)	(3,797)	(15.1) %	(1.6) %	(1.5) %
Subtotal	8,519	11,501	(25.9) %	4.2 %	4.5 %
Loss on impairment of equipment	-	(289) (2)	(100.0) %	0.0 %	(0.1) %
Restructuring expense and restructuring related charges	(13,089) (1)	(2,912) (1)	N.M.	(6.4) %	(1.1) %
Operating (loss) income	<u>\$ (4,570)</u>	<u>8,300</u>	<u>N.M.</u>	<u>(2.2) %</u>	<u>3.3 %</u>
Depreciation by Segment					
Mattress Fabrics	\$ 3,542	3,443	2.9 %		
Upholstery Fabrics	1,080	2,105	(48.7) %		
Subtotal	4,622	5,548	(16.7) %		
Accelerated Depreciation	2,090	-	100.0 %		
Total Depreciation	<u>6,712</u>	<u>5,548</u>	<u>21.0 %</u>		

Notes:

(1) See page 7 for detailed explanations of restructuring expense and restructuring related charges.

(2) The \$289 represents an impairment loss on older and existing equipment that is being replaced by newer and more efficient equipment. This impairment loss pertains to the mattress fabrics segment.

CULP, INC. FINANCIAL INFORMATION RELEASE
ADJUSTED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MAY 3, 2009 AND APRIL 27, 2008
(Unaudited)
(Amounts in Thousands, Except for Per Share Data)

THREE MONTHS ENDED

	As Reported				May 3, 2009		As Reported				April 27, 2008		Proforma % Over (Under)		
	May 3, 2009	% of Sales	Adjustments	% of Sales	Adjusted Results	% of Sales	April 27, 2008	% of Sales	Adjustments	% of Sales	Adjusted Results	% of Sales			
Net sales	\$ 47,762	100.0%	-		47,762	100.0%	63,998	100.0%	-		63,998	100.0%	-25.4%		
Cost of sales	39,408	82.5%	(15)	0.0%	(1)	39,393	82.5%	55,093	86.1%	(502)	-0.8%	(3)	54,591	85.3%	-27.8%
Gross profit	8,354	17.5%	(15)	0.0%		8,369	17.5%	8,905	13.9%	(502)	-0.8%		9,407	14.7%	-11.0%
Selling, general and administrative expenses	5,252	11.0%	-	0.0%		5,252	11.0%	6,698	10.5%	(4)	0.0%	(3)	6,694	10.5%	-21.5%
Restructuring expense	33	0.1%	(33)	-0.1%	(2)	-	0.0%	127	0.2%	(127)	-0.2%	(4)	-	0.0%	0.0%
Income from operations	3,069	6.4%	(48)	-0.1%		3,117	6.5%	2,080	3.3%	(633)	-1.0%		2,713	4.2%	14.9%
Interest expense	620	1.3%	-	0.0%		620	1.3%	595	0.9%	-	0.0%		595	0.9%	4.2%
Interest income	(14)	0.0%	-	0.0%		(14)	0.0%	(57)	-0.1%	-	0.0%		(57)	-0.1%	-75.4%
Other expense	251	0.5%	-	0.0%		251	0.5%	112	0.2%	-	0.0%		112	0.2%	124.1%
Income before income taxes	2,212	4.6%	(48)	-0.1%	(5)	2,260	4.7%	1,430	2.2%	(633)	-1.0%	(6)	2,063	3.2%	9.5%

Notes:

(1) The \$15 restructuring related charge represents \$57 for other operating costs associated with closed plant facilities and a credit of \$42 for inventory markdowns.

(2) The \$33 restructuring charge represents \$43 for lease termination and other exit costs and a credit of \$10 for employee termination benefits.

(3) The \$502 restructuring related charge represents \$469 for inventory markdowns and \$33 for other operating costs associated with closed plant facilities. The \$4 restructuring related charge represents other operating costs associated with closed plant facilities.

(4) The \$127 restructuring charge represents \$183 for employee termination benefits, \$21 for a write-down of equipment, \$5 for asset movement costs, a credit of \$3 for sales proceeds received on equipment with no carrying value, and a credit of \$79 for lease termination and other exit costs.

(5) Of this total charge, \$90 and \$42 represent a cash charge and a non-cash credit, respectively.

(6) Of this total charge, \$143 and \$490 represent cash and non-cash charges, respectively.

CULP, INC. FINANCIAL INFORMATION RELEASE
ADJUSTED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED MAY 3, 2009 AND APRIL 27, 2008
(Unaudited)
(Amounts in Thousands, Except for Per Share Data)

	TWELVE MONTHS ENDED														
	As Reported				May 3, 2009		As Reported				April 27, 2008		Proforma		
	May 3, 2009	% of Sales	Adjustments	% of Sales	Adjusted Results	% of Sales	April 27, 2008	% of Sales	Adjustments	% of Sales	Adjusted Results	% of Sales	% Over (Under)		
Net sales	\$ 203,938	100.0%	-		203,938	100.0%	254,046	100.0%	-		254,046	100.0%	-19.7%		
Cost of sales	<u>179,286</u>	87.9%	(3,597)	-1.8%	(1)	175,689	86.1%	<u>220,887</u>	86.9%	(1,957)	-0.8%	(3)	218,930	86.2%	-19.8%
Gross profit	<u>24,652</u>	12.1%	(3,597)	-1.8%		28,249	13.9%	<u>33,159</u>	13.1%	(1,957)	-0.8%		35,116	13.8%	-19.6%
Selling, general and administrative expenses	<u>19,751</u>	9.7%	(21)	0.0%	(1)	19,730	9.7%	<u>23,973</u>	9.4%	(69)	0.0%	(3)	23,904	9.4%	-17.5%
Restructuring expense	<u>9,471</u>	4.6%	(9,471)	-4.6%	(2)	-	0.0%	<u>886</u>	0.3%	(886)	-0.3%	(4)	-	0.0%	0.0%
(Loss) income from operations	<u>(4,570)</u>	-2.2%	(13,089)	-6.4%		8,519	4.2%	<u>8,300</u>	3.3%	(2,912)	-1.1%		11,212	4.4%	-24.0%
Interest expense	<u>2,359</u>	1.2%	-	0.0%		2,359	1.2%	<u>2,975</u>	1.2%	-	0.0%		2,975	1.2%	-20.7%
Interest income	<u>(89)</u>	0.0%	-	0.0%		(89)	0.0%	<u>(254)</u>	-0.1%	-	0.0%		(254)	-0.1%	-65.0%
Other expense	<u>43</u>	0.0%	-	0.0%		43	0.0%	<u>736</u>	0.3%	-	0.0%		736	0.3%	-94.2%
(Loss) income before income taxes	<u>(6,883)</u>	-3.4%	(13,089)	-6.4%	(5)	6,206	3.0%	<u>4,843</u>	1.9%	(2,912)	-1.1%	(6)	7,755	3.1%	-20.0%

Notes:

(1) The \$3.6 million restructuring related charge represents \$3.5 million for inventory markdowns and \$119 for other operating costs associated with closed plant facilities. The \$21 restructuring related charge represents other operating costs associated with closed plant facilities.

(2) The \$9.5 million restructuring charge represents \$8.0 million for write-downs of equipment and buildings, \$786 for employee termination benefits, and \$728 for lease termination and other exit costs.

(3) The \$1.9 million restructuring related charge represents \$1.0 million for inventory markdowns and \$954 for other operating costs associated with closed plant facilities. The \$69 restructuring related charge represents other operating costs associated with closed plant facilities.

(4) The \$886 restructuring charge represents \$533 for lease termination and other exit costs, \$503 for write-downs of buildings and equipment, \$189 for asset movement costs, \$23 for employee termination benefits, and a credit of \$362 for sales proceeds received on equipment with no carrying value.

(5) Of this total charge, \$1.6 million and \$11.5 million represent cash and non-cash charges, respectively.

(6) Of this total charge, \$1.4 million and \$1.5 million represent cash and non-cash charges, respectively.