UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported) August 30, 2017

Culp, Inc.

(Exact Name of Registrant as Specified in its Charter)

North Carolina	1-12597	56-1001967
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

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

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

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

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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This report and the exhibits attached hereto contain "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 21E 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, and we disclaim any duty to update such statements. 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 expectations for our future operations, production levels, sales, profit margins, profitability, operating income, capital expenditures, working capital levels, income taxes, SG&A or other expenses, pre-tax income, earnings, cash flow, and other performance measures, as well as any statements regarding potential acquisitions, future economic or industry trends or future developments. 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, as well as our success in finalizing acquisition negotiations. Decreases in these economic indicators could have a negative effect on our 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 us adversely. Changes in consumer tastes or preferences toward products not produced by us could erode demand for our products. Changes in the value of the U.S. dollar versus other currencies could affect our financial results because a significant portion of our operations are located outside the United States. Strengthening of the U.S. dollar against other currencies could make our 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 our sales of products produced in those places. Also, economic and political instability in international areas could affect our operations or sources of goods in those areas, as well as demand for our products in international markets. Further information about these factors, as well as other factors that could affect our future operations or financial results and the matters discussed in forward-looking statements, is included in Item 1A "Risk Factors" in our Form 10-K filed with the Securities and Exchange Commission on July 14, 2017 for the fiscal year ended April 30, 2017.

Item 2.02 – Results of Operations and Financial Condition

The information set forth in this Item 2.02 of this Current Report, and in Exhibits 99(a) and 99(b), is intended to be "furnished" under Item 2.02 of Form 8-K. Such information shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

On August 30, 2017, we issued a news release to announce our financial results for our first quarter ended July 30, 2017. The news release is attached hereto as Exhibit 99(a).

Also on August 30, 2017, we released a Financial Information Release containing additional financial information and disclosures about our first quarter ended July 30, 2017. 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 we define as net cash provided by operating activities, less cash capital expenditures, less investment in unconsolidated joint venture, plus any proceeds from sales of equipment, plus any proceeds from life insurance policies, less payments on our life insurance policy, less payments on vendor-financed capital expenditures, less the purchase of long-term investments associated with our Rabbi Trust, plus proceeds from the sale of long-term investments associated with our Rabbi Trust, and plus or minus the effects of exchange rate changes on cash and cash equivalents. Details of these calculations and a reconciliation to information from our GAAP financial statements are set forth in the Financial Information Release. 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, dividends, 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 may 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, and also for making decisions about dividend payments and share repurchases.

The news release and Financial Information Release contain disclosures about return on capital, both for the entire company and for individual business segments. We define return on capital as operating income (on an annualized basis if at a point other than the end of the fiscal year) divided by average capital employed. Operating income excludes certain non-recurring charges, and average capital employed is calculated over rolling two – five fiscal periods, depending on which quarter is being presented. Details of these calculations and a reconciliation to information from our GAAP financial statements are set forth in the Financial Information Release. We believe return on capital is an accepted measure of earnings efficiency in relation to capital employed, but it is a non-GAAP performance measure that is not defined or calculated in the same manner by all companies. This measure should not be considered in isolation or as an alternative to net income or other performance measures, but we believe it provides useful information to investors by comparing the operating income we produce to the asset base used to generate that income. Also, annualized operating income does not necessarily indicate results that would be expected for the full fiscal year. We note that, particularly for return on capital measured at the segment level, not all assets and expenses are allocated to our operating segments, and there are assets and expenses at the corporate (unallocated) level that may provide support to a segment's operations and yet are not included in the assets and expenses used to calculate that segment's return on capital. Thus, the average return on capital for the company's segments will generally be different from the company's overall return on capital. Management uses return on capital to evaluate the company's earnings efficiency and the relative performance of its segments.

The news release and Financial Information Release contain disclosures about our consolidated adjusted effective income tax rate, which is a non-GAAP liquidity measure that represents our estimated cash expenditures for income taxes. The consolidated adjusted effective income tax rate is calculated by eliminating the non-cash items that affect our GAAP income tax expense, including reductions in income taxes due to the utilization of our U.S. net operating loss (NOL) carryforwards, excess income tax benefits related to stock-based compensation, reversal of any uncertain income tax positions, and other non-cash foreign income tax expenses. Currently our income tax payments are not significant in the U.S. due to NOL carryforward amounts, and thus the consolidated adjusted effective income tax rate represents primarily income tax expense for our subsidiaries located in China and Canada. A reconciliation of our consolidated adjusted effective income tax rate to our consolidated effective GAAP income tax rate is set forth in the Financial Information Release. We believe this information is useful to investors because it demonstrates the amount of cash, as a percentage of income before income taxes, expected to be required to fund our income tax liabilities incurred for the periods reported. Our consolidated income tax expense on a GAAP basis can vary widely over different reporting periods due to the effects of non-cash items, and we believe the calculation of our consolidated adjusted effective tax rate is helpful in comparing financial reporting periods and the amount of income tax liability that we are or will be required to pay to taxing authorities in cash. We note that non-cash reductions in our U.S. NOL carryforwards are based on pre-tax losses in prior periods and will not be available to reduce taxes on current earnings once the NOL carryforward amounts are utilized (which is currently expected to occur in approximately one year). Management uses the consolidated adjusted effective income rate to analyze the effect that income tax expenditures are likely to have on cash balances and overall liquidity.

The news release and Financial Information Release contains disclosures about our Adjusted EBITDA, which is a non-GAAP performance measure that reflects net income excluding tax expenses and net interest expense, as well as depreciation and amortization expense and stock based compensation expense. Details of these calculations and a reconciliation to information from our GAAP financial statements is set forth in the Financial Information Release. We believe presentation of Adjusted EBITDA is useful to investors because earnings before interest, income taxes, depreciation and amortization, and similar performance measures that exclude certain charges from earnings, are often used by investors and financial analysts in evaluating and comparing companies in our industry. We note, however, that such measures are not defined uniformly by various companies, with differing expenses being excluded from net income to calculate these performance measures. For this reason, Adjusted EBITDA should not be viewed in isolation by investors and should not be used as a substitute for net income calculated in accordance with GAAP, nor should it be used for direct comparisons with similarly titled performance measures reported by other companies. Use of Adjusted EBITDA as an analytical tool has limitations in that this measure does not reflect all expenses that are necessary to fund and operate our business, including funds required to pay taxes, service our debt, and fund capital expenditures, among others. Management uses Adjusted EBITDA to help it analyze the company's earnings and operating performance, by excluding the effects of expenses that depend upon capital structure and debt level, tax provisions (which can be volatile for our company as described above), and non-cash items such as depreciation, amortization and stock based compensation expense that do not require immediate uses of cash.

Item 9.01 (d) -- Exhibits

99(a) News Release dated August 30, 2017

99(b) Financial Information Release dated August 30, 2017

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: August 30, 2017

EXHIBIT INDEX

Exhibit Number	Exhibit
99(a)	News Release dated August 30, 2017
99(b)	Financial Information Release dated August 30, 2017

Exhibit 99(a)

CULP

Investor Contact:	Kenneth R. Bowling Chief Financial Officer 336-881-5630	Media Contact:	Teresa A. Huffman Vice President, Human Resources 336-889-5161

CULP ANNOUNCES RESULTS FOR FIRST QUARTER FISCAL 2018

COMPANY SIGNS LETTER OF INTENT FOR CHINA MATTRESS FABRICS ACQUISITION

HIGH POINT, N.C. (August 30, 2017) ─ Culp, Inc. (NYSE: CULP) today reported financial and operating results for the first quarter ended July 30, 2017.

Fiscal 2018 First Quarter Highlights

§ Net sales were $79.5 million, down 1.4 percent over the prior year, with mattress fabrics sales down 4.2 percent and upholstery fabrics sales up 3.2 percent.

§ Pre-tax income was $6.7 million, compared with $8.5 million for the prior year period, which was an exceptionally strong quarter.

§ Net income was $5.0 million, or $0.40 per diluted share, compared with net income of $5.3 million, or $0.43 per diluted share, in the prior year period.

§ The company's financial position remained strong with total cash and investments of $51.7 million and $5.0 million outstanding on the company's line of credit as of July 30, 2017, for a net cash position of $46.7 million. (See summary of cash and investments table on page 6.)

§ The company paid a regular quarterly cash dividend of $0.08 per share and a special cash dividend of $0.21 per share during the quarter, totaling $3.6 million. Since June 2011, the company has returned a total of approximately $50 million to shareholders in the form of regular quarterly and special dividends and share repurchases.

§ The company has signed a non-binding letter of intent to acquire a mattress fabrics business located in China.

Financial Outlook

§ The projection for the second quarter of fiscal 2018 is for overall sales to be comparable to the same period last year. Pre-tax income is expected to be in the range of $5.4 million to $6.1 million. Pre-tax income for the second quarter of fiscal 2017 was $7.2 million.

§ The company's performance for the second half of fiscal 2018 is currently expected to be more in line with the results achieved during the second half of last fiscal year, excluding any impact from acquisitions.

Overview

For the first quarter ended July 30, 2017, net sales were $79.5 million, compared with $80.7 million a year ago. The company reported net income of $5.0 million, or $0.40 per diluted share, for the first quarter of fiscal 2018, compared with net income of $5.3 million, or $0.43 per diluted share, for the first quarter of fiscal 2017. The effective GAAP income tax rate was 24.3 percent for the first quarter of fiscal 2018, compared with 37.8 percent for the first quarter of last year. The rate decrease was primarily due to the excess income tax benefits realized on certain stock-based compensation awards and differences in the mix of earnings between the company's U.S. parent and foreign subsidiaries. The consolidated adjusted effective income tax rate was 15.5 percent for the first quarter of fiscal 2018, compared with 17.8 percent for the prior year. (A reconciliation of consolidated adjusted effective income tax rate to consolidated GAAP effective income tax rate is presented on page 7.)

Commenting on the results, Frank Saxon, president and chief executive officer of Culp, Inc., said, “Our sales were in line with expectations for the first quarter of fiscal 2018, down slightly compared with very strong first quarter sales a year ago. During the quarter, our performance was affected by an uncertain and weak retail environment for home furnishings and other market disruptions specifically related to the mattress industry. Our profitability was primarily affected by these issues and by cost pressures associated with the significant transitions in our mattress fabrics production facilities.

“Our strategic focus on creative designs, innovation and exceptional customer service continues to drive both businesses with a diverse product offering that meets changing customer style trends. To support this strategy, we have made significant investments in our mattress fabrics business with improved production and distribution capabilities that will enhance our ability to meet customer demand with outstanding service. We are also encouraged by the success of our customer diversification strategy in our upholstery fabrics business. Importantly, we have the financial strength to make the strategic investments to support our growth strategy, including acquisitions, and continue to return funds to our shareholders.”

Saxon added, “We are excited to announce the signing of a non-binding letter of intent to acquire a mattress fabrics business in China, subject to the completion of due diligence, negotiation of a definitive agreement and other conditions. This acquisition is expected to expand our market penetration in China and other parts of the world and also build upon our significant presence in China.”

Mattress Fabrics Segment

Mattress fabrics sales for the first quarter were $48.4 million, down 4.2 percent compared with $50.5 million for the first quarter of fiscal 2017, which was an exceptionally strong and record quarterly sales performance.

“Our sales for the first quarter reflect the ongoing uncertainties and weakness in the mattress industry compared with market conditions a year ago,” said Iv Culp, president of Culp’s mattress fabrics division. “While our sales were lower, we continued to outperform overall mattress industry sales trends. Our outstanding designs and innovative product offering, backed by exceptional customer service, provide a strong competitive advantage for Culp.

“In addition to the lower sales, our profitability and operating performance were also affected by several other factors during the quarter. As previously announced, we have been working through a period of major transition across our manufacturing operations. We completed the move of the majority of our knitting equipment to a new location in North Carolina during the quarter. At the same time, we relocated our entire mattress cover operation, CLASS, to a new facility during the last month of the quarter. Both of these significant moves created more disruption to our production process than we had anticipated, especially in a weaker sales environment. For the quarter, we also incurred one-time charges of approximately $375,000 in moving expenses and $235,000 for additional workman’s compensation expense. Even with the impact of the disruptions and one time charges, we still achieved solid profitability with a 13.1 percent operating margin.

“We remain on schedule with our previously announced joint venture mattress cover production facility in Haiti. We have finalized construction and implemented training activities, and we have already started mattress cover sample production. As planned, we expect to commence customer production activities in October. The new Haiti operation will complement our U.S. operations with additional capacity via a mirrored platform, enhancing our ability to meet customer demand and remain cost-competitive. The sales results for the quarter included a growing contribution from CLASS, and we are excited about the additional sales opportunities ahead for mattress covers. We continue to expand our business with both our traditional customers and new market segments, especially the fast growing internet bedding space.

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"Looking ahead, we see continued uncertainty in the mattress industry that could affect short-term demand trends and our operating performance. We also expect some continued impact on operating efficiencies in the second quarter related to the equipment relocations and production changes that occurred at the end of the first quarter. Overall, we expect to see solid improvement in our quarterly operating results as we move into the second half of fiscal 2018. We remain confident in our ability to execute our strategy with improved results, especially as the mattress industry begins to stabilize.

"Importantly, Culp has a solid competitive position across all product categories from fabric to sewn covers. Furthermore, we have worked hard over the past year to create a sustainable, efficient platform with enhanced capacity and distribution capabilities, and we look forward to the results from this platform in a stronger sales environment," said Culp

Proposed Mattress Fabrics China Acquisition

"We have identified an attractive acquisition candidate in the mattress fabrics business in China and have executed a non-binding letter of intent to acquire that company," added Culp. "The business to be acquired has annual revenues of approximately $12.0 million and pre-tax income of approximately $2.5 million. Other terms are not being disclosed at this time. We currently expect to fund the acquisition with cash and investments on hand without incurring any additional debt, with closing expected to occur within 90 days.

"We are excited about this opportunity as the proposed acquisition is expected to establish a beachhead for our mattress fabrics business in Asia, with sales growth potential to non-North American markets. It will also serve as a low-cost source for mattress fabrics being sold to North American bedding customers. Additionally, we believe this new platform provides opportunities for synergies with our current upholstery fabrics operations located at Culp China, which would include a substantial cut and sew operation that can serve both traditional bedding customers and the growing internet bedding market," noted Culp.

The company cautioned, however, that the current letter of intent is non-binding and remains subject to completion of due diligence, negotiation of a definitive purchase agreement, and other approvals, without which the acquisition will not occur.

Upholstery Fabrics Segment

Sales for this segment were $31.1 million for the first quarter, compared with sales of $30.2 million in the first quarter of fiscal 2017.

"Our upholstery fabrics sales were in line with expectations for the first quarter of fiscal 2018, with slightly higher sales compared with a strong first quarter sales performance a year ago," noted Boyd Chumbley, president of Culp's upholstery fabrics division. "As we have continued to face a weak retail environment for home furnishings, our ability to execute our product-driven strategy and diversify our customer base has been the key driver of our sales performance.

"Our creative designs and new product introductions continue to resonate with our global customer base. With our sustained focus on innovation, we have extended our market reach and expanded our sales with our latest offerings. Our 'performance' line of highly durable, stain-resistant upholstery fabrics has been well received by both traditional customers as well as new customers, with favorable sales trends. We also achieved meaningful sales growth in fabrics designed for the hospitality market, which accounted for a significantly higher percentage of our sales for the quarter. We are excited about the additional growth opportunities for this market as we focus on targeting a more diverse customer base. To further support this strategy, we are exploring potential acquisitions in the hospitality market that will complement our upholstery fabrics business, which is principally in the residential market.

"Our China platform supports our marketing efforts with the flexibility to adapt to changing customer demand trends with a diverse product mix of fabric styles and price points. China produced fabrics accounted for 95 percent of Culp's upholstery fabrics sales during the first quarter, the highest percentage to date for products derived from this platform.

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"Looking ahead, in spite of uncertain retail market conditions, we look forward to the opportunities for our upholstery fabrics business in fiscal 2018. We have the unique ability to leverage our flexible global platform as we pursue our same product-driven strategy and identify new customers. We believe Culp is well positioned to benefit from any uptick in consumer demand for home furnishings and more stable market conditions," added Chumbley.

Balance Sheet

"Maintaining a strong financial position is one of Culp's top priorities for fiscal 2018," added Ken Bowling, senior vice president and chief financial officer of Culp, Inc. "As of the end of the first quarter, we reported $51.7 million in total cash and investments and $5.0 million outstanding on the company's line of credit as of July 30, 2017, for a net cash position of $46.7 million. During the quarter, we spent $3.5 million on capital expenditures, including vendor financed payments, and $3.6 million on special and regular dividends. Consistent with the first quarter last year, the company borrowed funds for working capital requirements at the beginning of the fiscal year and expects to reduce this outstanding debt as soon as possible.

"In line with our capital allocation strategy, the company paid a $0.21 per share special dividend during the first quarter, along with the regular quarterly dividend of $0.08 per share, totaling $3.6 million," said Bowling.

Dividends and Share Repurchases

The company also announced that the Board of Directors approved the payment of the company's quarterly cash dividend of $0.08 per share. This payment will be made on October 16, 2017, to shareholders of record as of October 2, 2017. Future dividend payments are subject to Board approval and may be adjusted at the Board's discretion as business needs or market conditions change.

The company did not repurchase any shares during the first quarter of fiscal 2018, leaving $5.0 million available under the share repurchase program approved by the Board in June 2016.

Since June 2011, the company has returned approximately $50.0 million to shareholders in the form of regular quarterly and special dividends and share repurchases.

Financial Outlook

Commenting on the outlook for the second quarter of fiscal 2018, Bowling remarked, "We expect overall sales to be comparable with the second quarter of last year.

"We expect sales in our mattress fabrics segment to be comparable with the second quarter in fiscal 2017. Operating income and margins are expected to be moderately lower compared to the same period a year ago, as we continue to face uncertain business conditions and work to return to normal operating efficiencies and production schedules.

"In our upholstery fabrics segment, we expect sales to be slightly higher as compared to the same time last year. Operating income and margins are expected to be slightly higher compared with the same period a year ago.

"Considering these factors, the company expects to report pre-tax income for the second fiscal quarter of 2018 in the range of $5.4 million to $6.1 million. Pre-tax income for last year's second quarter was $7.2 million. Our performance for the second half of fiscal 2018 is currently expected to be more in line with the results achieved during the second half of last fiscal year, excluding any impact from acquisitions.

"With respect to the full year, capital expenditures for fiscal 2018, including vendor financed payments, are currently expected to be comparable to the previous year and mostly related to additional improvement projects for mattress fabrics. Additionally, the company expects another good year of free cash flow, even with the expected level of capital expenditures and modest growth in working capital," added Bowling.

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About the Company

Culp, Inc. is one of the world's largest marketers of mattress fabrics for bedding and upholstery fabrics for residential and commercial furniture. The company markets a variety of fabrics to its global customer base of leading bedding and furniture companies, including fabrics produced at Culp's manufacturing facilities and fabrics sourced through other suppliers. Culp has operations located in the United States, Canada, China and Haiti.

This release contains "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 21E 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, and we disclaim any duty to update such statements. 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 expectations for our future operations, production levels, sales, profit margins, profitability, operating income, capital expenditures, working capital levels, income taxes, SG&A or other expenses, pre-tax income, earnings, cash flow, and other performance measures, as well as any statements regarding potential acquisitions, future economic or industry trends or future developments. 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, as well as our success in finalizing acquisition negotiations. Decreases in these economic indicators could have a negative effect on our 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 us adversely. Changes in consumer tastes or preferences toward products not produced by us could erode demand for our products. Changes in the value of the U.S. dollar versus other currencies could affect our financial results because a significant portion of our operations are located outside the United States. Strengthening of the U.S. dollar against other currencies could make our 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 our sales of products produced in those places. Also, economic and political instability in international areas could affect our operations or sources of goods in those areas, as well as demand for our products in international markets. Further information about these factors, as well as other factors that could affect our future operations or financial results and the matters discussed in forward-looking statements, is included in Item 1A "Risk Factors" in our Form 10-K filed with the Securities and Exchange Commission on July 14, 2017, for the fiscal year ended April 30, 2017. In addition, please note that the company is not responsible for changes made to this release by wire services, internet services, or other media.

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CULP, INC.
Condensed Financial Highlights
(Unaudited)

	Three Months Ended	
	July 30, 2017	**July 31, 2016**
Net sales	$ 79,533,000	$ 80,682,000
Income before income taxes	$ 6,742,000	$ 8,546,000
Net income	$ 4,984,000	$ 5,313,000
Net income per share:		
Basic	$ 0.40	$ 0.43
Diluted	$ 0.40	$ 0.43
Average shares outstanding:		
Basic	12,399,000	12,286,000
Diluted	12,590,000	12,463,000

Summary of Cash and Investments
(Unaudited)
(Amounts in thousands)

	Amounts		
	July 30, 2017	July 31, 2016	April 30, 2017*
Cash and cash equivalents	**$ 18,322**	$ 45,549	$ 20,795
Short-term investments	**2,469**	2,434	2,443
Long-term investments (Held-To-Maturity)	**30,907**	-	30,945
Total Cash and Investments	**$ 51,698**	$ 47,983	$ 54,183

** Derived from audited financial statements.*

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Consolidated Adjusted Effective Income Tax Rate
For the Three Months Ended July 30, 2017, and July 31, 2016
(Unaudited)
(Amounts in thousands)

		THREE MONTHS ENDED	
		Amounts	
		July 30, 2017	July 31, 2016
Consolidated Effective GAAP Income Tax Rate	(1)	**24.3%**	37.8%
Non-Cash U.S. Income Tax Expense		**(17.0)%**	(19.6)%
Excess income tax benefits related to stock-based compensation		**8.2%**	-
Other Non-Cash Foreign Income Tax Expense		-	(0.4)%
Consolidated Adjusted Effective Income Tax Rate	(2)	**15.5%**	17.8%

(1) Calculated by dividing consolidated income tax expense by consolidated income before income taxes.

(2) Represents estimated cash income tax expense for our subsidiaries located in Canada and China divided by consolidated income before income taxes.

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Reconciliation of Free Cash Flow
For the Three Months Ended July 30, 2017, and July 31, 2016
(Unaudited)
(Amounts in thousands)

	Three Months Ended July 30, 2017	Three Months Ended July 31, 2016
Net cash provided by operating activities	$ 2,404	$ 6,199
Minus: Capital Expenditures	(2,260)	(3,139)
Minus: Investment in unconsolidated joint venture	(489)	-
Minus: Payments on vendor-financed capital expenditures	(1,250)	-
Plus: Proceeds from the sale of long-term investments (Rabbi Trust)	49	-
Minus: Purchase of long-term investments (Rabbi Trust)	(1,267)	(559)
Effect of exchange rate changes on cash and cash equivalents	90	(4)
Free Cash Flow	$ (2,723)	$ 2,497

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Reconciliation of Return on Capital
For the Three Months Ended July 30, 2017, and July 31, 2016
(Unaudited)
(Amounts in thousands)

	Three Months Ended July 30, 2017	Three Months Ended July 31, 2016
Consolidated Income from Operations	$ 6,964	$ 8,673
Average Capital Employed (2)	103,326	92,478
Return on Average Capital Employed (1)	27.0%	37.5%

Average Capital Employed

	July 30, 2017	April 30, 2017
Total assets	$ 207,904	$ 205,634
Total liabilities	(58,227)	(57,004)
Subtotal	$ 149,677	$ 148,630
Less:		
Cash and cash equivalents	(18,322)	(20,795)
Short-term investments	(2,469)	(2,443)
Long-term investments - Held-to-Maturity	(30,907)	(30,945)
Long-term investments - Rabbi Trust	(6,714)	(5,466)
Deferred income taxes - non-current	(436)	(419)
Income taxes payable - current	884	287
Income taxes payable - long-term	487	467
Deferred income taxes - non-current	4,253	3,593
Line of credit	5,000	-
Deferred compensation	6,769	5,520
Total Capital Employed	$ 108,222	$ 98,429
Average Capital Employed (2)	$ 103,326	

	July 31, 2016	May 1, 2016
Total assets	$ 183,360	$ 175,142
Total liabilities	(51,925)	(46,330)
Subtotal	$ 131,435	$ 128,812
Less:		
Cash and cash equivalents	(45,549)	(37,787)
Short-term investments	(2,434)	(4,359)
Long-term investments - Rabbi Trust	(4,611)	(4,025)
Income taxes receivable	-	(155)
Deferred income taxes - non-current	(1,942)	(2,319)
Income taxes payable - current	358	180
Income taxes payable - long-term	3,779	3,841
Deferred income taxes - non-current	1,532	1,483
Line of credit	7,000	-
Deferred compensation	5,031	4,686
Total Capital Employed	$ 94,599	$ 90,357
Average Capital Employed (2)	$ 92,478	

Notes:

(1) Return on average capital employed represents operating income for the three month periods ending July 30, 2017 and July 31, 2016 times four quarters to arrive at an annualized value then divided by average capital employed. Average capital employed does not include cash and cash equivalents, short-term investments, long-term investments (Held-To-Maturity), long-term investments (Rabbi Trust), noncurrent deferred income tax assets and liabilities, income taxes receivable and payable, line of credit, and deferred compensation.

(2) Average capital employed used for three months ending July 30, 2017 was computed using two quarterly periods ending July 30, 2017 and April 30, 2017.
Average capital employed used for three months ending July 31, 2016 was computed using two quarterly periods ending July 31, 2016 and May 1, 2016.

-END-

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF NET INCOME
FOR THREE MONTHS ENDED JULY 30, 2017 AND JULY 31, 2016
(UNAUDITED)
(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED				
	Amounts			Percent of Sales	
	July 30, 2017	July 31, 2016	% Over (Under)	**July 30, 2017**	July 31, 2016
Net sales	**$ 79,533**	80,682	(1.4)%	**100.0%**	100.0%
Cost of sales	**63,068**	62,263	1.3%	**79.3%**	77.2%
Gross profit	**16,465**	18,419	(10.6)%	**20.7%**	22.8%
Selling, general and administrative expenses	**9,501**	9,746	(2.5)%	**11.9%**	12.1%
Income from operations	**6,964**	8,673	(19.7)%	**8.8%**	10.7%
Interest income	**(131)**	(25)	424.0%	**(0.2)%**	(0.0)%
Other expense	**353**	152	132.2%	**0.4%**	0.2%
Income before income taxes	**6,742**	8,546	(21.1)%	**8.5%**	10.6%
Income taxes	**1,640**	3,233	(49.3)%	**24.3%**	37.8%
Loss from investment in unconsolidated joint venture	**118**	-	100.0%	**0.1%**	0.0%
Net income	**$ 4,984**	5,313	(6.2)%	**6.3%**	6.6%
Net income per share-basic	**$ 0.40**	$ 0.43	(7.0)%		
Net income per share-diluted	**$ 0.40**	$ 0.43	(7.0)%		
Average shares outstanding-basic	**12,399**	12,286	0.9%		
Average shares outstanding-diluted	**12,590**	12,463	1.0%		

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED BALANCE SHEETS
JULY 30, 2017, JULY 31, 2016, AND APRIL 30, 2017
Unaudited
(Amounts in Thousands)

	Amounts		Increase (Decrease)		
	July 30, 2017	July 31, 2016	Dollars	Percent	* April 30, 2017
Current assets					
Cash and cash equivalents	$ **18,322**	45,549	(27,227)	(59.8)%	20,795
Short-term investments	**2,469**	2,434	35	1.4%	2,443
Accounts receivable	**22,140**	22,690	(550)	(2.4)%	24,577
Inventories	**55,227**	48,131	7,096	14.7%	51,482
Other current assets	**3,441**	2,294	1,147	50.0%	2,894
Total current assets	**101,599**	121,098	(19,499)	(16.1)%	102,191
Property, plant & equipment, net	**52,912**	41,745	11,167	26.8%	51,651
Goodwill	**11,462**	11,462	-	0.0%	11,462
Deferred income taxes	**436**	1,942	(1,506)	(77.5)%	419
Long-term Investments - Held-To-Maturity	**30,907**	-	30,907	100.0%	30,945
Long-term Investments - Rabbi Trust	**6,714**	4,611	2,103	45.6%	5,466
Investment in unconsolidated joint venture	**1,477**	-	1,477	100.0%	1,106
Other assets	**2,397**	2,502	(105)	(4.2)%	2,394
Total assets	$ **207,904**	183,360	24,544	13.4%	205,634
Current liabilities					
Accounts payable - trade	$ **29,112**	26,708	2,404	9.0%	29,101
Accounts payable - capital expenditures	**5,647**	627	5,020	800.6%	4,767
Accrued expenses	**6,075**	6,890	(815)	(11.8)%	11,947
Income taxes payable - current	**884**	358	526	146.9%	287
Total current liabilities	**41,718**	34,583	7,135	20.6%	46,102
Line of credit	**5,000**	7,000	(2,000)	(28.6)%	-
Accounts payable - capital expenditures	-	-	-	0.0%	1,322
Income taxes payable - long-term	**487**	3,779	(3,292)	(87.1)%	467
Deferred income taxes	**4,253**	1,532	2,721	177.6%	3,593
Deferred compensation	**6,769**	5,031	1,738	34.5%	5,520
Total liabilities	**58,227**	51,925	6,302	12.1%	57,004
Shareholders' equity	**149,677**	131,435	18,242	13.9%	148,630
Total liabilities and shareholders' equity	$ **207,904**	183,360	24,544	13.4%	205,634
Shares outstanding	**12,441**	12,307	134	1.1%	12,357

** Derived from audited financial statements.*

CULP, INC. FINANCIAL INFORMATION RELEASE
SUMMARY OF CASH AND INVESTMENTS
JULY 30, 2017 AND JULY 31, 2016, AND APRIL 30, 2017
Unaudited
(Amounts in Thousands)

	Amounts		
	July 30, 2017	July 31, 2016	April 30, 2017*
Cash and cash equivalents	**$ 18,322**	$ 45,549	$ 20,795
Short-term investments	**2,469**	2,434	2,443
Long-term investments (Held-To-Maturity)	**30,907**	-	30,945
Total Cash and Investments	**$ 51,698**	$ 47,983	$ 54,183

* *Derived from audited financial statements.*

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JULY 30, 2017 AND JULY 31, 2016
Unaudited
(Amounts in Thousands)

	THREE MONTHS ENDED		
	Amounts		
	July 30, 2017	July 31, 2016	
Cash flows from operating activities:			
Net income	$ **4,984**	5,313	
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	**1,807**	1,761	
Amortization of assets	**82**	52	
Stock-based compensation	**757**	761	
Deferred income taxes	**643**	593	
Realized loss on sale of short-term investments	**-**	12	
Loss on sale of equipment	**-**	9	
Loss from investment in unconsolidated joint venture	**118**	-	
Foreign currency exchange loss (gain)	**35**	(62)	
Changes in assets and liabilities:			
Accounts receivable	**2,524**	611	
Inventories	**(3,539)**	(1,808)	
Other current assets	**(467)**	158	
Other assets	**(47)**	19	
Accounts payable	**(397)**	3,036	
Accrued expenses and deferrred compensation	**(4,704)**	(4,631)	
Income taxes	**608**	375	
Net cash provided by operating activities	**2,404**	6,199	(2)
Cash flows from investing activities:			
Capital expenditures	**(2,260)**	(3,139)	
Investment in unconsolidated joint venture	**(489)**	-	
Proceeds from the sale of short-term investments	**-**	2,000	
Purchase of short-term investments	**(12)**	(21)	
Proceeds from the sale of long-term investments (Rabbi Trust)	**49**	-	
Purchase of long-term investments (Rabbi Trust)	**(1,267)**	(559)	
Net cash used in investing activities	**(3,979)**	(1,719)	
Cash flows from financing activities:			
Proceeds from line of credit	**5,000**	7,000	
Payments on vendor-financed capital expenditures	**(1,250)**	-	
Dividends paid	**(3,608)**	(3,445)	
Common stock surrendered for withholding taxes payable	**(1,135)**	(280)	
Proceeds from common stock issued	**5**	11	
Net cash (used in) provided by financing activities	**(988)**	3,286	(2)
Effect of exchange rate changes on cash and cash equivalents	**90**	(4)	
(Decrease) increase in cash and cash equivalents	**(2,473)**	7,762	
Cash and cash equivalents at beginning of period	**20,795**	37,787	
Cash and cash equivalents at end of period	$ **18,322**	45,549	
Free Cash Flow (1)	$ **(2,723)**	2,497	(2)

(1) Free Cash Flow reconciliation is as follows:

	FY 2018	FY 2017
A) Net cash provided by operating activities	$ **2,404**	6,199
B) Minus: Capital Expenditures	**(2,260)**	(3,139)
C) Minus: Investment in unconsolidated joint venture	**(489)**	-
D) Minus: Payments on vendor-financed capital expenditures	**(1,250)**	-
E) Plus: Proceeds from the sale of long-term investments (Rabbi Trust)	**49**	-

F) Minus: Purchase of long-term investments (Rabbi Trust)	**(1,267)**	(559)
G) Effects of exchange rate changes on cash and cash equivalents	**90**	(4)
	$ (2,723)	2,497

(2) During the first quarter of fiscal 2018, we adopted ASU No. 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." Accordingly, we reclassified certain amounts on our Statement of Cash Flows for the three months ended July 31, 2016 to conform to the current year's presentation. As a result, our net cash provided by operating activities increased by $447 which was fully offset by a corresponding decrease of $447 to our net cash provided by financing activities. Additionally, our free cash flow increased $280.

CULP, INC. FINANCIAL INFORMATION RELEASE
STATEMENTS OF OPERATIONS BY SEGMENT
FOR THE THREE MONTHS ENDED JULY 30, 2017 AND JULY 31, 2016
(Unaudited)
(Amounts in thousands)

	THREE MONTHS ENDED				
	Amounts			Percent of Total Sales	
Net Sales by Segment	**July 30, 2017**	July 31, 2016	% Over (Under)	**July 30, 2017**	July 31, 2016
Mattress Fabrics	$ **48,429**	50,530	(4.2)%	**60.9%**	62.6%
Upholstery Fabrics	**31,104**	30,152	3.2%	**39.1%**	37.4%
Net Sales	$ **79,533**	80,682	(1.4)%	**100.0%**	100.0%
Gross Profit by Segment				Gross Profit Margin	
Mattress Fabrics	$ **9,760**	11,901	(18.0)%	**20.2%**	23.6%
Upholstery Fabrics	**6,705**	6,518	2.9%	**21.6%**	21.6%
Gross Profit	$ **16,465**	18,419	(10.6)%	**20.7%**	22.8%
Selling, General and Administrative expenses by Segment				Percent of Sales	
Mattress Fabrics	$ **3,391**	3,499	(3.1)%	**7.0%**	6.9%
Upholstery Fabrics	**3,811**	3,534	7.8%	**12.3%**	11.7%
Unallocated Corporate expenses	**2,299**	2,713	(15.3)%	**2.9%**	3.4%
Selling, General and Administrative Expenses	$ **9,501**	9,746	(2.5)%	**11.9%**	12.1%
Operating Income (loss) by Segment				Operating Income (Loss) Margin	
Mattress Fabrics	$ **6,368**	8,402	(24.2)%	**13.1%**	16.6%
Upholstery Fabrics	**2,895**	2,984	(3.0)%	**9.3%**	9.9%
Unallocated corporate expenses	**(2,299)**	(2,713)	(15.3)%	**(2.9)%**	(3.4)%
Operating Income	$ **6,964**	8,673	(19.7)%	**8.8%**	10.7%
Return on Capital (1)					
Mattress Fabrics	**29.7%**	44.4%			
Upholstery Fabrics	**65.2%**	69.7%			
Unallocated Corporate	**N/A**	N/A			
Consolidated	**27.0%**	37.5%			
Capital Employed (2)					
Mattress Fabrics	$ **87,835**	76,646	14.6%		
Upholstery Fabrics	**19,508**	17,221	13.3%		
Unallocated Corporate	**879**	732	N/A		
Consolidated	$ **108,222**	94,599	14.4%		
Depreciation expense by Segment					
Mattress Fabrics	$ **1,612**	1,556	3.6%		
Upholstery Fabrics	**195**	205	(4.9)%		
Depreciation expense	$ **1,807**	1,761	2.6%		

Notes:

(1) See pages 7 and 8 of this financial information release for calculations.

(2) The capital employed balances are as of July 30, 2017 and July 31, 2016.

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF ADJUSTED EBITDA
FOR THE TWELVE MONTHS ENDED JULY 30, 2017 AND JULY 31, 2016
(UNAUDITED)
(AMOUNTS IN THOUSANDS)

	Quarter Ended				Trailing 12 Months
	10/30/2016	1/29/2017	4/30/2017	7/30/2017	7/30/2017
Net income	$ 4,475	$ 6,347	$ 6,198	$ 4,984	$ 22,004
Income taxes	2,684	643	778	1,640	5,745
Interest income, net	(15)	(124)	(134)	(131)	(404)
Depreciation and amortization expense	1,778	1,875	1,863	1,889	7,405
Stock based compensation	896	962	739	757	3,354
Adjusted EBITDA	$ 9,818	$ 9,703	$ 9,444	$ 9,139	$ 38,104

	Quarter Ended				Trailing 12 Months
	11/1/2015	1/31/2016	5/1/2016	7/31/2016	7/31/2016
Net income	$ 3,771	$ 4,862	$ 3,601	$ 5,313	$ 17,547
Income taxes	2,373	2,317	3,566	3,233	11,489
Interest income, net	(69)	(38)	(26)	(25)	(158)
Depreciation and amortization expense	1,668	1,741	1,830	1,813	7,052
Stock based compensation	1,074	625	778	761	3,238
Adjusted EBITDA	$ 8,817	$ 9,507	$ 9,749	$ 11,095	$ 39,168
% Over (Under)	11.4%	2.1%	-3.1%	-17.6%	-2.7%

CULP, INC. FINANCIAL INFORMATION RELEASE
RETURN ON CAPITAL EMPLOYED BY SEGMENT
FOR THE THREE MONTHS ENDED JULY 30, 2017
(Amounts in Thousands)
(Unaudited)

	Operating Income Three Months Ended July 30, 2017 (1)	Average Capital Employed (3)	Return on Avg. Capital Employed (2)
Mattress Fabrics	$ 6,368	$ 85,629	29.7%
Upholstery Fabrics	2,895	17,757	65.2%
(less: Unallocated Corporate)	(2,299)	(60)	N/A
Total	$ 6,964	$ 103,326	27.0%

Average Capital Employed	**As of the three Months Ended July 30, 2017**				**As of the three Months Ended April 30, 2017**			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets	$ 112,112	$ 34,491	$ 61,301	$ 207,904	$ 111,041	$ 32,255	$ 62,338	$ 205,634
Total liabilities	(24,277)	(14,983)	(18,967)	(58,227)	(27,619)	(16,249)	(13,136)	(57,004)
Subtotal	$ 87,835	$ 19,508	$ 42,334	$ 149,677	$ 83,422	$ 16,006	$ 49,202	$ 148,630
Less:								
Cash and cash equivalents	-	-	(18,322)	(18,322)	-	-	(20,795)	(20,795)
Short-term investments	-	-	(2,469)	(2,469)	-	-	(2,443)	(2,443)
Long-term investments (Held-To-Maturity)			(30,907)	(30,907)			(30,945)	(30,945)
Long-term investments (Rabbi Trust)	-	-	(6,714)	(6,714)	-	-	(5,466)	(5,466)
Deferred income taxes - non-current	-	-	(436)	(436)	-	-	(419)	(419)
Income taxes payable - current	-	-	884	884	-	-	287	287
Income taxes payable - long-term	-	-	487	487	-	-	467	467
Deferred income taxes - non-current	-	-	4,253	4,253	-	-	3,593	3,593
Line of credit	-	-	5,000	5,000	-	-	-	-
Deferred compensation	-	-	6,769	6,769	-	-	5,520	5,520
Total Capital Employed	$ 87,835	$ 19,508	$ 879	$ 108,222	$ 83,422	$ 16,006	$ (999)	$ 98,429

	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Average Capital Employed (3)	$ 85,629	$ 17,757	$ (60)	$ 103,326

Notes:

(1) See reconciliation per page 5 of this financial information release.

(2) Return on average capital employed represents operating income for the three month period ending July 30, 2017 times four quarters to arrive at an annualized value then divided by average capital employed. Average capital employed does not include cash and cash equivalents, short-term investments, long-term investments (Held-To-Maturity), long-term investments (Rabbi Trust), noncurrent deferred income tax assets and liabilities, income taxes receivable and payable, line of credit, and deferred compensation.

(3) Average capital employed was computed using the two periods ending July 30, 2017 and April 30, 2017.

CULP, INC. FINANCIAL INFORMATION RELEASE
RETURN ON CAPITAL EMPLOYED BY SEGMENT
FOR THE THREE MONTHS ENDED JULY 31, 2016
(Amounts in Thousands)
(Unaudited)

	Operating Income Three Months Ended July 31, 2016 (1)	Average Capital Employed (3)	Return on Avg. Capital Employed (2)
Mattress Fabrics	$ 8,402	$ 75,642	44.4%
Upholstery Fabrics	2,984	17,123	69.7%
(less: Unallocated Corporate)	(2,713)	(287)	N/A
Total	$ 8,673	$ 92,478	37.5%

Average Capital Employed	**As of the three Months Ended July 31, 2016**				**As of the three Months Ended May 1, 2016**			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets	$ 92,959	$ 33,550	$ 56,851	$ 183,360	$ 94,878	$ 29,463	$ 50,801	$ 175,142
Total liabilities	(16,313)	(16,329)	(19,283)	(51,925)	(20,241)	(12,438)	(13,651)	(46,330)
Subtotal	$ 76,646	$ 17,221	$ 37,568	$ 131,435	$ 74,637	$ 17,025	$ 37,150	$ 128,812
Less:								
Cash and cash equivalents	-	-	(45,549)	(45,549)	-	-	(37,787)	(37,787)
Short-term investments	-	-	(2,434)	(2,434)	-	-	(4,359)	(4,359)
Long-term investments (Rabbi Trust)	-	-	(4,611)	(4,611)	-	-	(4,025)	(4,025)
Income taxes receivable	-	-	-	-	-	-	(155)	(155)
Deferred income taxes - non-current	-	-	(1,942)	(1,942)	-	-	(2,319)	(2,319)
Income taxes payable - current	-	-	358	358	-	-	180	180
Income taxes payable - long-term	-	-	3,779	3,779	-	-	3,841	3,841
Deferred income taxes - non-current	-	-	1,532	1,532	-	-	1,483	1,483
Line of credit	-	-	7,000	7,000	-	-	-	-
Deferred compensation	-	-	5,031	5,031	-	-	4,686	4,686
Total Capital Employed	$ 76,646	$ 17,221	$ 732	$ 94,599	$ 74,637	$ 17,025	$ (1,305)	$ 90,357

	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Average Capital Employed (3)	$ 75,642	$ 17,123	$ (287)	$ 92,478

Notes:

(1) See reconciliation per page 5 of this financial information release.

(2) Return on average capital employed represents operating income for the three month period ending July 31, 2016 times four quarters to arrive at an annualized value then divided by average capital employed. Average capital employed does not include cash and cash equivalents, short-term investments, long-term investments (Rabbi Trust), noncurrent deferred income tax assets and liabilities, income taxes receivable and payable, line of credit, and deferred compensation.

(3) Average capital employed was computed using the two periods ending July 31, 2016 and May 1, 2016.

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED ADJUSTED EFFECTIVE INCOME TAX RATE
FOR THE THREE MONTHS ENDED JULY 30, 2017 AND JULY 31, 2016
Unaudited
(Amounts in Thousands)

		THREE MONTHS ENDED	
		Amounts	
		July 30, 2017	July 31, 2016
Consolidated Effective GAAP Income Tax Rate	(1)	**24.3%**	37.8%
Non-Cash U.S. Income Tax Expense		**(17.0)%**	(19.6)%
Excess income tax benefits related to stock-based compensation		**8.2%**	-
Other Non-Cash Foreign Income Tax Expense		-	(0.4)%
Consolidated Adjusted Effective Income Tax Rate	(2)	**15.5%**	17.8%

(1) Calculated by dividing consolidated income tax expense by consolidated income before income taxes.

(2) Represents estimated cash income tax expense for our subsidiaries located in Canada and China divided by consolidated income before income taxes.