

**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) November 27, 2012

Culp, Inc.

(Exact Name of Registrant as Specified in its Charter)

North Carolina

(State or Other Jurisdiction
of Incorporation)

1-12597

(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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INDEX

	<u>Page</u>
Item 2.02 – Results of Operations and Financial Condition	3
Item 9.01(d) - Exhibits	4
Signature	5
Exhibits	6

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 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, 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, gross profit margins, operating income, SG&A or other expenses, earnings, and other performance measures, as well as any statements regarding 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. 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, are included in Item 1A “Risk Factors” section in our Form 10-K filed with the Securities and Exchange Commission on July 12, 2012 for the fiscal year ended April 29, 2012.

Item 2.02 – Results of Operations and Financial Condition

On November 27, 2012, we issued a news release to announce our financial results for the second quarter and the six months ended October 28, 2012. The news release is attached hereto as Exhibit 99(a).

Also on November 27, 2012, we released a Financial Information Release containing additional financial information and disclosures about our second quarter and six months ended October 28, 2012. 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, plus any proceeds from sales of fixed assets, and 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 is 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 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.

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 is 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 adjustments to valuation allowances for deferred tax assets, reductions in income taxes due to net operating loss (NOL) carry forwards, and non-cash foreign income tax expenses. Currently we do not pay income taxes in the U.S. due to NOL carryforward amounts, and thus the consolidated adjusted effective income tax rate represents 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 also note that, because the consolidated adjusted effective income tax rate used to calculate adjusted net income is based on annualized amounts and estimates, adjusted net income for any quarter or year-to-date period does not necessarily indicate results that could be expected for the full fiscal year. In addition, 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. 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 net income, which is a non-GAAP performance measure that incorporates the consolidated adjusted effective income tax rate discussed in the preceding paragraph. Adjusted net income is calculated by multiplying the consolidated adjusted effective income tax rate by the amount of income before income taxes shown on our income statement. Because the consolidated adjusted effective income tax rate eliminates non-cash items that affect our GAAP income tax expense, adjusted net income is intended to demonstrate the amount of net income that would be generated by our operations if only the cash portions of our income tax expense are deducted from income before income taxes. As noted above, our consolidated income tax expense on a GAAP basis can vary widely over different reporting periods due to the effect of non-cash items, and we believe the calculation of adjusted net income is useful to investors because it eliminates these items and aids in the analysis of comparable financial periods by reflecting the amount of earnings available after the deduction of tax liabilities that are paid in cash. Adjusted net income should not be viewed in isolation by investors and should not be used as a substitute for net income calculated in accordance with GAAP. We also note that, because the consolidated adjusted effective income tax rate used to calculate adjusted net income is based on annualized amounts and estimates, adjusted net income for any quarter or year-to-date period does not necessarily indicate results that could be expected for the full fiscal year. In addition, the limitations on the usefulness of consolidated adjusted effective income tax rates described in the preceding paragraph also apply to the usefulness of adjusted net income, since consolidated adjusted effective income tax rates are used to calculate adjusted net income. Management uses adjusted net income to help it analyze the company's earnings and performance after taking certain tax matters into account when comparing comparable quarterly and year-to-date periods.

Item 9.01 (d) -- Exhibits

99(a) News Release dated November 27, 2012

99(b) Financial Information Release dated November 27, 2012

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: November 27, 2012

EXHIBIT INDEX

Exhibit Number

Exhibit

99(a)	News Release dated November 27, 2012
99(b)	Financial Information Release dated November 27, 2012



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 SECOND QUARTER FISCAL 2013

Company Announces Special Cash Dividend and Accelerates Payment of Quarterly Cash Dividend

HIGH POINT, N.C. (November 27, 2012) — Culp, Inc. (NYSE: CFI) today reported financial and operating results for the second quarter and six months ended October 28, 2012.

Fiscal 2013 Second Quarter Highlights:

- Net sales were \$65.6 million, up 13.0 percent, with mattress fabric sales up 12.6 percent and upholstery fabric sales up 13.6 percent, as compared with the same quarter last year.
- Pre-tax income was \$4.5 million, up from \$2.9 million in the second quarter of fiscal 2012.
- Adjusted net income (non-GAAP) was \$3.9 million, or \$0.31 per diluted share, for the current quarter, compared with \$2.3 million, or \$0.18 per diluted share, for the prior year period. (Adjusted net income is calculated using estimated cash income tax expense. See the reconciliation to net income on page 7).
- Net income (GAAP) was \$8.3 million, or \$0.67 per diluted share, compared with net income of \$6.3 million, or \$0.49 per diluted share, in the prior year period. Net income for the second quarter of fiscal 2013 included an income tax benefit of \$3.7 million, while net income for the second quarter of fiscal 2012 included an income tax benefit of \$3.4 million.
- The company's financial position remained strong with a total cash position of \$28.7 million and total debt of \$7.7 million as of October 28, 2012, even after spending \$4.6 million on stock repurchases and making a \$2.6 million principal and interest payment during the quarter.
- The company repurchased 455,299 shares during the quarter for a total of \$4.6 million.
- The company announced today the payment of a special cash dividend of \$0.50 per share, and the acceleration of payment of the scheduled January 2013 quarterly cash dividend of \$0.03 per share, both payable in December 2012.

Fiscal 2013 Year to Date Highlights

- Year to date sales were \$134.7 million, up 13.9 percent from the same period a year ago, with mattress fabrics segment sales up 15.2 percent and upholstery fabrics segment sales up 12.2 percent over the same period a year ago.
- Year to date pre-tax income was \$9.9 million, up from \$5.8 million for the same period last year.
- Year to date adjusted net income (non-GAAP) was \$8.4 million, or \$0.67 per diluted share, compared with \$4.8 million, or \$0.37 per diluted share, for the prior year period.
- Net income (GAAP) was \$11.8 million, or \$0.94 per diluted share, compared with net income of \$8.1 million, or \$0.62 per diluted share, for the same period a year ago. Year to date net income included a \$1.9 million income tax benefit, while net income for the previous year included a \$2.2 million income tax benefit.

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- Return on capital was 29 percent, up from 19 percent for the same period a year ago.
- Cash flow from operations was \$7.7 million, up from \$2.6 million for the same period a year ago.
- As of October 28, 2012, the company has repurchased 1,127,054 shares, or 8.5 percent of its outstanding shares, since June 2011, for a total of \$10.4 million at an average price of \$9.23 per share.
- The projection for third quarter fiscal 2013 is for overall sales to be 4 to 9 percent higher as compared to the previous year's third quarter. Pre-tax income for the third quarter of fiscal 2013 is expected to be in the range of \$4.0 million to \$4.5 million. Pre-tax income for the third quarter of fiscal 2012 was \$2.9 million.

Overview

For the second quarter ended October 28, 2012, net sales were \$65.6 million, a 13.0 percent increase compared with \$58.0 million a year ago. The company reported net income of \$8.3 million, or \$0.67 per diluted share, for the second quarter of fiscal 2013, compared with net income of \$6.3 million, or \$0.49 per diluted share, for the second quarter of fiscal 2012. Net income for the second quarter of 2013 included an income tax benefit of \$3.7 million, while net income for the previous year period included an income tax benefit of \$3.4 million. The income tax benefit for the second quarter of fiscal 2013 includes a benefit of \$5.6 million, of which \$12.2 million was for the non-cash reversal of primarily all of the remaining valuation allowance associated with the company's net deferred tax assets in the U.S., partially offset by a non-cash income tax charge of \$6.6 million associated with the sourced earnings from the company's subsidiaries in Canada and China. The income tax benefit for the second quarter of fiscal 2012 included a \$4.4 million non-cash reversal of a portion of a valuation allowance against net deferred tax assets in the U. S.

Given the volatility in the income tax area during fiscal 2013 and previous years, the company is reporting adjusted net income (non-GAAP), which is calculated using estimated cash income tax expense for its foreign subsidiaries. (A presentation of adjusted net income and reconciliation to net income is set forth on page 7). The company currently does not incur cash income tax expense in the U.S., nor does it expect to for a number of years, due to approximately \$60 million in U.S. net operating loss carryforwards as of the beginning of this fiscal year. For the second quarter of fiscal 2013, adjusted net income was \$3.9 million, or \$0.31 per diluted share, compared with \$2.3 million, or \$0.18 per diluted share, for the second quarter fiscal 2012. On a pre-tax basis, the company reported income of \$4.5 million compared with pre-tax income of \$2.9 million for the second quarter of fiscal 2012.

Commenting on the results, Frank Saxon, president and chief executive officer of Culp, Inc., said, "We are pleased with our results for the second quarter, which built upon the sales momentum and product successes that we experienced during the first quarter. Demand trends have been reasonably solid in both businesses and we are encouraged by the continued favorable customer response to our exciting designs and wide range of innovative products. We have continued to leverage our efficient global manufacturing platform to create the right product mix that meets the changing style demands of our customers. Importantly, we have also maintained a solid financial position to support our growth and generate value for our shareholders with cash dividends and share repurchases."

Mattress Fabrics Segment

Mattress fabric sales for the second quarter were \$39.7 million, up 12.6 percent compared with \$35.2 million for the second quarter of fiscal 2012.

"We are pleased to report another strong performance in our mattress fabrics business," said Iv Culp, president of Culp's mattress fabrics division. "The overall sales growth in the second quarter reflects solid gains in all major product categories. We have continued to capitalize on the growing consumer demand for better bedding products, and therefore, a higher quality mattress fabric. The mattress industry is continuing to evolve into a more decorative business, and many of our customers are upgrading their fabric choices to achieve a more fashionable look. Culp is well positioned to meet this demand with an extensive manufacturing platform and flexible capacity that allows for production of value products as well as a higher-end product mix. Additionally, we have the unique ability to leverage Culp's outstanding design capabilities and expertise in the upholstery fabric business to enhance our product offering, as more upholstery type fabrics are being used in bedding products.

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“Our improved operating results reflect our ongoing focus to create great products and maximize the efficiencies and flexibility of our manufacturing platform. We have worked diligently to take advantage of the newest technologies available and have continued to modernize our equipment.

“We are pleased with the progress we are making at Culp-Lava to design, produce and market mattress covers,” added Culp. “This new operation further enhances our strategy to leverage our design and manufacturing capabilities and produce a diverse product line that keeps pace with changing industry demand trends.

“We have established Culp-Lava’s new manufacturing facility in Stokesdale, North Carolina, directly adjacent to Culp’s mattress fabric headquarters. During the second quarter, we completed most of the initial equipment installation and conducted training for the start-up associates in this location. We commenced production in November, and we expect to gradually develop this operation over the next two quarters. We are excited about the future growth opportunities ahead as we work to develop this new product category and enhance our leadership position in the bedding industry,” Culp concluded.

Upholstery Fabrics Segment

Sales for this segment were \$25.9 million for the second quarter, a 13.6 percent improvement compared with sales of \$22.8 million in the second quarter of fiscal 2012. Sales of China produced fabrics were \$22.6 million in the second quarter of fiscal 2013, up 13.7 percent over the prior year period, while sales of U.S. produced fabrics were \$3.2 million, up 12.4 percent from the second quarter of fiscal 2012.

“We are pleased with the growth in sales in our upholstery fabrics business during the second quarter of fiscal 2013,” noted Saxon. The higher sales primarily reflect positive customer response to our creative designs and new product introductions.

“China produced fabrics continued to drive our growth and accounted for 88 percent of Culp’s upholstery fabrics sales during the quarter. Our design capabilities and capacity to offer innovative products at excellent values has been an important advantage for Culp in expanding sales in a global marketplace. We continue to be encouraged by the increasing level of fabric placements with key customers.

“Our U.S. operation has continued to gain traction with improved sales and profitability compared with this time last year,” added Saxon. “We are pleased with the demand trends for both velvets and woven textured fabrics. We have a flexible and scalable manufacturing capacity designed to meet the changing demands of our customers, and we continue to create innovative products from this platform. We have also benefitted from more stable raw material costs during the second quarter as compared with previous quarters.”

Saxon continued, “We also remain focused on developing new growth opportunities through Culp Europe. In spite of the current challenges, we believe Culp Europe will play an important role in our global sales efforts as market conditions improve.”

Balance Sheet

“We have continued to maintain a strong financial position, even as we returned significant cash to shareholders and reduced our debt during the quarter,” added Saxon. “As of October 28, 2012, we reported \$28.7 million in cash and cash equivalents and short-term investments, which was up \$1.6 million from the level at the end of the first quarter, after spending approximately \$4.6 million for share repurchases and making a scheduled debt payment of \$2.6 million during the quarter. Additionally, the company paid a \$0.03 per share dividend on October 15, 2012. Total debt at the end of the second quarter was \$7.7 million, which includes long-term debt plus current maturities of long-term debt and our line of credit.”

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Special Dividend Payments

The company also announced that its Board of Directors has approved the payment of a special cash dividend of \$0.50 per share prior to the end of calendar 2012. In addition, the Board has approved the acceleration of payment of the company's scheduled January 2013 quarterly cash dividend of \$0.03 per share. Both of these payments will be made on December 28, 2012, to shareholders of record as of December 19, 2012.

Saxon noted, "The Board's decision to approve these dividend payments reflects Culp's solid operating performance, our strong financial position, and our confidence in the future. We are pleased to provide additional and timely opportunities to reward our shareholders. We will continue to maintain a strong cash position that supports our business and provides the flexibility to pursue our growth strategy."

Outlook

Commenting on the outlook for the third quarter of fiscal 2013, Saxon remarked, "We expect overall sales to be 4 to 9 percent higher as compared to the third quarter of last year.

"We expect sales in our mattress fabrics segment to be 3 to 7 percent higher compared to the same period a year ago. Operating income and margins in this segment are expected to be higher than the same period a year ago.

"In our upholstery fabrics segment, we expect sales to be 7 to 11 percent higher than the previous year's third quarter results. We believe the upholstery fabric segment's operating income and margins will be significantly higher than the same quarter of last year.

"Considering these factors, the company expects to report pre-tax income for the third fiscal quarter of 2013 in the range of \$4.0 million to \$4.5 million. Pre-tax income for last year's third quarter was \$2.9 million."

In closing, Saxon remarked, "Our success to date in fiscal 2013 reflects our ability to execute our strategy in a dynamic marketplace and uncertain global economy. Our outstanding design capabilities and strong value proposition are distinct competitive advantages for Culp in both of our businesses. We have the unique ability to leverage our scalable and global manufacturing platforms and offer the innovative fabrics that meet the changing demands of our customers. Importantly, we also have the financial strength and depth of management to support our growth initiatives and enhance our competitive position, as well as return significant funds to shareholders.

"The depressed conditions that have prevailed in the U.S. housing industry for the last few years are improving. In spite of this weakness, Culp has performed well during this period. We are excited about the opportunities ahead for Culp and believe we are well positioned to capitalize on an improving economy, as both the housing market and consumer confidence strengthen. Above all, we are committed to outstanding performance for our customers as a financially stable and trusted source for innovative fabrics."

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 Poland.

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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 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, 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, gross profit margins, operating income, SG&A or other expenses, earnings, and other performance measures, as well as any statements regarding 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. 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, are included in Item 1A “Risk Factors” section in our Form 10-K filed with the Securities and Exchange Commission on July 12, 2012, for the fiscal year ended April 29, 2012.

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CULP, INC.
Condensed Financial Highlights
(Unaudited)

	Three Months Ended		Six Months Ended	
	October 28, 2012	October 30, 2011	October 28, 2012	October 30, 2011
Net sales	\$ 65,560,000	\$ 58,013,000	\$ 134,744,000	\$ 118,283,000
Income before income taxes	\$ 4,532,000	\$ 2,863,000	\$ 9,903,000	\$ 5,827,000
Net income	\$ 8,268,000	\$ 6,252,000	\$ 11,792,000	\$ 8,071,000
Net income per share:				
Basic	\$ 0.68	\$ 0.49	\$ 0.95	\$ 0.63
Diluted	\$ 0.67	\$ 0.49	\$ 0.94	\$ 0.62
Adjusted net income	\$ 3,852,000	\$ 2,348,000	\$ 8,418,000	\$ 4,778,000
Adjusted net income per share				
Basic	\$ 0.32	\$ 0.18	\$ 0.68	\$ 0.37
Diluted	\$ 0.31	\$ 0.18	\$ 0.67	\$ 0.37
Average shares outstanding:				
Basic	12,191,000	12,733,000	12,371,000	12,898,000
Diluted	12,348,000	12,871,000	12,541,000	13,025,000

Presentation of Adjusted Net Income and Adjusted Income Taxes (1)

	Three Months Ended		Six Months Ended	
	October 28, 2012	October 30, 2011	October 28, 2012	October 30, 2011
Income before income taxes	\$ 4,532,000	\$ 2,863,000	\$ 9,903,000	\$ 5,827,000
Adjusted income taxes (2)	\$ 680,000	\$ 515,000	\$ 1,485,000	\$ 1,049,000
Adjusted net income	\$ 3,852,000	\$ 2,348,000	\$ 8,418,000	\$ 4,778,000

(1) Culp, Inc. currently does not incur cash income tax expense in the U.S. due to its \$59.9 million in net operating loss carryforwards. Adjusted net income is calculated using only income tax expense for the company's subsidiaries in Canada and China.

(2) Represents estimated income tax expense for the company's subsidiaries in Canada and China, calculated with a consolidated adjusted effective income tax rate of 15.0% for fiscal 2013 and 18.0% for fiscal 2012.

-MORE-

Consolidated Adjusted Effective Income Tax Rate, Net Income and Earnings Per Share
For the Six Months Ended October 28, 2012, and October 30, 2011
(Unaudited)
(Amounts in Thousands)

SIX MONTHS ENDED			
Amounts			
	October 28, 2012	October 30, 2011	
Consolidated Effective GAAP Income Tax Rate	(1) (19.1)%	(38.5)%	
Reduction of U.S. Valuation Allowance	123.0 %	74.9 %	
Undistributed earnings from foreign subsidiaries	(66.5)%	-	
Non-Cash U.S. Income Tax Expense	(20.4)%	(17.3)%	
Non-Cash Foreign Income Tax Expense	(2.0)%	(1.1)%	
Consolidated Adjusted Effective Income Tax Rate	(2) 15.0 %	18.0 %	

THREE MONTHS ENDED						
	As reported October 28, 2012	Adjustments	October 28, 2012 Proforma Net of Adjustments	As reported October 30, 2011	Adjustments	October 30, 2011 Proforma Net of Adjustments
Income before income taxes	\$ 4,532	\$ -	\$ 4,532	\$ 2,863		\$ 2,863
Income taxes (3)	(3,736)	\$ 4,416	680	(3,389)	\$ 3,904	515
Net income	\$ 8,268	\$ (4,416)	\$ 3,852	\$ 6,252	\$ (3,904)	\$ 2,348
Net income per share-basic	\$ 0.68	\$ 0.36	\$ 0.32	\$ 0.49	\$ 0.31	\$ 0.18
Net income per share-diluted	\$ 0.67	\$ 0.36	\$ 0.31	\$ 0.49	\$ 0.30	\$ 0.18
Average shares outstanding-basic	12,191	12,191	12,191	12,733	12,733	12,733
Average shares outstanding-diluted	12,348	12,348	12,348	12,871	12,871	12,871

SIX MONTHS ENDED						
	As reported October 28, 2012	Adjustments	October 28, 2012 Proforma Net of Adjustments	As reported October 30, 2011	Adjustments	October 30, 2011 Proforma Net of Adjustments
Income before income taxes	\$ 9,903	\$ -	\$ 9,903	\$ 5,827	\$ -	\$ 5,827
Income taxes (3)	(1,889)	\$ 3,374	1,485	(2,244)	\$ 3,293	1,049
Net income	\$ 11,792	\$ (3,374)	\$ 8,418	\$ 8,071	\$ (3,293)	\$ 4,778
Net income per share-basic	\$ 0.95	\$ 0.27	\$ 0.68	\$ 0.63	\$ 0.26	\$ 0.37
Net income per share-diluted	\$ 0.94	\$ 0.27	\$ 0.67	\$ 0.62	\$ 0.25	\$ 0.37
Average shares outstanding-basic	12,371	12,371	12,371	12,898	12,898	12,898
Average shares outstanding-diluted	12,541	12,541	12,541	13,025	13,025	13,025

(1) Calculated by dividing consolidated income benefit 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.

(3) Proforma taxes calculated using the Consolidated Adjusted Effective Income Tax Rate as reflected above.

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF NET INCOME
FOR THREE MONTHS ENDED OCTOBER 28, 2012 AND OCTOBER 30, 2011
(UNAUDITED)
(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED				
	Amounts			Percent of Sales	
	October 28, 2012	October 30, 2011	% Over (Under)	October 28, 2012	October 30, 2011
Net sales	\$ 65,560	58,013	13.0 %	100.0 %	100.0 %
Cost of sales	53,683	49,367	8.7 %	81.9 %	85.1 %
Gross profit	11,877	8,646	37.4 %	18.1 %	14.9 %
Selling, general and administrative expenses	7,209	5,720	26.0 %	11.0 %	9.9 %
Income from operations	4,668	2,926	59.5 %	7.1 %	5.0 %
Interest expense	156	188	(17.0) %	0.2 %	0.3 %
Interest income	(96)	(110)	(12.7) %	(0.1) %	(0.2) %
Other expense (income)	76	(15)	N.M.	0.1 %	(0.0) %
Income before income taxes	4,532	2,863	58.3 %	6.9 %	4.9 %
Income taxes*	(3,736)	(3,389)	10.2 %	(82.4) %	(118.4) %
Net income	\$ 8,268	6,252	32.2 %	12.6 %	10.8 %
Net income per share-basic	\$ 0.68	\$ 0.49	38.8 %		
Net income per share-diluted	\$ 0.67	\$ 0.49	36.7 %		
Average shares outstanding-basic	12,191	12,733	(4.3) %		
Average shares outstanding-diluted	12,348	12,871	(4.1) %		

PRESENTATION OF ADJUSTED NET INCOME, ADJUSTED INCOME TAXES AND EARNINGS PER SHARE (1)

	THREE MONTHS ENDED				
	Amounts			Percent of Sales	
	October 28, 2012	October 30, 2011	% Over (Under)	October 28, 2012	October 30, 2011
Income before income taxes (see above)	\$ 4,532	2,863	58.3 %	6.9 %	4.9 %
Adjusted Income taxes (2)*	680	515	32.0 %	15.0 %	18.0 %
Adjusted net income	3,852	2,348	64.1 %	5.9 %	4.0 %
Adjusted net income per share-basic	\$ 0.32	\$ 0.18	77.8 %		
Adjusted net income per share-diluted	\$ 0.31	\$ 0.18	72.2 %		
Average shares outstanding-basic	12,191	12,733	(4.3) %		
Average shares outstanding-diluted	12,348	12,871	(4.1) %		

(1) Culp, Inc. currently does not incur cash income tax expense in the US due to its \$59.9 million in net operating loss carryforwards. Therefore, adjusted net income is calculated using only income tax expense for our subsidiaries located in Canada and China. See reconciliation on page 9 of 9.

(2) Represents estimated income tax expense for our subsidiaries located in Canada and China. See reconciliation on page 9 of 9.

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

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF NET INCOME
FOR THE SIX MONTHS ENDED OCTOBER 28, 2012 AND OCTOBER 30, 2011
(UNAUDITED)
(Amounts in Thousands, Except for Per Share Data)

	SIX MONTHS ENDED				
	Amounts		% Over (Under)	Percent of Sales	
	October 28, 2012	October 30, 2011		October 28, 2012	October 30, 2011
Net sales	\$ 134,744	118,283	13.9 %	100.0 %	100.0 %
Cost of sales	109,746	100,759	8.9 %	81.4 %	85.2 %
Gross profit	24,998	17,524	42.7 %	18.6 %	14.8 %
Selling, general and administrative expenses	14,850	11,477	29.4 %	11.0 %	9.7 %
Income from operations	10,148	6,047	67.8 %	7.5 %	5.1 %
Interest expense	346	409	(15.4) %	0.3 %	0.3 %
Interest income	(222)	(238)	(6.7) %	(0.2) %	(0.2) %
Other expense	121	49	146.9 %	0.1 %	0.0 %
Income before income taxes	9,903	5,827	70.0 %	7.3 %	4.9 %
Income taxes*	(1,889)	(2,244)	(15.8) %	(19.1) %	(38.5) %
Net income	\$ 11,792	8,071	46.1 %	8.8 %	6.8 %
Net income per share-basic	\$ 0.95	\$ 0.63	50.8 %		
Net income per share-diluted	\$ 0.94	\$ 0.62	51.6 %		
Average shares outstanding-basic	12,371	12,898	(4.1) %		
Average shares outstanding-diluted	12,541	13,025	(3.7) %		

PRESENTATION OF ADJUSTED NET INCOME, ADJUSTED INCOME TAXES AND EARNINGS PER SHARE (1)

	SIX MONTHS ENDED				
	Amounts		% Over (Under)	Percent of Sales	
	October 28, 2012	October 30, 2011		October 28, 2012	October 30, 2011
Income before income taxes (see above)	\$ 9,903	5,827	70.0 %	7.3 %	4.9 %
Adjusted Income taxes (2)*	1,485	1,049	41.6 %	15.0 %	18.0 %
Adjusted net income	8,418	4,778	76.2 %	6.2 %	4.0 %
Adjusted net income per share-basic	\$ 0.68	\$ 0.37	83.8 %		
Adjusted net income per share-diluted	\$ 0.67	\$ 0.37	81.1 %		
Average shares outstanding-basic	12,371	12,898	(4.1) %		
Average shares outstanding-diluted	12,541	13,025	(3.7) %		

(1) Culp, Inc. currently does not incur cash income tax expense in the US due to its \$59.9 million in net operating loss carryforwards. Therefore, adjusted net income is calculated using only income tax expense for our subsidiaries located in Canada and China. See reconciliation on page 9 of 9.

(2) Represents estimated income tax expense for our subsidiaries located in Canada and China. See reconciliation on page 9 of 9.

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

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED BALANCE SHEETS
OCTOBER 28, 2012, OCTOBER 30, 2011 AND APRIL 29, 2012
Unaudited
(Amounts in Thousands)

	Amounts		Increase (Decrease)		* April 29, 2012
	October 28, 2012	October 30, 2011	Dollars	Percent	
Current assets					
Cash and cash equivalents	\$ 23,464	13,795	9,669	70.1 %	25,023
Short-term investments	5,241	10,482	(5,241)	(50.0) %	5,941
Accounts receivable	20,678	16,241	4,437	27.3 %	25,055
Inventories	38,261	33,776	4,485	13.3 %	36,373
Deferred income taxes	4,470	2,659	1,811	68.1 %	2,467
Assets held for sale	-	75	(75)	(100.0) %	15
Income taxes receivable	-	79	(79)	(100.0) %	-
Other current assets	1,640	1,602	38	2.4 %	1,989
Total current assets	93,754	78,709	15,045	19.1 %	96,863
Property, plant & equipment, net	30,621	30,431	190	0.6 %	31,279
Goodwill	11,462	11,462	-	0.0 %	11,462
Deferred income taxes	4,738	4,540	198	4.4 %	3,205
Other assets	1,868	1,982	(114)	(5.8) %	1,907
Total assets	\$ 142,443	127,124	15,319	12.1 %	144,716
Current liabilities					
Current maturities of long-term debt	\$ 2,401	2,401	-	0.0 %	2,404
Line of credit	875	-	875	100.0 %	889
Accounts payable - trade	23,219	21,689	1,530	7.1 %	30,663
Accounts payable - capital expenditures	104	112	(8)	(7.1) %	169
Accrued expenses	10,611	6,839	3,772	55.2 %	9,321
Accrued restructuring	-	40	(40)	(100.0) %	40
Income taxes payable - current	385	373	12	3.2 %	642
Total current liabilities	37,595	31,454	6,141	19.5 %	44,128
Income taxes payable - long-term	4,188	4,096	92	2.2 %	4,164
Deferred income taxes	856	659	197	29.9 %	705
Long-term debt , less current maturities	4,416	6,818	(2,402)	(35.2) %	6,719
Total liabilities	47,055	43,027	4,028	9.4 %	55,716
Shareholders' equity	95,388	84,097	11,291	13.4 %	89,000
Total liabilities and shareholders' equity	\$ 142,443	127,124	15,319	12.1 %	144,716
Shares outstanding	12,209	12,767	(558)	(4.4) %	12,703

* Derived from audited financial statements.

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED OCTOBER 28, 2012 AND OCTOBER 30, 2011
Unaudited
(Amounts in Thousands)

	SIX MONTHS ENDED	
	Amounts	
	October 28, 2012	October 30, 2011
Cash flows from operating activities:		
Net income	\$ 11,792	\$ 8,071
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,539	2,386
Amortization of other assets	119	127
Stock-based compensation	197	178
Excess tax benefit related to stock-based compensation	(60)	(39)
Deferred income taxes	(3,325)	(3,280)
Gain on sale of equipment	-	(128)
Foreign currency exchange gains	(66)	(164)
Changes in assets and liabilities:		
Accounts receivable	4,353	4,004
Inventories	(1,882)	(4,964)
Other current assets	373	750
Other assets	(80)	(31)
Accounts payable-trade	(7,397)	(3,382)
Accrued expenses	1,310	(754)
Accrued restructuring	(40)	(4)
Income taxes	(183)	(189)
Net cash provided by operating activities	<u>7,650</u>	<u>2,581</u>
Cash flows from investing activities:		
Capital expenditures	(1,946)	(2,551)
Proceeds from the sale of equipment	-	130
Purchase of short-term investments	(54)	(4,789)
Proceeds from the sale of short-term investments	795	2,032
Net cash used in investing activities	<u>(1,205)</u>	<u>(5,178)</u>
Cash flows from financing activities:		
Proceeds from lines of credit	1,000	3,500
Payments on lines of credit	(1,000)	(3,500)
Payments on long-term debt	(2,300)	(2,305)
Proceeds from common stock issued	64	237
Common stock shares repurchased	(5,022)	(4,776)
Dividends paid	(747)	-
Debt issuance costs	-	(26)
Excess tax benefit related to stock-based compensation	60	39
Net cash used in financing activities	<u>(7,945)</u>	<u>(6,831)</u>
Effect of exchange rate changes on cash and cash equivalents	(59)	42
Decrease in cash and cash equivalents	(1,559)	(9,386)
Cash and cash equivalents at beginning of period	25,023	23,181
Cash and cash equivalents at end of period	<u>\$ 23,464</u>	<u>\$ 13,795</u>
Free Cash Flow (1)	<u>\$ 5,705</u>	<u>\$ 241</u>

(1) Free Cash Flow reconciliation is as follows:

	FY 2013	FY 2012
A) Net cash provided by operating activities	\$ 7,650	\$ 2,581
B) Minus: Capital Expenditures	(1,946)	(2,551)
C) Add: Proceeds from the sale of equipment	-	130
D) Add: Excess tax benefit related to stock-based compensation	60	39
E) Effect of exchange rate changes on cash and cash equivalents	(59)	42
	<u>\$ 5,705</u>	<u>\$ 241</u>

CULP, INC. FINANCIAL INFORMATION RELEASE
STATEMENTS OF OPERATIONS BY SEGMENT
FOR THE THREE MONTHS ENDED OCTOBER 28, 2012 AND OCTOBER 30, 2011
(Unaudited)

(Amounts in thousands)

	THREE MONTHS ENDED				
	Amounts		% Over (Under)	Percent of Total Sales	
	October 28, 2012	October 30, 2011		October 28, 2012	October 30, 2011
Net Sales by Segment					
Mattress Fabrics	\$ 39,697	35,242	12.6 %	60.6 %	60.7 %
Upholstery Fabrics	25,863	22,771	13.6 %	39.4 %	39.3 %
Net Sales	<u>\$ 65,560</u>	<u>58,013</u>	<u>13.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
Gross Profit by Segment					
				Gross Profit Margin	
Mattress Fabrics	\$ 7,539	5,938	27.0 %	19.0 %	16.8 %
Upholstery Fabrics	4,338	2,785	55.8 %	16.8 %	12.2 %
Subtotal	<u>11,877</u>	<u>8,723</u>	<u>36.2 %</u>	<u>18.1 %</u>	<u>15.0 %</u>
Other non-recurring charges	-	(77) (1)	(100.0) %	0.0 %	(0.1) %
Gross Profit	<u>\$ 11,877</u>	<u>8,646</u>	<u>37.4 %</u>	<u>18.1 %</u>	<u>14.9 %</u>
Selling, General and Administrative expenses by Segment					
				Percent of Sales	
Mattress Fabrics	\$ 2,424	2,132	13.7 %	6.1 %	6.0 %
Upholstery Fabrics	3,157	2,766	14.1 %	12.2 %	12.1 %
Unallocated Corporate expenses	1,628	822	98.1 %	2.5 %	1.4 %
Selling, General and Administrative expenses	<u>7,209</u>	<u>5,720</u>	<u>26.0 %</u>	<u>11.0 %</u>	<u>9.9 %</u>
Operating Income (loss) by Segment					
				Operating Income (Loss) Margin	
Mattress Fabrics	\$ 5,115	3,806	34.4 %	12.9 %	10.8 %
Upholstery Fabrics	1,181	19	N.M.	4.6 %	0.1 %
Unallocated corporate expenses	(1,628)	(822)	98.1 %	(2.5) %	(1.4) %
Subtotal	<u>4,668</u>	<u>3,003</u>	<u>55.4 %</u>	<u>7.1 %</u>	<u>5.2 %</u>
Other non-recurring charges	-	(77) (1)	(100.0) %	0.0 %	(0.1) %
Operating income	<u>\$ 4,668</u>	<u>2,926</u>	<u>59.5 %</u>	<u>7.1 %</u>	<u>5.0 %</u>
Depreciation by Segment					
Mattress Fabrics	\$ 1,127	1,054	6.9 %		
Upholstery Fabrics	158	146	8.2 %		
Subtotal	<u>1,285</u>	<u>1,200</u>	<u>7.1 %</u>		

Notes:

(1) The \$77 represents employee termination benefits associated with our Anderson, SC plant facility.

CULP, INC. FINANCIAL INFORMATION RELEASE
STATEMENTS OF OPERATIONS BY SEGMENT
FOR THE SIX MONTHS ENDED OCTOBER 28, 2012 AND OCTOBER 30, 2011
(Unaudited)

(Amounts in thousands)

	SIX MONTHS ENDED				
	Amounts		% Over (Under)	Percent of Total Sales	
	October 28, 2012	October 30, 2011		October 28, 2012	October 30, 2011
Net Sales by Segment					
Mattress Fabrics	\$ 77,662	67,412	15.2 %	57.6 %	57.0 %
Upholstery Fabrics	57,082	50,871	12.2 %	42.4 %	43.0 %
Net Sales	<u>\$ 134,744</u>	<u>118,283</u>	<u>13.9 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
Gross Profit by Segment					
				Gross Profit Margin	
Mattress Fabrics	\$ 15,161	11,076	36.9 %	19.5 %	16.4 %
Upholstery Fabrics	9,837	6,525	50.8 %	17.2 %	12.8 %
Subtotal	<u>24,998</u>	<u>17,601</u>	<u>42.0 %</u>	<u>18.6 %</u>	<u>14.9 %</u>
Other non-recurring charges	-	(77) (1)	(100.0) %	0.0 %	(0.0) %
Gross Profit	<u>24,998</u>	<u>17,524</u>	<u>42.7 %</u>	<u>18.6 %</u>	<u>14.8 %</u>
Selling, General and Administrative expenses by Segment					
				Percent of Sales	
Mattress Fabrics	\$ 4,814	4,123	16.8 %	6.2 %	6.1 %
Upholstery Fabrics	6,498	5,534	17.4 %	11.4 %	10.9 %
Unallocated Corporate expenses	3,538	1,820	94.4 %	2.6 %	1.5 %
Subtotal	<u>14,850</u>	<u>11,477</u>	<u>29.4 %</u>	<u>11.0 %</u>	<u>9.7 %</u>
Operating Income (loss) by Segment					
				Operating Income (Loss) Margin	
Mattress Fabrics	\$ 10,347	6,953	48.8 %	13.3 %	10.3 %
Upholstery Fabrics	3,339	991	236.9 %	5.8 %	1.9 %
Unallocated corporate expenses	(3,538)	(1,820)	94.4 %	(2.6) %	(1.5) %
Subtotal	<u>10,148</u>	<u>6,124</u>	<u>65.7 %</u>	<u>7.5 %</u>	<u>5.2 %</u>
Other non-recurring charges	- (1)	(77) (1)	(100.0) %	0.0 %	(0.1) %
Operating income	<u>\$ 10,148</u>	<u>6,047</u>	<u>67.8 %</u>	<u>7.5 %</u>	<u>5.1 %</u>
Return on Capital (2)					
Mattress Fabrics	37.4%	25.8%			
Upholstery Fabrics	39.9%	16.2%			
Unallocated Corporate	N/A	N/A			
Consolidated	<u>28.5%</u>	<u>18.5%</u>			
Capital Employed (3)					
Mattress Fabrics	55,102	53,215	3.5 %		
Upholstery Fabrics	16,728	13,209	26.6 %		
Unallocated Corporate	(1,234)	465	N/A		
Consolidated	<u>70,596</u>	<u>66,889</u>	<u>5.5 %</u>		
Depreciation by Segment					
Mattress Fabrics	\$ 2,219	2,082	6.6 %		
Upholstery Fabrics	320	304	5.3 %		
Subtotal	<u>2,539</u>	<u>2,386</u>	<u>6.4 %</u>		

Notes:

- (1) The \$77 represents employee termination benefits associated with our Anderson, SC plant facility.
 - (2) See pages 7 and 8 of this financial information release for calculations.
 - (3) The capital employed balances are as of October 28, 2012 and October 30, 2011.
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CULP, INC. FINANCIAL INFORMATION RELEASE
RETURN ON CAPITAL EMPLOYED BY SEGMENT
FOR THE SIX MONTHS ENDED OCTOBER 28, 2012
(Amounts in Thousands)
(Unaudited)

	Operating Income		
	Six Months Ended	Average Capital Employed	Return on Avg. Capital Employed
	October 28, 2012 (1)	(3)	(2)
Mattress Fabrics	\$ 10,347	\$ 55,272	37.4%
Upholstery Fabrics	3,339	16,738	39.9%
(less: Unallocated Corporate)	(3,538)	(789)	N/A
Total	<u>\$ 10,148</u>	<u>\$ 71,220</u>	<u>28.5%</u>

Average Capital Employed	As of the three Months Ended October 28, 2012				As of the three Months Ended July 29, 2012				As of the three Months Ended April 29, 2012			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets	74,342	27,240	40,861	142,443	78,098	29,973	35,089	143,160	71,563	33,641	39,512	144,716
Total liabilities	(19,240)	(10,512)	(17,303)	(47,055)	(21,295)	(11,006)	(19,028)	(51,329)	(17,653)	(19,123)	(18,940)	(55,716)
Subtotal	<u>\$ 55,102</u>	<u>\$ 16,728</u>	<u>\$ 23,558</u>	<u>\$ 95,388</u>	<u>\$ 56,803</u>	<u>\$ 18,967</u>	<u>\$ 16,061</u>	<u>\$ 91,831</u>	<u>\$ 53,910</u>	<u>\$ 14,518</u>	<u>\$ 20,572</u>	<u>\$ 89,000</u>
Less:												
Cash and cash equivalents	-	-	(23,464)	(23,464)	-	-	(21,889)	(21,889)	-	-	(25,023)	(25,023)
Short-term investments	-	-	(5,241)	(5,241)	-	-	(5,200)	(5,200)	-	-	(5,941)	(5,941)
Deferred income taxes - current	-	-	(4,470)	(4,470)	-	-	(2,337)	(2,337)	-	-	(2,467)	(2,467)
Deferred income taxes - non-current	-	-	(4,738)	(4,738)	-	-	(2,715)	(2,715)	-	-	(3,205)	(3,205)
Current maturities of long-term debt	-	-	2,401	2,401	-	-	2,400	2,400	-	-	2,404	2,404
Line of credit	-	-	875	875	-	-	834	834	-	-	889	889
Income taxes payable - current	-	-	385	385	-	-	751	751	-	-	642	642
Income taxes payable - long-term	-	-	4,188	4,188	-	-	4,131	4,131	-	-	4,164	4,164
Deferred income taxes - non-current	-	-	856	856	-	-	705	705	-	-	705	705
Long-term debt, less current maturities	-	-	4,416	4,416	-	-	6,666	6,666	-	-	6,719	6,719
Total Capital Employed	<u><u>\$ 55,102</u></u>	<u><u>\$ 16,728</u></u>	<u><u>\$ (1,234)</u></u>	<u><u>\$ 70,596</u></u>	<u><u>\$ 56,803</u></u>	<u><u>\$ 18,967</u></u>	<u><u>\$ (593)</u></u>	<u><u>\$ 75,177</u></u>	<u><u>\$ 53,910</u></u>	<u><u>\$ 14,518</u></u>	<u><u>\$ (541)</u></u>	<u><u>\$ 67,887</u></u>
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total								
Average Capital Employed (3)	<u><u>\$ 55,272</u></u>	<u><u>\$ 16,738</u></u>	<u><u>\$ (789)</u></u>	<u><u>\$ 71,220</u></u>								

Notes:

(1) See reconciliation per page 6 of this financial information release.

(2) Return on average capital employed represents operating income for the six month period ending October 28, 2012 times two 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 debt, including current maturities, line of credit, current and noncurrent deferred tax assets and liabilities, and income taxes payable.

(3) Average capital employed was computed using the three periods ending October 28, 2012, July 29, 2012 and April 29, 2012.

CULP, INC. FINANCIAL INFORMATION RELEASE
RETURN ON CAPITAL EMPLOYED BY SEGMENT
FOR THE SIX MONTHS ENDED OCTOBER 30, 2011
(Amounts in Thousands)
(Unaudited)

	Operating Income		
	Six Months Ended	Average Capital Employed	Return on Avg. Capital Employed
	October 30, 2011 (1)	(3)	(2)
Mattress Fabrics	\$ 6,953	\$ 53,947	25.8%
Upholstery Fabrics	991	12,234	16.2%
(less: Unallocated Corporate)	(1,820)	129	N/A
Total	\$ 6,124	\$ 66,310	18.5%

Average Capital Employed	As of the three Months Ended October 30, 2011				As of the three Months Ended July 31, 2011				As of the three Months Ended May 1, 2011			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets	68,568	24,462	34,094	127,124	71,325	26,683	31,299	129,307	66,637	25,929	37,485	130,051
Total liabilities	(15,353)	(11,253)	(16,421)	(43,027)	(15,331)	(13,507)	(19,118)	(47,956)	(14,005)	(15,612)	(20,093)	(49,710)
Subtotal	\$ 53,215	\$ 13,209	\$ 17,673	\$ 84,097	\$ 55,994	\$ 13,176	\$ 12,181	\$ 81,351	\$ 52,632	\$ 10,317	\$ 17,392	\$ 80,341
Less:												
Cash and cash equivalents	-	-	(13,795)	(13,795)	-	-	(14,570)	(14,570)	-	-	(23,181)	(23,181)
Short-term investments	-	-	(10,482)	(10,482)	-	-	(10,443)	(10,443)	-	-	(7,699)	(7,699)
Deferred income taxes - current	-	-	(2,659)	(2,659)	-	-	(1,237)	(1,237)	-	-	(293)	(293)
Income taxes receivable	-	-	(79)	(79)	-	-	(79)	(79)	-	-	(79)	(79)
Deferred income taxes - non-current	-	-	(4,540)	(4,540)	-	-	(2,191)	(2,191)	-	-	(3,606)	(3,606)
Current maturities of long-term debt	-	-	2,401	2,401	-	-	2,409	2,409	-	-	2,412	2,412
Deferred income taxes - current	-	-	-	-	-	-	82	82	-	-	82	82
Income taxes payable - current	-	-	373	373	-	-	345	345	-	-	646	646
Income taxes payable - long-term	-	-	4,096	4,096	-	-	4,178	4,178	-	-	4,167	4,167
Deferred income taxes - non-current	-	-	659	659	-	-	596	596	-	-	596	596
Long-term debt, less current maturities	-	-	6,818	6,818	-	-	9,079	9,079	-	-	9,135	9,135
Total Capital Employed	<u>\$ 53,215</u>	<u>\$ 13,209</u>	<u>\$ 465</u>	<u>\$ 66,889</u>	<u>\$ 55,994</u>	<u>\$ 13,176</u>	<u>\$ 350</u>	<u>\$ 69,520</u>	<u>\$ 52,632</u>	<u>\$ 10,317</u>	<u>\$ (428)</u>	<u>\$ 62,521</u>
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total								
Average Capital Employed (3)	<u>\$ 53,947</u>	<u>\$ 12,234</u>	<u>\$ 129</u>	<u>\$ 66,310</u>								

Notes:

(1) See reconciliation per page 6 of this financial information release.

(2) Return on average capital employed represents operating income for the six month period ending October 30, 2011 times 2 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 debt, including current maturities, current and noncurrent deferred tax assets and liabilities, income taxes payable, and income taxes receivable.

(3) Average capital employed was computed using the three periods ending May 1, 2011, July 31, 2011, and October 30, 2011.

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED ADJUSTED EFFECTIVE INCOME TAX RATE, NET INCOME AND EARNINGS PER SHARE
FOR THE SIX MONTHS ENDED OCTOBER 28, 2012 AND OCTOBER 30, 2011
Unaudited
(Amounts in Thousands)

SIX MONTHS ENDED			
Amounts			
	October 28, 2012	October 30, 2011	
Consolidated Effective GAAP Income Tax Rate	(1) (19.1)%	(38.5)%	
Reduction of U.S. Valuation Allowance	123.0 %	74.9 %	
Undistributed earnings from foreign subsidiaries	(66.5)%	-	
Non-Cash U.S. Income Tax Expense	(20.4)%	(17.3)%	
Non-Cash Foreign Income Tax Expense	(2.0)%	(1.1)%	
Consolidated Adjusted Effective Income Tax Rate	(2) 15.0 %	18.0 %	

THREE MONTHS ENDED						
	As reported October 28, 2012	Adjustments	October 28, 2012 Proforma Net of Adjustments	As reported October 30, 2011	Adjustments	October 30, 2011 Proforma Net of Adjustments
Income before income taxes	\$ 4,532	\$ -	\$ 4,532	\$ 2,863		\$ 2,863
Income taxes (3)	(3,736)	\$ 4,416	680	(3,389)	\$ 3,904	515
Net income	\$ 8,268	\$ (4,416)	\$ 3,852	\$ 6,252	\$ (3,904)	\$ 2,348
Net income per share-basic	\$ 0.68	\$ 0.36	\$ 0.32	\$ 0.49	\$ 0.31	\$ 0.18
Net income per share-diluted	\$ 0.67	\$ 0.36	\$ 0.31	\$ 0.49	\$ 0.30	\$ 0.18
Average shares outstanding-basic	12,191	12,191	12,191	12,733	12,733	12,733
Average shares outstanding-diluted	12,348	12,348	12,348	12,871	12,871	12,871

SIX MONTHS ENDED						
	As reported October 28, 2012	Adjustments	October 28, 2012 Proforma Net of Adjustments	As reported October 30, 2011	Adjustments	October 30, 2011 Proforma Net of Adjustments
Income before income taxes	\$ 9,903	\$ -	\$ 9,903	\$ 5,827	\$ -	\$ 5,827
Income taxes (3)	(1,889)	\$ 3,374	1,485	(2,244)	\$ 3,293	1,049
Net income	\$ 11,792	\$ (3,374)	\$ 8,418	\$ 8,071	\$ (3,293)	\$ 4,778
Net income per share-basic	\$ 0.95	\$ 0.27	\$ 0.68	\$ 0.63	\$ 0.26	\$ 0.37
Net income per share-diluted	\$ 0.94	\$ 0.27	\$ 0.67	\$ 0.62	\$ 0.25	\$ 0.37
Average shares outstanding-basic	12,371	12,371	12,371	12,898	12,898	12,898
Average shares outstanding-diluted	12,541	12,541	12,541	13,025	13,025	13,025

(1) Calculated by dividing consolidated income benefit 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.

(3) Proforma taxes calculated using the Consolidated Adjusted Effective Income Tax Rate as reflected above.