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) February 28, 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))

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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 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, profit margins, profitability, operating income, capital expenditures, income taxes, SG&A or other expenses, pre-tax income, earnings, cash flow, 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, is included in Item 1A "Risk Factors" in our Form 10-K filed with the Securities and Exchange Commission on July 15, 2016 for the fiscal year ended May 1, 2016.

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 February 28, 2017, we issued a news release to announce our financial results for our third quarter and nine months ended January 29, 2017. The news release is attached hereto as Exhibit 99(a).

Also on February 28, 2017, we released a Financial Information Release containing additional financial information and disclosures about our third quarter and nine months ended January 29, 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, less payment on life insurance policy, less payments on vendor-financed capital expenditures, plus excess tax benefits related to stock-based compensation, less the purchase 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 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 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 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) carryforwards, 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.

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 February 28, 2017

99(b) Financial Information Release dated February 28, 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: February 28, 2017

EXHIBIT NUMBER

Exhibit Number	Exhibit
99(a)	News Release dated February 28, 2017
99(b)	Financial Information Release dated February 28, 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 THIRD QUARTER FISCAL 2017

Company Declares Regular Quarterly Cash Dividend of $0.08 Per Share

HIGH POINT, N.C. (February 28, 2017) ─ Culp, Inc. (NYSE: CFI) today reported financial and operating results for the third quarter and nine months ended January 29, 2017.

Fiscal 2017 Third Quarter Highlights

§ Net sales were $76.2 million, down 2.9 percent, with mattress fabric sales up 3.7 percent and upholstery fabric sales down 11.5 percent, compared with the third quarter last year.

§ Pre-tax income was $7.0 million, down 2.6 percent compared with $7.2 million in the third quarter of fiscal 2016. Included in the $7.0 million was approximately $200,000 of plant consolidation expenses.

§ Net income (GAAP) was $6.3 million, or $0.51 per diluted share, compared with net income of $4.9 million, or $0.39 per diluted share, in the prior year period. (This improvement was due mostly to a favorable effective GAAP income tax rate as explained in the overview section on page 2.)

§ Adjusted net income (non-GAAP) was $5.8 million, or $0.47 per diluted share, for the current quarter, compared with $5.9 million, or $0.47 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).

§ Cash and cash equivalents, short term investments and long term investments held-to-maturity totaled $48.9 million, up $6.8 million from last fiscal year end, with no outstanding balance on the company's lines of credit as of January 29, 2017. The $48.9 million was achieved despite spending $15.6 million on capital expenditures and dividends during the first nine months of this fiscal year.

Fiscal 2017 Year to Date Highlights

§ Year to date net sales were $232.2 million, down 1.4 percent from the same period a year ago, with mattress fabric sales up 3.2 percent and upholstery fabric sales down 8.0 percent over the same period a year ago.

§ Pre-tax income was $22.7 million, up 9.5 percent compared with $20.7 million for the same period last year.

§ Net income (GAAP) was $16.1 million, or $1.29 per diluted share, compared with net income of $13.3 million, or $1.07 per diluted share, for the same period a year ago.

§ Adjusted net income (non-GAAP) was $18.9 million, or $1.51 per diluted share, compared with $17.0 million, or $1.36 per diluted share, for the prior year period.

§ Annualized consolidated return on capital was 32 percent, equal to the same period a year ago.

§ Cash flow from operations was $24.2 million, up from $15.9 million a year ago. Free cash flow was $12.2 million, up from $8.2 million for the same time last year, representing a 48 percent increase.

§ Capital expenditures totaled $10.3 million, almost all of which related to the mattress fabric segment, compared with $7.7 million a year ago.

§ For the first nine months of fiscal 2017, the company paid $5.3 million in dividends, of which $2.6 million was for a special dividend. Since June 2011, the company has returned a total of $45.0 million to shareholders in the form of regular quarterly and special dividends and share repurchases.

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Guidance for Fourth Quarter and Full Year Fiscal 2017

- § The projection for the fourth quarter of fiscal 2017 is for overall sales to be slightly lower compared with the previous year's fourth quarter. Pre-tax income for the fourth quarter of fiscal 2017 is expected to be in the range of $6.5 million to $7.1 million. Included in this range is approximately $400,000 of expected plant consolidation expenses. Pre-tax income for the fourth quarter of fiscal 2016 was $7.2 million.

- § The projection for the full year is for overall sales to be flat to slightly lower than last year.

- § Pre-tax income for the full year is expected to be $29.2 million to $29.8 million, compared with $27.9 million for fiscal 2016, which was the highest annual pre-tax income in the company's history.

Overview

For the third quarter ended January 29, 2017, net sales were $76.2 million, a 2.9 percent decrease compared with $78.5 million a year ago. The company reported net income of $6.3 million, or $0.51 per diluted share, for the third quarter of fiscal 2017, compared with net income of $4.9 million, or $0.39 per diluted share, for the third quarter of fiscal 2016. The effective GAAP income tax rate was 9.2 percent for the third quarter of fiscal 2017 compared with 32.3 percent for the third quarter of last year. This decrease in the effective income tax rate was primarily due to a $2.1 million reversal of an uncertain income tax position associated with a foreign jurisdiction in which the statute of limitations expired.

Given the volatility in the income tax area during fiscal 2017 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 an estimated two more years, due to approximately $19 million in U.S. net operating loss carryforwards as of the end of fiscal 2016. For the third quarter of fiscal 2017, adjusted net income was $5.8 million, or $0.47 per diluted share, compared with $5.9 million, or $0.47 per diluted share, for the third quarter of fiscal 2016. On a pre-tax basis, the company reported income of $7.0 million, which included approximately $200,000 of plant consolidation expenses, compared with pre-tax income of $7.2 million for the third quarter of fiscal 2016.

Commenting on the results, Frank Saxon, president and chief executive officer of Culp, Inc., said, "As expected, our overall sales for the third quarter of fiscal 2017 were slightly lower than a year ago, reflecting an uncertain economic environment and soft consumer demand trends for home furnishings. We are pleased that our mattress fabric sales showed year-over-year improvement, in spite of a more challenging marketplace. However, our upholstery fabric sales were affected by the timing of the Chinese New Year holiday that started in January as opposed to February last year. For both businesses, we have remained focused on our top strategic priorities – to drive product innovation and creativity and provide a diverse product mix that meets the changing demands of our customers. Our efficient and flexible manufacturing platform supports this strategy, and we continue to make the right investments to enhance our operating efficiencies and take advantage of new growth opportunities. We are especially pleased with the year to date operating performance in our mattress fabrics business in spite of significant disruptions related to ongoing major transformational projects. Importantly, we have also maintained a strong financial position, with excellent cash flow from operations and free cash flow and high returns on capital through the first nine months of fiscal 2017."

Mattress Fabric Segment

Mattress fabric sales for the third quarter were $45.9 million, up 3.7 percent compared with $44.3 million for the third quarter of fiscal 2016.

"Our mattress fabric sales for the third quarter were in line with expectations, as we continued to demonstrate consistent execution in a challenging market environment," said Iv Culp, president of Culp's mattress fabrics division. "With our strategic focus on creative designs and an innovative and diverse product offering, we have outperformed current mattress industry trends throughout fiscal 2017. Our mirrored manufacturing platform, technical expertise and expanded reactive capacity, support our sales efforts with outstanding customer service and delivery performance.

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"We are especially pleased with our strong operating performance during a period of transition across our production facilities. We have strategically planned our capital investments over the past 15 months to include increased capacity via newer, more efficient equipment, expanded finishing capabilities and better overall service and throughput. Throughout fiscal 2017, we have made improvements to our operations and enhanced our ability to serve our customers, while reacting to changing demand trends.

"Our expansion projects in North Carolina, including our new distribution center, are expected to be completed in the fourth quarter of fiscal 2017. We are underway with our planned knitted fabric plant consolidation project in North Carolina to streamline our production platform and more effectively support our continuous improvement initiatives and long-term growth strategy. Additionally, we have made excellent progress with our Canadian expansion project, including the installation of new finishing equipment and a new Canadian distribution center, both of which are expected to commence operations in the fourth quarter of fiscal 2017. Finally, we have started construction on our previously announced joint venture mattress cover production facility in Haiti, which will complement our existing production capabilities with a mirrored platform, thus improving our ability to meet customer demand while remaining cost-competitive. Notably, even with all of these major ongoing projects, we continued to deliver favorable operating results in the third quarter. More importantly, we are strategically positioned to capture new market opportunities and drive our long-term operating performance.

"We are well positioned to execute our strategy in spite of the recent upheavals in the mattress industry. Design and innovation continue to distinguish Culp in the marketplace and remain our top priorities to meet customer style preferences and changing demand trends. With a full complement of mattress fabrics and sewn covers across all price points, we have a solid market position throughout the industry. CLASS, our mattress cover business, offers new opportunities with both our traditional customers and new market segments, especially the fast growing Internet bedding space.

"Looking ahead, while we expect some short-term industry disruptions and uncertain demand trends, we have worked hard to create a sustainable platform that will favorably position Culp for the long-term. We are confident in our ability to deliver another solid performance in fiscal 2017 and beyond," said Culp.

Upholstery Fabric Segment

Sales for this segment were $30.2 million for the third quarter, down 11.5 percent compared with sales of $34.2 million in the third quarter of fiscal 2016.

"As expected, upholstery fabric sales for the third quarter were lower compared with the same period last year," noted Boyd Chumbley, president of Culp's upholstery fabric division. "The timing of the Chinese New Year holiday, which occurred in January this year as opposed to February last year, had a significant impact on our business. With 92 percent of our upholstery fabric sales coming from our China platform, this extended holiday break contributed to the sales decline in the third quarter. We also faced continued soft demand across the retail home furnishings business as U.S. economic uncertainties have kept more consumers on the sidelines.

"In spite of the challenging conditions, we have remained focused on our product-driven strategy. Customer response has been favorable to our creative designs and wide range of innovative products. As we have diversified our product line, we have seen positive trends in demand for our latest 'performance' line of highly durable, stain-resistant fabrics. Additionally, we are pleased with the meaningful sales growth achieved for this fiscal year to date period in the hospitality segment, which is the key area of focus in our ongoing sales diversification strategy. We are excited about the potential growth opportunities for both of these product categories.

"While the short-term outlook is challenging given the current uncertainties in the economy and industry, we believe we are well positioned for the long-term. As market conditions evolve, we expect to benefit from more favorable demand trends and look forward to the opportunities ahead," added Chumbley.

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Balance Sheet

"Our strong financial position continues to be an important advantage for Culp in fiscal 2017," added Ken Bowling, senior vice president and chief financial officer of Culp, Inc. "As of the end of the third quarter, we reported $48.9 million in cash and cash equivalents, short-term investments and long-term investments held-to-maturity, up $6.8 million from $42.1 million at the end of last fiscal year. Through this same period, we made capital investments of $10.3 million, including expenses that were vendor-financed, primarily in our mattress fabric business, and returned $5.3 million to shareholders in regular and special dividends.

"For the first nine months of fiscal 2017, cash flow from operations was $24.2 million, compared with $15.9 million the prior-year period. Free cash flow was $12.2 million for the first nine months of fiscal 2017, compared with $8.2 million for the same period in fiscal 2016, an increase of 48 percent. (See reconciliation of free cash flow on page 8) This year-over-year improvement was due primarily to increased earnings and improved working capital management, especially with regard to inventory management. We are on track to have another year of strong free cash flow in fiscal 2017, even with higher annual capital expenditures and modest growth in working capital," added Bowling.

Dividends and Share Repurchases

The company announced that its Board of Directors has approved the payment of a quarterly cash dividend of $0.08 per share. This compares with $0.07 per share paid for the same period last year, reflecting an increase of 14 percent. The dividend is to be paid on or about April 17, 2017, to shareholders of record as of the close of business on April 3, 2017.

The company did not repurchase any shares through the first nine months of fiscal 2017, leaving $5.0 million available under the share repurchase program approved by the Board in June 2016.

Since June 2011, the company has returned a total of $45.0 million to shareholders in the form of regular quarterly and special dividends and share repurchases.

Outlook

Commenting on the outlook for the fourth quarter of fiscal 2017, Saxon remarked, "As we face an uncertain U.S. economic outlook and a challenging retail environment for home furnishings, we expect overall sales to be slightly lower compared with the fourth quarter of last fiscal year. For the year, we expect overall fiscal 2017 annual sales to be flat to slightly lower than last year's annual sales.

"We expect fourth quarter sales in our mattress fabric business to be slightly to moderately lower as compared with the same period a year ago, reflecting soft industry demand and uncertainty. While operating income is expected to be moderately lower as compared to last year, most of the shortfall is due to approximately $400,000 in expected expenses associated with our plant consolidation project in North Carolina. Operating income margins are expected to be comparable to the same period last year.

"For the full fiscal year, we expect mattress fabric sales to be comparable with last year, while operating income and margins are expected to be moderately higher than last fiscal year, even with approximately $700,000 of expected total year plant consolidation expenses.

"In our upholstery fabric business, we expect fourth quarter sales to be flat to slightly higher compared with the previous year's fourth quarter results. We believe the upholstery fabric segment's operating income and margins will be moderately higher compared with the same quarter of last year.

"For the full fiscal year, we expect upholstery fabric sales to be moderately lower compared with last fiscal year. Operating income and margins in this segment are expected to be comparable to last year.

"Considering these factors, the company expects to report pre-tax income for the fourth quarter in the range of $6.5 million to $7.1 million, including approximately $400,000 of expected plant consolidation expenses. Pre-tax income for last year's fourth quarter was $7.2 million. For fiscal 2017 as a whole, we expect pre-tax income in the range of $29.2 million to $29.8 million, exceeding $27.9 million in pre-tax income last fiscal year, the highest level achieved in the company's history.

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"Looking at the full year, capital expenditures for fiscal 2017 are expected to be in the range of $12.0 million to $15.0 million, mostly related to expansion and efficiency improvement projects for mattress fabrics," Saxon added. "Additionally, the company expects another year of strong free cash flow."

In closing, Saxon remarked, "We are pleased with our ability to consistently execute our strategy in fiscal 2017 in spite of a challenging retail environment and the implementation of ongoing major projects in our mattress fabrics business. We have maintained a strong competitive position in both businesses with our creative designs, innovative product offerings, and a flexible and scalable global manufacturing platform that supports our ability to deliver these products. At the same time, we believe our ongoing significant capital investments and strategic initiatives will enhance our ability to respond to new market opportunities, strengthen our competitive position and provide increased value to our customers. While the short-term outlook remains uncertain, we are optimistic that fiscal 2017 as a whole will reflect another strong operating performance for Culp."

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 and China.

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, profit margins, profitability, operating income, capital expenditures, income taxes, SG&A or other expenses, pre-tax income, earnings, cash flow, 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, is included in Item 1A "Risk Factors" in our Form 10-K filed with the Securities and Exchange Commission on July 15, 2016 for the fiscal year ended May 1, 2016. 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		Nine Months Ended	
	January 29, 2017	January 31, 2016	January 29, 2017	January 31, 2016
Net sales	$ 76,169,000	$ 78,466,000	$ 232,194,000	$ 235,607,000
Income before income taxes	$ 6,990,000	$ 7,179,000	$ 22,696,000	$ 20,731,000
Net income	$ 6,347,000	$ 4,862,000	$ 16,136,000	$ 13,333,000
Net income per share:				
Basic	$ 0.52	$ 0.39	$ 1.31	$ 1.08
Diluted	$ 0.51	$ 0.39	$ 1.29	$ 1.07
Adjusted net income	$ 5,830,000	$ 5,901,000	$ 18,928,000	$ 17,041,000
Adjusted net income per share				
Basic	$ 0.47	$ 0.48	$ 1.54	$ 1.38
Diluted	$ 0.47	$ 0.47	$ 1.51	$ 1.36
Average shares outstanding:				
Basic	12,313,000	12,331,000	12,302,000	12,317,000
Diluted	12,544,000	12,486,000	12,517,000	12,488,000

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

	Three Months Ended		Nine Months Ended	
	January 29, 2017	January 31, 2016	January 29, 2017	January 31, 2016
Income before income taxes	$ 6,990,000	$ 7,179,000	$ 22,696,000	$ 20,731,000
Adjusted income taxes (2)	$ 1,160,000	$ 1,278,000	$ 3,768,000	$ 3,690,000
Adjusted net income	$ 5,830,000	$ 5,901,000	$ 18,928,000	$ 17,041,000

(1) Culp, Inc. currently does not incur cash income tax expense in the U.S. due to its $19.2 million in net operating loss carryforwards as of May 1, 2016. Adjusted net income is calculated using only estimated cash income tax expense for the company’s subsidiaries in Canada and China.

(2) Represents estimated cash income tax expense for the company’s subsidiaries in Canada and China, calculated with a consolidated adjusted effective income tax rate of 16.6% for fiscal 2017 and 17.8% for fiscal 2016.

-MORE-

Consolidated Adjusted Effective Income Tax Rate, Net Income and Earnings Per Share
For the Nine Months Ended January 29, 2017, and January 31, 2016
(Unaudited)
(Amounts in Thousands)

		NINE MONTHS ENDED	
		Amounts	
		January 29, 2017	January 31, 2016
Consolidated Effective GAAP Income Tax Rate	(1)	**28.9%**	35.7%
Non-Cash U.S. Income Tax Expense		**(20.9)%**	(17.9)%
Reversal of Foreign Uncertain Income Tax Position		**9.1%**	0.0%
Other Non-Cash Foreign Income Tax Expense		**(0.5)%**	0.0%
Consolidated Adjusted Effective Income Tax Rate	(2)	**16.6%**	17.8%

	THREE MONTHS ENDED					
	As reported January 29, 2017	Adjustments	**January 29, 2017 Proforma Net of Adjustments**	**As reported January 31, 2016**	Adjustments	**January 31, 2016 Proforma Net of Adjustments**
Income before income taxes	**$ 6,990**	$ -	**$ 6,990**	**$ 7,179**	$ -	**$ 7,179**
Income taxes (3)	**643**	$ 517	**1,160**	**2,317**	$ (1,039)	**1,278**
Net income	**$ 6,347**	$ (517)	**$ 5,830**	**$ 4,862**	$ 1,039	**$ 5,901**
Net income per share-basic	**$ 0.52**	$ (0.04)	**$ 0.47**	**$ 0.39**	$ 0.08	**$ 0.48**
Net income per share-diluted	**$ 0.51**	$ (0.04)	**$ 0.47**	**$ 0.39**	$ 0.08	**$ 0.47**
Average shares outstanding-basic	**12,313**	**12,313**	**12,313**	**12,331**	**12,331**	**12,331**
Average shares outstanding-diluted	**12,544**	**12,544**	**12,544**	**12,486**	**12,486**	**12,486**

	NINE MONTHS ENDED					
	As reported January 29, 2017	Adjustments	**January 29, 2017 Proforma Net of Adjustments**	**As reported January 31, 2016**	Adjustments	**January 31, 2016 Proforma Net of Adjustments**
Income before income taxes	**$ 22,696**	$ -	**$ 22,696**	**$ 20,731**	$ -	**$ 20,731**
Income taxes (3)	**6,560**	$ (2,792)	**3,768**	**7,398**	$ (3,708)	**3,690**
Net income	**$ 16,136**	$ 2,792	**$ 18,928**	**$ 13,333**	$ 3,708	**$ 17,041**
Net income per share-basic	**$ 1.31**	$ 0.23	**$ 1.54**	**$ 1.08**	$ 0.30	**$ 1.38**
Net income per share-diluted	**$ 1.29**	$ 0.22	**$ 1.51**	**$ 1.07**	$ 0.30	**$ 1.36**
Average shares outstanding-basic	**12,302**	**12,302**	**12,302**	**12,317**	**12,317**	**12,317**
Average shares outstanding-diluted	**12,517**	**12,517**	**12,517**	**12,488**	**12,488**	**12,488**

(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.

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

-MORE-

Reconciliation of Free Cash Flow
For the Nine Months Ended January 29, 2017, and January 31, 2016
(Unaudited)
(Amounts in thousands)

	Nine Months Ended January 29, 2017	Nine Months Ended January 31, 2016
Net cash provided by operating activities	$ 24,237	$ 15,876
Minus: Capital Expenditures	(9,253)	(7,686)
Minus: Investment in unconsolidated joint venture	(600)	-
Add: Proceeds from the sale of equipment	80	230
Minus: Payments on life insurance policies	(18)	(18)
Minus: Payments on vendor-financed capital expenditures	(1,050)	-
Minus: Purchase of long-term investments (Rabbi Trust)	(1,431)	(1,268)
Add: Excess tax benefits related to stock-based compensation	195	822
Effect of exchange rate changes on cash and cash equivalents	27	289
Free Cash Flow	$ 12,187	$ 8,245

-MORE-

Reconciliation of Return on Capital
For the Nine Months Ended January 29, 2017, and January 31, 2016
(Unaudited)
(Amounts in thousands)

	Nine Months Ended January 29, 2017	Nine Months Ended January 31, 2016
Consolidated Income from Operations	$ 22,908	$ 20,986
Average Capital Employed (2)	94,211	88,275
Return on Average Capital Employed (1)	32.4%	31.7%

Average Capital Employed

	January 29, 2017	October 30, 2016	July 31, 2016	May 1, 2016
Total assets	$ 191,056	$ 179,127	$ 183,360	$ 175,142
Total liabilities	(48,742)	(43,178)	(51,925)	(46,330)
Subtotal	$ 142,314	$ 135,949	$ 131,435	$ 128,812
Less:				
Cash and cash equivalents	(15,659)	(13,910)	(45,549)	(37,787)
Short-term investments	(2,410)	(2,430)	(2,434)	(4,359)
Long-term investments - Held-to-Maturity	(30,832)	(31,050)	-	-
Long-term investments - Rabbi Trust	(5,488)	(4,994)	(4,611)	(4,025)
Income taxes receivable	-	-	-	(155)
Deferred income taxes - non-current	(422)	(581)	(1,942)	(2,319)
Income taxes payable - current	217	513	358	180
Income taxes payable - long-term	1,817	3,734	3,779	3,841
Deferred income taxes - non-current	2,924	1,699	1,532	1,483
Line of credit	-	-	7,000	-
Deferred compensation	5,327	5,171	5,031	4,686
Total Capital Employed	$ 97,788	$ 94,101	$ 94,599	$ 90,357
Average Capital Employed (2)	$ 94,211			

	January 31, 2016	November 1, 2015	August 2, 2015	May 3, 2015
Total assets	$ 173,551	$ 168,947	$ 166,879	$ 171,300
Total liabilities	(48,477)	(45,972)	(48,154)	(51,873)
Subtotal	$ 125,074	$ 122,975	$ 118,725	$ 119,427
Less:				
Cash and cash equivalents	(31,713)	(31,176)	(25,933)	(29,725)
Short-term investments	(4,259)	(6,320)	(6,336)	(10,004)
Long-term investments - Rabbi Trust	(3,590)	(3,279)	(2,893)	(2,415)
Income taxes receivable	(23)	(75)	(142)	(229)
Deferred income taxes - non-current	(4,312)	(3,415)	(4,405)	(5,169)
Current maturities of long-term debt	-	-	2,200	2,200
Income taxes payable - current	622	305	392	325
Income taxes payable - long-term	3,480	3,655	3,634	3,792
Deferred income taxes - non-current	1,209	1,206	1,071	982
Deferred compensation	4,495	4,421	4,280	4,041
Total Capital Employed	$ 90,983	$ 88,297	$ 90,593	$ 83,225
Average Capital Employed (2)	$ 88,275			

Notes:

(1) Return on average capital employed represents operating income for the nine month period ending January 29, 2017 or January 31, 2016 divided by three quarters 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, long-term debt, including current maturities, line of credit, noncurrent deferred tax assets and liabilities, income taxes receivable and payable, and deferred compensation.

(2) Average capital employed used for the nine months ending January 29, 2017 was computed using the four quarterly periods ending January 29, 2017, October 30, 2016, July 31, 2016 and May 1, 2016. Average capital employed used for the nine months ending January 31, 2016 was computed using the four quarterly periods ending January 31, 2016, November 1, 2015, August 2, 2015 and May 3, 2015.

-END-

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF NET INCOME
FOR THREE MONTHS ENDED JANUARY 29, 2017 AND JANUARY 31, 2016
(UNAUDITED)
(Amounts in Thousands, Except for Per Share Data)

	THREE MONTHS ENDED				
	Amounts			Percent of Sales	
	January 29, 2017	January 31, 2016	% Over (Under)	**January 29, 2017**	January 31, 2016
Net sales	$ **76,169**	78,466	(2.9)%	**100.0**%	100.0%
Cost of sales	**59,410**	61,903	(4.0)%	**78.0**%	78.9%
Gross profit	**16,759**	16,563	1.2%	**22.0**%	21.1%
Selling, general and administrative expenses	**9,824**	9,337	5.2%	**12.9**%	11.9%
Income from operations	**6,935**	7,226	(4.0)%	**9.1**%	9.2%
Interest income	**(124)**	(38)	226.3%	**(0.2)%**	(0.0)%
Other expense	**69**	85	(18.8)%	**0.1**%	0.1%
Income before income taxes	**6,990**	7,179	(2.6)%	**9.2**%	9.1%
Income taxes*	**643**	2,317	(72.2)%	**9.2**%	32.3%
Net income	$ **6,347**	4,862	30.5%	**8.3**%	6.2%
Net income per share-basic	$ **0.52**	$ 0.39	33.3%		
Net income per share-diluted	$ **0.51**	$ 0.39	30.8%		
Average shares outstanding-basic	**12,313**	12,331	(0.1)%		
Average shares outstanding-diluted	**12,544**	12,486	0.5%		

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

	THREE MONTHS ENDED				
	Amounts			Percent of Sales	
	January 29, 2017	January 31, 2016	% Over (Under)	**January 29, 2017**	January 31, 2016
Income before income taxes (see above)	$ **6,990**	7,179	(2.6)%	**9.2**%	9.1%
Adjusted Income taxes (2)*	**1,160**	1,278	(9.2)%	**16.6**%	17.8%
Adjusted net income	$ **5,830**	5,901	(1.2)%	**7.7**%	7.5%
Adjusted net income per share-basic	$ **0.47**	$ 0.48	(2.1)%		
Adjusted net income per share-diluted	$ **0.47**	$ 0.47	0.0%		
Average shares outstanding-basic	**12,313**	12,331	(0.1)%		
Average shares outstanding-diluted	**12,544**	12,486	0.5%		

(1) Culp, Inc. currently does not incur cash income tax expense in the US due to its $19.2 million in net operating loss carryforwards as of May 1, 2016. Therefore, adjusted net income is calculated using only income tax expense for our subsidiaries located in Canada and China. See reconciliation on page 10 of 10.

(2) Represents estimated income tax expense for our subsidiaries located in Canada and China. See reconciliation on page 10 of 10.

* 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 NINE MONTHS ENDED JANUARY 29, 2017 AND JANUARY 31, 2016
(UNAUDITED)
(Amounts in Thousands, Except for Per Share Data)

	NINE MONTHS ENDED				
	Amounts			Percent of Sales	
	January 29, 2017	January 31, 2016	% Over (Under)	**January 29, 2017**	January 31, 2016
Net sales	**$ 232,194**	235,607	(1.4)%	**100.0%**	100.0%
Cost of sales	**180,115**	187,109	(3.7)%	**77.6%**	79.4%
Gross profit	**52,079**	48,498	7.4%	**22.4%**	20.6%
Selling, general and administrative expenses	**29,171**	27,512	6.0%	**12.6%**	11.7%
Income from operations	**22,908**	20,986	9.2%	**9.9%**	8.9%
Interest income	**(164)**	(150)	9.3%	**(0.1)%**	(0.1)%
Other expense	**376**	405	(7.2)%	**0.2%**	0.2%
Income before income taxes	**22,696**	20,731	9.5%	**9.8%**	8.8%
Income taxes*	**6,560**	7,398	(11.3)%	**28.9%**	35.7%
Net income	**$ 16,136**	13,333	21.0%	**6.9%**	5.7%
Net income per share-basic	**$ 1.31**	$ 1.08	21.3%		
Net income per share-diluted	**$ 1.29**	$ 1.07	20.6%		
Average shares outstanding-basic	**12,302**	12,317	(0.1)%		
Average shares outstanding-diluted	**12,517**	12,488	0.2%		

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

	NINE MONTHS ENDED				
	Amounts			Percent of Sales	
	January 29, 2017	January 31, 2016	% Over (Under)	**January 29, 2017**	January 31, 2016
Income before income taxes (see above)	**$ 22,696**	20,731	9.5%	**9.8%**	8.8%
Adjusted Income taxes (2)*	**3,768**	3,690	2.1%	**16.6%**	17.8%
Adjusted net income	**$ 18,928**	17,041	11.1%	**8.2%**	7.2%
Adjusted net income per share-basic	**$ 1.54**	$ 1.38	11.6%		
Adjusted net income per share-diluted	**$ 1.51**	$ 1.36	11.0%		
Average shares outstanding-basic	**12,302**	12,317	(0.1)%		
Average shares outstanding-diluted	**12,517**	12,488	0.2%		

(1) Culp, Inc. currently does not incur cash income tax expense in the US due to its $19.2 million in net operating loss carryforwards as of May 1, 2016. Therefore, adjusted net income is calculated using only income tax expense for our subsidiaries located in Canada and China. See reconciliation on page 10 of 10.

(2) Represents estimated income tax expense for our subsidiaries located in Canada and China. See reconciliation on page 10 of 10.

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

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED BALANCE SHEETS
JANUARY 29, 2017, JANUARY 31, 2016, AND MAY 1, 2016
Unaudited
(Amounts in Thousands)

	Amounts		Increase (Decrease)		
	January 29, 2017	January 31, 2016	Dollars	Percent	* May 1, 2016
Current assets					
Cash and cash equivalents	$ **15,659**	31,713	(16,054)	(50.6)%	37,787
Short-term investments	**2,410**	4,259	(1,849)	(43.4)%	4,359
Accounts receivable	**22,726**	26,784	(4,058)	(15.2)%	23,481
Inventories	**46,193**	48,485	(2,292)	(4.7)%	46,531
Income taxes receivable	-	23	(23)	(100.0)%	155
Other current assets	**2,514**	2,331	183	7.9%	2,477
Total current assets	**89,502**	113,595	(24,093)	(21.2)%	114,790
Property, plant & equipment, net	**50,333**	38,157	12,176	31.9%	39,973
Goodwill	**11,462**	11,462	-	0.0%	11,462
Deferred income taxes	**422**	4,312	(3,890)	(90.2)%	2,319
Long-term Investments - Held-To-Maturity	**30,832**	-	30,832	100.0%	-
Long-term Investments - Rabbi Trust	**5,488**	3,590	1,898	52.9%	4,025
Investment in unconsolidated joint venture	**600**	-	600	100.0%	-
Other assets	**2,417**	2,435	(18)	(0.7)%	2,573
Total assets	$ **191,056**	173,551	17,505	10.1%	175,142
Current liabilities					
Accounts payable - trade	$ **22,352**	25,601	(3,249)	(12.7)%	23,994
Accounts payable - capital expenditures	**4,886**	380	4,506	1,185.8%	224
Accrued expenses	**10,511**	12,690	(2,179)	(17.2)%	11,922
Income taxes payable - current	**217**	622	(405)	(65.1)%	180
Total current liabilities	**37,966**	39,293	(1,327)	(3.4)%	36,320
Accounts payable - capital expenditures	**708**	-	708	100.0%	-
Income taxes payable - long-term	**1,817**	3,480	(1,663)	(47.8)%	3,841
Deferred income taxes	**2,924**	1,209	1,715	141.9%	1,483
Deferred compensation	**5,327**	4,495	832	18.5%	4,686
Total liabilities	**48,742**	48,477	265	0.5%	46,330
Shareholders' equity	**142,314**	125,074	17,240	13.8%	128,812
Total liabilities and shareholders' equity	$ **191,056**	173,551	17,505	10.1%	175,142
Shares outstanding	**12,315**	12,250	65	0.5%	12,265

** Derived from audited financial statements.*

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED JANUARY 29, 2017 AND JANUARY 31, 2016
Unaudited
(Amounts in Thousands)

	NINE MONTHS ENDED	
	Amounts	
	January 29, 2017	January 31, 2016
Cash flows from operating activities:		
Net income	$ **16,136**	13,333
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**5,304**	4,888
Amortization of assets	**162**	123
Stock-based compensation	**2,619**	1,964
Deferred income taxes	**3,533**	1,906
Realized loss on sale of short-term investments	**12**	127
Gain on sale of equipment	**(71)**	(66)
Excess tax benefits related to stock-based compensation	**(195)**	(822)
Foreign currency exchange gains	**(18)**	(85)
Changes in assets and liabilities:		
Accounts receivable	**340**	1,091
Inventories	**(137)**	(6,485)
Other current assets	**90**	(108)
Other assets	**51**	48
Accounts payable	**(946)**	(1,979)
Accrued expenses and deferrred compensation	**(948)**	1,406
Income taxes	**(1,695)**	535
Net cash provided by operating activities	**24,237**	15,876
Cash flows from investing activities:		
Capital expenditures	**(9,253)**	(7,686)
Investment in unconsolidated joint venture	**(600)**	-
Proceeds from the sale of equipment	**80**	230
Payment on life insurance policy	**(18)**	(18)
Proceeds from the sale of short-term investments	**2,000**	5,612
Purchase of short-term investments	**(8)**	(86)
Purchase of long-term investments (Held-To-Maturity)	**(31,050)**	-
Purchase of long-term investments (Rabbi Trust)	**(1,431)**	(1,268)
Net cash used in investing activities	**(40,280)**	(3,216)
Cash flows from financing activities:		
Proceeds from line of credit	**7,000**	7,000
Payments on line of credit	**(7,000)**	(7,000)
Payments on vendor-financed capital expenditures	**(1,050)**	-
Payments on long-term debt	**-**	(2,200)
Excess tax benefits related to stock-based compensation	**195**	822
Repurchase of common stock	**-**	(2,397)
Dividends paid	**(5,292)**	(7,281)
Proceeds from common stock issued	**37**	138
Payments on debt issuance costs	**(2)**	(43)
Net cash used in financing activities	**(6,112)**	(10,961)
Effect of exchange rate changes on cash and cash equivalents	**27**	289
(Decrease) increase in cash and cash equivalents	**(22,128)**	1,988
Cash and cash equivalents at beginning of period	**37,787**	29,725
Cash and cash equivalents at end of period	$ **15,659**	31,713
Free Cash Flow (1)	$ **12,187**	8,245

(1) Free Cash Flow reconciliation is as follows:

		FY 2017	FY 2016
A)	Net cash provided by operating activities	$ **24,237**	15,876

B)	Minus: Capital Expenditures	**(9,253)**	(7,686)
C)	Minus: Investment in unconsolidated joint venture	**(600)**	-
D)	Add: Proceeds from the sale of equipment	**80**	230
E)	Minus: Payment on life insurance policy	**(18)**	(18)
F)	Minus: Payments on vendor-financed capital expenditures	**(1,050)**	-
G)	Minus: Purchase of long-term investments (Rabbi Trust)	**(1,431)**	(1,268)
H)	Add: Excess tax benefits related to stock-based compensation	**195**	822
I)	Effects of exchange rate changes on cash and cash equivalents	**27**	289
		$ 12,187	8,245

CULP, INC. FINANCIAL INFORMATION RELEASE
STATEMENTS OF OPERATIONS BY SEGMENT
FOR THE THREE MONTHS ENDED JANUARY 29, 2017 AND JANUARY 31, 2016
(Unaudited)
(Amounts in thousands)

	THREE MONTHS ENDED				
	Amounts			Percent of Total Sales	
Net Sales by Segment	**January 29, 2017**	January 31, 2016	% Over (Under)	**January 29, 2017**	January 31, 2016
Mattress Fabrics	$ **45,920**	44,277	3.7%	**60.3%**	56.4%
Upholstery Fabrics	**30,249**	34,189	(11.5)%	**39.7%**	43.6%
Net Sales	$ **76,169**	78,466	(2.9)%	**100.0%**	100.0%
Gross Profit by Segment				Gross Profit Margin	
Mattress Fabrics	$ **9,758**	8,751	11.5%	**21.3%**	19.8%
Upholstery Fabrics	**7,001**	7,812	(10.4)%	**23.1%**	22.8%
Gross Profit	$ **16,759**	16,563	1.2%	**22.0%**	21.1%
Selling, General and Administrative Expenses by Segment				Percent of Sales	
Mattress Fabrics	$ **3,391**	2,953	14.8%	**7.4%**	6.7%
Upholstery Fabrics	**3,901**	3,963	(1.6)%	**12.9%**	11.6%
Unallocated Corporate expenses	**2,532**	2,421	4.6%	**3.3%**	3.1%
Selling, General and Administrative Expenses	$ **9,824**	9,337	5.2%	**12.9%**	11.9%
Operating Income (loss) by Segment				Operating Income (Loss) Margin	
Mattress Fabrics	$ **6,367**	5,798	9.8%	**13.9%**	13.1%
Upholstery Fabrics	**3,100**	3,849	(19.5)%	**10.2%**	11.3%
Unallocated corporate expenses	**(2,532)**	(2,421)	4.6%	**(3.3)%**	(3.1)%
Operating income	$ **6,935**	7,226	(4.0)%	**9.1%**	9.2%
Depreciation by Segment					
Mattress Fabrics	$ **1,573**	1,490	5.6%		
Upholstery Fabrics	**220**	215	2.3%		
Depreciation	$ **1,793**	1,705	5.2%		

CULP, INC. FINANCIAL INFORMATION RELEASE
STATEMENTS OF OPERATIONS BY SEGMENT
FOR THE NINE MONTHS ENDED JANUARY 29, 2017 AND JANUARY 31, 2016
(Unaudited)
(Amounts in thousands)

	NINE MONTHS ENDED				
	Amounts			Percent of Total Sales	
Net Sales by Segment	**January 29, 2017**	January 31, 2016	% Over (Under)	**January 29, 2017**	January 31, 2016
Mattress Fabrics	**$ 141,977**	137,522	3.2%	**61.1%**	58.4%
Upholstery Fabrics	**90,217**	98,085	(8.0)%	**38.9%**	41.6%
Net Sales	**$ 232,194**	235,607	(1.4)%	**100.0%**	100.0%
Gross Profit by Segment				Gross Profit Margin	
Mattress Fabrics	**$ 32,414**	28,133	15.2%	**22.8%**	20.5%
Upholstery Fabrics	**19,665**	20,365	(3.4)%	**21.8%**	20.8%
Gross Profit	**$ 52,079**	48,498	7.4%	**22.4%**	20.6%
Selling, General and Administrative Expenses by Segment				Percent of Sales	
Mattress Fabrics	**$ 10,185**	8,865	14.9%	**7.2%**	6.4%
Upholstery Fabrics	**11,086**	11,372	(2.5)%	**12.3%**	11.6%
Unallocated Corporate expenses	**7,900**	7,275	8.6%	**3.4%**	3.1%
Selling, General, and Administrative Expenses	**$ 29,171**	27,512	6.0%	**12.6%**	11.7%
Operating Income (loss) by Segment				Operating Income (Loss) Margin	
Mattress Fabrics	**$ 22,229**	19,267	15.4%	**15.7%**	14.0%
Upholstery Fabrics	**8,579**	8,994	(4.6)%	**9.5%**	9.2%
Unallocated corporate expenses	**(7,900)**	(7,275)	8.6%	**(3.4)%**	(3.1)%
Operating income	**$ 22,908**	20,986	9.2%	**9.9%**	8.9%
Return on Capital (1)					
Mattress Fabrics	**38.5%**	35.9%			
Upholstery Fabrics	**64.6%**	68.9%			
Unallocated Corporate	**N/A**	N/A			
Consolidated	**32.4%**	31.7%			
Capital Employed (2)					
Mattress Fabrics	**80,656**	72,644	11.0%		
Upholstery Fabrics	**18,420**	19,623	(6.1)%		
Unallocated Corporate	**(1,288)**	(1,284)	N/A		
Consolidated	**97,788**	90,983	7.5%		
Depreciation by Segment					
Mattress Fabrics	**$ 4,673**	4,273	9.4%		
Upholstery Fabrics	**631**	615	2.6%		
Depreciation	**$ 5,304**	4,888	8.5%		

Notes:

(1) See pages 8 and 9 of this financial information release for calculations.

(2) The capital employed balances are as of January 29, 2017 and January 31, 2016.

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED STATEMENTS OF ADJUSTED EBITDA
FOR THE TWELVE MONTHS ENDED JANUARY 29, 2017 AND JANUARY 31, 2016
(UNAUDITED)
(AMOUNTS IN THOUSANDS)

	Quarter Ended				Trailing 12 Months
	5/1/2016	7/31/2016	10/30/2016	1/29/2017	1/29/2017
Net income	$ 3,601	$ 5,313	$ 4,475	$ 6,347	$ 19,736
Income taxes	3,566	3,233	2,684	643	10,126
Interest income, net	(26)	(25)	(15)	(124)	(190)
Depreciation and amortization expense	1,830	1,813	1,778	1,875	7,296
Stock based compensation	778	761	896	962	3,397
Adjusted EBITDA	$ 9,749	$ 11,095	$ 9,818	$ 9,703	$ 40,365

	Quarter Ended				Trailing 12 Months
	5/3/2015	8/2/2015	11/1/2015	01/31/16	1/31/2016
Net income	$ 4,913	$ 4,701	$ 3,771	$ 4,862	$ 18,247
Income taxes	1,772	2,707	2,373	2,317	9,169
Interest income, net	(128)	(42)	(69)	(38)	(277)
Depreciation and amortization expense	1,576	1,602	1,668	1,741	6,587
Stock based compensation	304	265	1,074	625	2,268
Adjusted EBITDA	$ 8,437	$ 9,233	$ 8,817	$ 9,507	$ 35,994
% Over (Under)	15.6%	20.2%	11.4%	2.1%	12.1%

CULP, INC. FINANCIAL INFORMATION RELEASE
RETURN ON CAPITAL EMPLOYED BY SEGMENT
FOR THE NINE MONTHS ENDED JANUARY 29, 2017
(Amounts in Thousands)
(Unaudited)

	Operating Income Nine Months Ended January 29, 2017 (1)	Average Capital Employed (3)	Return on Avg. Capital Employed (2)
Mattress Fabrics	$ 22,229	$ 77,035	38.5%
Upholstery Fabrics	8,579	17,712	64.6%
(less: Unallocated Corporate)	(7,900)	(536)	N/A
Total	$ 22,908	$ 94,211	32.4%

Average Capital Employed	As of the three Months Ended January 29, 2017				As of the three Months Ended October 30, 2016				As of the three Months Ended July 31, 2016			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets	$ 103,782	$ 30,380	$ 56,894	$ 191,056	$ 94,700	$ 29,361	$ 55,066	$ 179,127	$ 92,959	$ 33,550	$ 56,851	$ 183,360
Total liabilities	(23,126)	(11,960)	(13,656)	(48,742)	(18,499)	(11,180)	(13,499)	(43,178)	(16,313)	(16,329)	(19,283)	(51,925)
Subtotal	$ 80,656	$ 18,420	$ 43,238	$ 142,314	$ 76,201	$ 18,181	$ 41,567	$ 135,949	$ 76,646	$ 17,221	$ 37,568	$ 131,435
Less:												
Cash and cash equivalents	-	-	(15,659)	(15,659)	-	-	(13,910)	(13,910)	-	-	(45,549)	(45,549)
Short-term investments	-	-	(2,410)	(2,410)	-	-	(2,430)	(2,430)	-	-	(2,434)	(2,434)
Long-term investments - Held-To-Maturity	-	-	(30,832)	(30,832)	-	-	(31,050)	(31,050)	-	-	-	-
Long-term investments - Rabbi Trust	-	-	(5,488)	(5,488)	-	-	(4,994)	(4,994)	-	-	(4,611)	(4,611)
Income taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income taxes - non-current	-	-	(422)	(422)	-	-	(581)	(581)	-	-	(1,942)	(1,942)
Income taxes payable - current	-	-	217	217	-	-	513	513	-	-	358	358
Income taxes payable - long-term	-	-	1,817	1,817	-	-	3,734	3,734	-	-	3,779	3,779
Deferred income taxes - non-current	-	-	2,924	2,924	-	-	1,699	1,699	-	-	1,532	1,532
Line of credit	-	-	-	-	-	-	-	-	-	-	7,000	7,000
Deferred compensation	-	-	5,327	5,327	-	-	5,171	5,171	-	-	5,031	5,031
Total Capital Employed	$ 80,656	$ 18,420	$ (1,288)	$ 97,788	$ 76,201	$ 18,181	$ (281)	$ 94,101	$ 76,646	$ 17,221	$ 732	$ 94,599

	As of the three Months Ended May 1, 2016			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets	$ 94,878	$ 29,463	$ 50,801	$ 175,142
Total liabilities	(20,241)	(12,438)	(13,651)	(46,330)
Subtotal	$ 74,637	$ 17,025	$ 37,150	$ 128,812
Less:				
Cash and cash equivalents	-	-	(37,787)	(37,787)
Short-term investments	-	-	(4,359)	(4,359)
Long-term investments - Held-To-Maturity	-	-	-	-
Long-term investments - Rabbi Trust	-	-	(4,025)	(4,025)

	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Income taxes receivable	-	-	(155)	(155)
Deferred income taxes - non-current	-	-	(2,319)	(2,319)
Income taxes payable - current	-	-	180	180
Income taxes payable - long-term	-	-	3,841	3,841
Deferred income taxes - non-current	-	-	1,483	1,483
Line of credit	-	-	-	-
Deferred compensation	-	-	4,686	4,686
Total Capital Employed	$ 74,637	$ 17,025	$ (1,305)	$ 90,357

	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Average Capital Employed (3)	$ 77,035	$ 17,712	$ (536)	$ 94,211

Notes:

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

(2) Return on average capital employed represents operating income for the nine month period ending January 29, 2017 divided by three quarters 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 tax assets and liabilities, income taxes receivable and payable, line of credit, and deferred compensation.

(3) Average capital employed was computed using the four periods ending January 29, 2017, October 30, 2016, July 31, 2016 and May 1, 2016.

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

	Operating Income Nine Months Ended January 31, 2016 (1)	Average Capital Employed (3)	Return on Avg. Capital Employed (2)
Mattress Fabrics	$ 19,267	$ 71,492	35.9%
Upholstery Fabrics	8,994	17,413	68.9%
(less: Unallocated Corporate)	(7,275)	(631)	N/A
Total	$ 20,986	$ 88,275	31.7%

Average Capital Employed	As of the three Months Ended January 31, 2016				As of the three Months Ended November 1, 2015				As of the three Months Ended August 2, 2015			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets	$ 93,779	$ 33,975	$ 45,797	$ 173,551	$ 90,730	$ 32,187	$ 46,030	$ 168,947	$ 91,614	$ 33,795	$ 41,470	$ 166,879
Total liabilities	(21,135)	(14,352)	(12,990)	(48,477)	(19,228)	(15,129)	(11,615)	(45,972)	(20,265)	(14,849)	(13,040)	(48,154)
Subtotal	$ 72,644	$ 19,623	$ 32,807	$ 125,074	$ 71,502	$ 17,058	$ 34,415	$ 122,975	$ 71,349	$ 18,946	$ 28,430	$ 118,725
Less:												
Cash and cash equivalents	-	-	(31,713)	(31,713)	-	-	(31,176)	(31,176)	-	-	(25,933)	(25,933)
Short-term investments	-	-	(4,259)	(4,259)	-	-	(6,320)	(6,320)	-	-	(6,336)	(6,336)
Long-term investments - Rabbi Trust	-	-	(3,590)	(3,590)	-	-	(3,279)	(3,279)	-	-	(2,893)	(2,893)
Income taxes receivable	-	-	(23)	(23)	-	-	(75)	(75)	-	-	(142)	(142)
Deferred income taxes - non-current	-	-	(4,312)	(4,312)	-	-	(3,415)	(3,415)	-	-	(4,405)	(4,405)
Current maturities of long-term debt	-	-	-	-	-	-	-	-	-	-	2,200	2,200
Income taxes payable - current	-	-	622	622	-	-	305	305	-	-	392	392
Income taxes payable - long-term	-	-	3,480	3,480	-	-	3,655	3,655	-	-	3,634	3,634
Deferred income taxes - non-current	-	-	1,209	1,209	-	-	1,206	1,206	-	-	1,071	1,071
Deferred compensation	-	-	4,495	4,495	-	-	4,421	4,421	-	-	4,280	4,280
Total Capital Employed	$ 72,644	$ 19,623	$ (1,284)	$ 90,983	$ 71,502	$ 17,058	$ (263)	$ 88,297	$ 71,349	$ 18,946	$ 298	$ 90,593

	As of the three Months Ended May 3, 2015			
	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Total assets	$ 89,066	$ 32,838	$ 49,396	$ 171,300
Total liabilities	(18,594)	(18,812)	(14,467)	(51,873)
Subtotal	$ 70,472	$ 14,026	$ 34,929	$ 119,427
Less:				
Cash and cash equivalents	-	-	(29,725)	(29,725)
Short-term investments	-	-	(10,004)	(10,004)

Long-term investments - Rabbi Trust	-	-	(2,415)	(2,415)
Income taxes receivable	-	-	(229)	(229)
Deferred income taxes - non-current	-	-	(5,169)	(5,169)
Current maturities of long-term debt	-	-	2,200	2,200
Income taxes payable - current	-	-	325	325
Income taxes payable - long-term	-	-	3,792	3,792
Deferred income taxes - non-current	-	-	982	982
Deferred compensation	-	-	4,041	4,041
Total Capital Employed	$ 70,472	$ 14,026	$ (1,273)	$ 83,225

	Mattress Fabrics	Upholstery Fabrics	Unallocated Corporate	Total
Average Capital Employed (3)	$ 71,492	$ 17,413	$ (631)	$ 88,275

Notes:

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

(2) Return on average capital employed represents operating income for the nine month period ending January 31, 2016 divided by three quarters 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, current maturities of long-term debt, noncurrent deferred tax assets and liabilities, income taxes receivable and payable, and deferred compensation.

(3) Average capital employed was computed using the four periods ending January 31, 2016, November 1, 2015, August 2, 2015 and May 3, 2015.

CULP, INC. FINANCIAL INFORMATION RELEASE
CONSOLIDATED ADJUSTED EFFECTIVE INCOME TAX RATE, NET INCOME AND EARNINGS PER SHARE
FOR THE NINE MONTHS ENDED JANUARY 29, 2017 AND JANUARY 31, 2016
Unaudited
(Amounts in Thousands)

		NINE MONTHS ENDED	
			Amounts
		January 29, 2017	January 31, 2016
Consolidated Effective GAAP Income Tax Rate	(1)	**28.9%**	35.7%
Non-Cash U.S. Income Tax Expense		**(20.9)%**	(17.9)%
Reversal of Foreign Uncertain Income Tax Position		**9.1%**	0.0%
Other Non-Cash Foreign Income Tax Expense		**(0.5)%**	0.0%
Consolidated Adjusted Effective Income Tax Rate	(2)	**16.6%**	17.8%

	THREE MONTHS ENDED					
	As reported January 29, 2017	Adjustments	**January 29, 2017 Proforma Net of Adjustments**	**As reported January 31, 2016**	Adjustments	**January 31, 2016 Proforma Net of Adjustments**
Income before income taxes	**$ 6,990**	$ -	**$ 6,990**	**$ 7,179**		**$ 7,179**
Income taxes (3)	**643**	$ 517	**1,160**	**2,317**	$ (1,039)	**1,278**
Net income	**$ 6,347**	$ (517)	**$ 5,830**	**$ 4,862**	$ 1,039	**$ 5,901**
Net income per share-basic	**$ 0.52**	$ (0.04)	**$ 0.47**	**$ 0.39**	$ 0.08	**$ 0.48**
Net income per share-diluted	**$ 0.51**	$ (0.04)	**$ 0.47**	**$ 0.39**	$ 0.08	**$ 0.47**
Average shares outstanding-basic	**12,313**	**12,313**	**12,313**	**12,331**	**12,331**	**12,331**
Average shares outstanding-diluted	**12,544**	**12,544**	**12,544**	**12,486**	**12,486**	**12,486**

	NINE MONTHS ENDED					
	As reported January 29, 2017	Adjustments	**January 29, 2017 Proforma Net of Adjustments**	**As reported January 31, 2016**	Adjustments	**January 31, 2016 Proforma Net of Adjustments**
Income before income taxes	**$ 22,696**	$ -	**$ 22,696**	**$ 20,731**	$ -	**$ 20,731**
Income taxes (3)	**6,560**	$ (2,792)	**3,768**	**7,398**	$ (3,708)	**3,690**
Net income	**$ 16,136**	$ 2,792	**$ 18,928**	**$ 13,333**	$ 3,708	**$ 17,041**
Net income per share-basic	**$ 1.31**	$ 0.23	**$ 1.54**	**$ 1.08**	$ 0.30	**$ 1.38**
Net income per share-diluted	**$ 1.29**	$ 0.22	**$ 1.51**	**$ 1.07**	$ 0.30	**$ 1.36**
Average shares outstanding-basic	**12,302**	**12,302**	**12,302**	**12,317**	**12,317**	**12,317**
Average shares outstanding-diluted	**12,517**	**12,517**	**12,517**	**12,488**	**12,488**	**12,488**

(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.

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