

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): May 17, 2006

UNIFI, INC.

(Exact name of registrant as specified in its charter)

NEW YORK
(State or other jurisdiction
of incorporation)

1-10542
(Commission File No.)

11-2165495
(IRS Employer
Identification No.)

7201 West Friendly Avenue
Greensboro, North Carolina 27410
(Address of principal executive offices)

(336) 294-4410
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name or former address, if changed since 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))

Item 8.01 Other Events

On May 18, 2006, the Registrant announced the pricing (the "Pricing") of its Rule 144A and Regulation S offering (the "Offering") of \$190 million in aggregate principal amount of its 11.5% Senior Secured Notes due 2014 (the "Notes"). In connection with the Pricing, the Registrant is disclosing certain information related to the Notes and the Offering. Such information is attached on Exhibit 99.1 to this report on Form 8-K and is hereby incorporated by reference in this Item 8.01. The information included and incorporated by reference in this report on Form 8-K does not constitute an offer to sell or the solicitation of an offer to buy the Notes or any other securities.

In addition, the Registrant issued a press release announcing the Pricing, which press release is attached on Exhibit 99.2 hereto and is hereby incorporated by reference in this Item 8.01.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Disclosure
99.2	Press Release

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 8-K to be signed on its behalf by the undersigned, thereunto duly authorized.

UNIFI, INC.

By: /s/ CHARLES F. MCCOY

Name: Charles F. McCoy
Vice President, Secretary
and General Counsel

Dated: May 18, 2006

EXHIBIT INDEX

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Certain Financial and Other Information

As a result of the aggregate principal amount of the notes offered being reduced from \$225.0 million to \$190.0 million, the estimated sources and uses of gross proceeds from the Offering of Notes are as follows (in millions):

<u>Sources</u>		<u>Uses</u>	
New senior secured notes	\$ 190.0	Repurchase of 6 1/2% senior unsecured notes due 2008 in tender offer	\$ 250.0
Cash and cash equivalents	55.0	Estimated fees and expenses	7.7
Borrowings under our amended revolving credit facility	12.7		
Total Sources	<u>\$257.7</u>	Total Uses	<u>\$257.7</u>

Unifi's as adjusted capitalization, as of March 26, 2006, giving effect to the Offering, the tender offer for the 2008 notes described below, the amendment to Unifi's revolving credit facility and the use of proceeds therefrom (collectively, the "refinancing transactions") (including \$12.7 million of borrowings under its amended revolving credit facility), would be as follows (in millions):

Cash and cash equivalents	<u>\$ 33.4</u>
Short-term and long-term debt	
Revolving credit facility(1)	\$ 12.7
2008 notes(2)	—
New senior secured notes	190.0
Other debt(3)	18.5
Total debt	221.2
Shareholders' equity(4)	386.4
Total capitalization	<u>\$607.6</u>

- (1) The amended revolving credit facility is expected to consist of a revolving asset-based loan facility of \$100.0 million. Upon consummation of this offering and the other refinancing transactions, \$12.7 million is expected to be drawn, and \$81.0 million will be available for borrowing under the borrowing base of this facility (net of approximately \$5.5 million as of March 26, 2006 to support outstanding letters of credit).
- (2) Assumes that all 6 1/2% senior unsecured notes due 2008 (the "2008 notes") will be tendered in the tender offer at or prior to the consent time and that the payment date will be simultaneous with the closing of the Offering. Further assumes that the total consideration paid in the tender offer will be 100% of the principal amount of the 2008 notes tendered. As of May 12, 2006, the consent date for the tender offer, \$248.1 million aggregate principal amount of 2008 notes had been tendered, representing 99.26% of the outstanding aggregate principal amount of 2008 notes.
- (3) Includes \$11.2 million of indebtedness in Brazil that is collateralized by cash that is classified as other current and non-current assets on Unifi's balance sheet. See "Description of Other Indebtedness—Indebtedness of Unifi do Brasil" in the Preliminary Offering Memorandum. As adjusted other debt reflects the write-off of unamortized discount associated with the 2008 notes.
- (4) As adjusted shareholders' equity reflects the write-off of unamortized debt financing costs and the expensing of certain fees associated with the refinancing transactions, net of taxes.

Unifi's interest expense, net as adjusted to give effect to the refinancing transactions, for the twelve months ended March 26, 2006 would have been \$21.3 million.

As of March 26, 2006, after giving effect to the refinancing transactions, Unifi and its guarantor subsidiaries would have had total indebtedness of \$221.2 million, including \$190.0 million outstanding under the notes and \$12.7 million outstanding under the \$100.0 million amended revolving credit facility, both of which would have been senior debt. As of March 26, 2006, on the same basis, the notes would have been effectively subordinated to \$20.4 million of indebtedness and other liabilities of Unifi's non-guarantor subsidiaries.

Unifi, Inc. Announces Pricing of Senior Secured Note Offering

GREENSBORO, N.C. — May 17, 2006 — Unifi, Inc. (the “Company”) (NYSE: UFI) announced today that it has priced its offering of \$190 million in aggregate principal amount of senior secured notes due 2014 in a private offering under Rule 144A of the Securities Act of 1933. The size of the offering was decreased from the previously announced \$225 million principal amount. The notes will bear interest at an annual rate of 11.5%. In conjunction with the offering of the notes, the Company will also enter into an amendment and restatement of its existing senior secured asset-based revolving credit facility.

The Company intends to use the net proceeds from this proposed offering, along with available cash on hand and borrowings under its amended and restated asset-based revolving credit facility, to fund its currently ongoing tender offer and consent solicitation for all of its outstanding 6 1/2% Notes due 2008. The offering of notes is expected to close on May 26, 2006.

The notes will be unconditionally guaranteed on a senior, secured basis by each of the Company’s existing and future restricted domestic subsidiaries. The notes and guarantees will be secured by first-priority liens, subject to permitted liens, on substantially all of the Company’s and its subsidiary guarantors’ assets (other than the assets securing the Company’s obligations under its amended and restated asset-based revolving credit facility on a first-priority basis, which consist primarily of accounts receivable and inventory), including, but not limited to, property, plant and equipment, the capital stock of the Company’s domestic subsidiaries and domestic joint ventures and up to 65% of the voting stock of the Company’s first-tier foreign subsidiaries, whether now owned or hereafter acquired, except for certain excluded assets. The notes and guarantees will be secured by second-priority liens, subject to permitted liens, on the Company’s and its subsidiary guarantors’ assets that will secure the Company’s amended and restated asset-based revolving credit facility on a first-priority basis.

The notes to be offered will not be and have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act.

This press release does not constitute an offer to sell or the solicitation of an offer to buy any security and shall not constitute an offer, solicitation or sale of any securities in any jurisdiction in which such offering, solicitation or sale would be unlawful.

Unifi, Inc. is a diversified producer and processor of multi-filament polyester and nylon textured yarns and related raw materials. The Company adds value to the supply chain and enhances consumer demand for its products through the development and introduction of branded yarns that provide unique performance, comfort and aesthetic advantages. Key Unifi brands include, but are not limited to: Sorbtek[®], A.M.Y.[®],

Mynx® UV, Reflexx®, MicroVista® and Satura®. Unifi's yarns and brands are readily found in home furnishings, apparel, legwear and sewing thread, as well as industrial, automotive, military and medical applications. For more information about Unifi, visit <http://www.unifi.com>.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

Certain statements included herein contain forward-looking statements within the meaning of federal security laws about the Company's financial condition and results of operations that are based on management's current expectations, estimates and projections about the markets in which the Company operates, as well as management's beliefs and assumptions. Words such as "expects," "anticipates," "believes," "estimates," variations of such words and other similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in, or implied by, such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's judgment only as of the date hereof. The Company undertakes no obligation to update publicly any of these forward-looking statements to reflect new information, future events or otherwise.

Factors that may cause actual outcome and results to differ materially from those expressed in, or implied by, these forward-looking statements include, but are not necessarily limited to, availability, sourcing and pricing of raw materials, pressures on sales prices and volumes due to competition and economic conditions, reliance on and financial viability of significant customers, operating performance of joint ventures, alliances and other equity investments, technological advancements, employee relations, changes in construction spending, capital expenditures and long-term investments (including those related to unforeseen acquisition opportunities), continued availability of financial resources through financing arrangements and operations, outcomes of pending or threatened legal proceedings, negotiation of new or modifications of existing contracts for asset management and for property and equipment construction and acquisition, regulations governing tax laws, other governmental and authoritative bodies' policies and legislation, the continuation and magnitude of the Company's common stock repurchase program and proceeds received from the sale of assets held for disposal. In addition to these representative factors, forward-looking statements could be impacted by general domestic and international economic and industry conditions in the markets where the Company competes, such as changes in currency exchange rates, interest and inflation rates, recession and other economic and political factors over which the Company has no control. Other risks and uncertainties may be described from time to time in the Company's other reports and filings with the Securities and Exchange Commission.