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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):  
December 20, 2010

**UNIFI, INC.**

(Exact name of registrant as specified in its charter)

**New York**  
(State or Other Jurisdiction of  
Incorporation)

**1-10542**  
(Commission File Number)

**11-2165495**  
(IRS Employer Identification No.)

**7201 West Friendly Avenue**  
**Greensboro, North Carolina**  
(Address of Principal Executive Offices)

**27410**  
(Zip Code)

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

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

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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:

- 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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**ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.**

On December 20, 2010, Unifi Manufacturing, Inc. (“UMI”), a wholly owned subsidiary of Unifi, Inc. (the “Registrant”), and Dillon Yam Corporation (“DYC”), entered into a Third Amendment (the “Third Amendment”) to the Sales and Services Agreement dated as of January 1, 2007 (as amended by a First Amendment to Sales and Services Agreement effective January 1, 2009 and a Second Amendment to Sales and Services Agreement effective January 1, 2010, the “Agreement”). The Third Amendment provides that effective January 1, 2011, the term of the Agreement will be extended for a one (1) year term, which will expire on December 31, 2011. The consideration for the Sales Services (as defined in the Agreement) and Transitional Services (as defined in the Agreement) to be provided by DYC to UMI during the one year term of the Third Amendment shall be paid in advance, in quarterly installments of \$325,000 each for the first and second calendar quarters of 2011, and in such quarterly installments as the parties may agree to for the third and fourth calendar quarters of 2011, not to exceed \$325,000 per installment.

Mr. Stephen Wener, the Chairman of the Board of Directors of the Registrant, is the President and Chief Executive Officer of DYC, and together with his wife, beneficially owns 17.5% of the equity interest in DYC.

The foregoing description of the Third Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Third Amendment, a copy of which is filed as Exhibit 10.1 hereto and is incorporated herein by reference.

**ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.**

**(d) Exhibits.**

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
10.1	Third Amendment to Sales and Services Agreement, executed on December 20, 2010, by and between Unifi Manufacturing, Inc. and Dillon Yam Corporation.

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**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.

**UNIFI, INC.**

By: /S/ CHARLES F. MCCOY  
Charles F. McCoy  
Vice President, Secretary and General Counsel

Dated: December 22, 2010

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**INDEX TO EXHIBITS**

EXHIBIT NO.

DESCRIPTION OF EXHIBIT

10.1 Third Amendment to Sales and Services Agreement, executed on December 20, 2010, by and between Unifi Manufacturing, Inc. and Dillon Yam Corporation.

**THIRD AMENDMENT TO SALES AND SERVICES AGREEMENT**

**THIS THIRD AMENDMENT TO SALES AND SERVICES AGREEMENT** (hereafter "Third Amendment") is made effective the 1<sup>st</sup> day of January, 2011 (the "Effective Date") by and between Unifi Manufacturing, Inc., a North Carolina corporation ("Unifi") and Dillon Yam Corporation, a South Carolina corporation ("DYC"). Unifi and DYC are sometimes hereinafter collectively referred to as the "parties" or individually as a "party."

**RECITALS:**

**WHEREAS**, Unifi and DYC entered into a Sales and Services Agreement dated as of January 1, 2007 (the "Original Agreement", the terms of which are incorporated herein by reference), a First Amendment To Sales and Services Agreement effective January 1, 2009 (the "First Amendment", the terms of which are incorporated herein by reference) and a Second Amendment To Sales and Services Agreement effective January 1, 2010 (the "Second Amendment", the terms of which are incorporated herein by reference). The Original Agreement, as amended by the First Amendment and the Second Amendment, is hereinafter referred to as the "Sales Agreement"; and

**WHEREAS**, the extended Term of the Sales Agreement expires on December 31, 2010; and

**WHEREAS**, the parties desire to extend the Term of the Sales Agreement for an additional one (1) year period to December 31, 2011 in order to continue the orderly transition of the services provided by DYC to Unifi; and

**WHEREAS**, the parties have agreed to amend certain provisions to the Sales Agreement as set forth below.

**NOW THEREFORE**, in consideration of these premises, the terms and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Compensation for Services. Section 3(a) of the Sales Agreement is deleted in its entirety and replaced by the following provision:

(a) As consideration for the Sales Services and the Transitional Services, and subject to Section 3(b), Unifi shall pay DYC advanced quarterly installments of \$325,000 each for the first and second calendar quarters of 2011 (the "Base Amount"), and the parties shall enter into good faith negotiations to determine the Base Amount for the third and fourth quarters of 2011 and the corresponding level of Sales Services and Transactional Services therefore. In no event shall the negotiated Base Amounts for the

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third and fourth quarters of 2011 exceed \$325,000 each. Unifi shall reimburse NYC for the reasonable travel and entertainment expenses (“T&E expenses”) of its Sales Staff and Executive Staff related to providing the Sales Services to Unifi pursuant to Unifi’s policies and procedures related to T&E expenses.

Except as expressly stated herein, all of the other terms and conditions of the Sales Agreement shall continue in full and effect as originally written. Any capitalized terms set forth herein that are not expressly defined shall have the meaning ascribed thereto in the Sales Agreement. Should there be a conflict in the terms of this Third Amendment and the Original Agreement, as amended heretofore, the terms of this Third Amendment shall prevail and all applicable terms of the Sales Agreement shall be hereby deemed amended and modified as necessary to give effect to the intents and purposes of this Third Amendment.

This Third Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Third Amendment, this the 20<sup>th</sup> day of December, 2010.

UNIFI MANUFACTURING, INC.

By: /s/ William L. Jasper  
Name: William L. Jasper  
Title: President and C.E.O.

DILLON YARN CORPORATION

By: /s/ Stephen Wener  
Name: Stephen Wener  
Title: C.E.O.