# 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 1, 2008

# UNIFI, INC.

(Exact name of registrant as specified in its charter)

| **New York** | **1-10542** | **11-2165495** |
| --- | --- | --- |
| (State of Incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

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

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

**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:

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

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

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

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

**ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.**

On May 1, 2008, Unifi, Inc. (the "Registrant") issued a press release announcing its operating results for its third fiscal quarter ended March 23, 2008, which press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

**ITEM 7.01. REGULATION FD DISCLOSURE**.

On May 1, 2008, the Registrant will host a conference call to discuss financial results for its third fiscal quarter ended March 23, 2008. The slide package prepared for use by executive management for this presentation is attached hereto as Exhibit 99.2. All of the information in the presentation is presented as of May 1, 2008, and the Registrant does not assume any obligation to update such information in the future.

The information included in the preceding paragraph, as well as the exhibit referenced therein, shall not be deemed "filed" for 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.

**ITEM 8.01. OTHER EVENTS.**

On May 1, 2008, the Registrant issued a press release announcing its operating results for its third fiscal quarter ended March 23, 2008, which press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

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

**(d) Exhibits.**

| EXHIBIT NO. | DESCRIPTION OF EXHIBIT |
|---|---|
| 99.1 | Press Release dated May 1, 2008 with respect to the Registrant's financial results for its fiscal quarter ended March 23, 2008. |
| 99.2 | Slide Package prepared for use in connection with the Registrant's conference call to be held on May 1, 2008. |

## 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: May 1, 2008

**INDEX TO EXHIBITS**

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**Exhibit 99.1**

**For more information, contact:**
Ronald L. Smith
Vice President
Chief Financial Officer
(336) 316-5545

# Unifi Announces Third Quarter Results

**GREENSBORO, N.C. — May 1, 2008** — Unifi, Inc. (NYSE:UFI) today released operating results for its third quarter ended March 23, 2008.

Net income for the current quarter, including discontinued operations, was $12 thousand compared to a net loss of $13.3 million or $0.22 per share for the prior March quarter. Net loss for the first nine months of the 2008 fiscal year was $16.9 million or $0.28 per share compared to a net loss of $41.6 million or $0.76 per share for the prior year period. Income from continuing operations, before taxes of $1.5 million for the current quarter was positively impacted by a $2.2 million recovery of previously accrued restructuring charges.

Net sales for the current March quarter were $169.8 million compared to net sales of $178.2 million for the prior year March quarter. Net sales for the first nine months of the 2008 fiscal year were $523.7 million compared to net sales of $505.0 million for the prior year period.

"The Company's operating performance for the quarter was positive and on an improving trajectory despite a difficult operating environment in which overall U.S. polyester consumption contracted at twice the expected rate, due primarily to the economic slowdown in the automotive, furnishings, and apparel segments," said Ron Smith, Chief Financial Officer for Unifi. "Although our domestic polyester business had to contend with weaker than expected demand and raw materials costs at five-year highs, we were positively impacted by the benefits of our focus on sourcing strategies, cost reduction efforts, and continued strength in our nylon and Brazilian businesses. We anticipate further increases in raw material prices throughout the fourth quarter based on oil prices, growing demand for PET bottles, and increased U.S. gasoline consumption in the summer, all of which put demand pressures on key chemical ingredients of

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domestic polyester raw materials. Accordingly, the Company will continue to focus on executing our profitability plan, while working with our customers and suppliers to optimize our sourcing mix and minimize the resulting impact on the supply chain."

Cash-on-hand at the end of the March quarter was $26.2 million, which is essentially unchanged from the $25.8 million cash-on-hand at the end of the December quarter. Total cash and cash equivalents at the end of March, including restricted cash, were $42.6 million compared to $44.1 million as of June 2007. Total long-term debt at the end of the March quarter was $218.4 million compared to $223.8 million as of December 2007 and $234.6 million as of June 2007.

Bill Jasper, President and CEO of Unifi, said, "Our focus on the profitability of our core business has resulted in improving financial performance, which we expect to continue. In addition, the new leadership team has been working with our joint venture partner in China to develop appropriate strategies aimed at accelerating our path to profitability. We are exploring strategic options with our partner and will provide further guidance when more information becomes available. We remain committed to our original objective for China, which is to provide locally produced value-added products to our Asian customers."

Unifi, Inc. (NYSE: UFI) 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: aio® — all-in-one performance yarns, Sorbtek®, A.M.Y.®, Mynx® UV, Repreve®, 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.

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Financial Statements to Follow

**UNIFI, INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
(Unaudited) (In Thousands Except Per Share Data)

| | For the Quarters Ended | | For the Nine-Months Ended | |
|---|---|---|---|---|
| | March 23, 2008 | March 25, 2007 | March 23, 2008 | March 25, 2007 |
| Net sales | $ 169,836 | $ 178,202 | $ 523,741 | $ 505,041 |
| Cost of sales | 156,404 | 164,814 | 490,996 | 481,207 |
| Selling, general & administrative expenses | 10,080 | 11,177 | 36,542 | 32,854 |
| Provision for bad debts | 87 | 2,274 | 152 | 2,872 |
| Interest expense | 6,308 | 6,610 | 19,598 | 18,786 |
| Interest income | (651) | (707) | (2,231) | (2,217) |
| Other (income) expense, net | (897) | (2,462) | (4,087) | (2,705) |
| Equity in (earnings) losses of unconsolidated affiliates | (757) | (352) | (914) | 4,473 |
| Write down of long-lived assets | — | 12,870 | 2,780 | 16,072 |
| Restructuring (recoveries) charges | (2,199) | — | 4,638 | — |
| Write down of investment in unconsolidated affiliate | — | — | 4,505 | — |
| Income (loss) from continuing operations before income taxes | 1,461 | (16,022) | (28,238) | (46,301) |
| Provision (benefit) for income taxes | 1,394 | (2,099) | (11,294) | (4,238) |
| Income (loss) from continuing operations | 67 | (13,923) | (16,944) | (42,063) |
| Income (loss) from discontinued operations, net of tax | (55) | 666 | 22 | 463 |
| Net income (loss) | $ 12 | $ (13,257) | $ (16,922) | $ (41,600) |
| | | | | |
| Losses per common share (basic and diluted): | | | | |
| Net income (loss) — continuing operations | $ — | $ (0.23) | $ (0.28) | $ (0.77) |
| Net income — discontinued operations | — | 0.01 | — | 0.01 |
| Net income (loss) — basic and diluted | $ — | $ (0.22) | $ (0.28) | $ (0.76) |
| | | | | |
| Weighted average basic and diluted shares outstanding | 60,589 | 59,803 | 60,560 | 54,733 |

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**UNIFI, INC.**
**CONSOLIDATED BALANCE SHEETS**
(Amounts in Thousands)

| | March 23, 2008 | June 24, 2007 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 26,187 | $ 40,031 |
| Receivables, net | 99,123 | 93,989 |
| Inventories | 128,903 | 132,282 |
| Deferred income taxes | 2,078 | 9,923 |
| Assets held for sale | — | 7,880 |
| Restricted cash | 16,374 | 4,036 |
| Other current assets | 12,774 | 11,973 |
| Total current assets | 285,439 | 300,114 |
| | | |
| Property, plant and equipment | 183,269 | 209,955 |
| Investments in unconsolidated affiliates | 79,390 | 93,170 |
| Intangible assets, net | 39,837 | 42,290 |
| Other noncurrent assets | 20,349 | 20,424 |
| | $ 608,284 | $ 665,953 |
| | | |
| **Liabilities and Shareholders’ Equity** | | |
| Accounts payable | $ 45,465 | $ 61,620 |
| Accrued expenses | 31,559 | 28,278 |
| Income taxes payable | 1,343 | 247 |
| Current maturities of long-term debt and other current liabilities | 11,218 | 11,198 |
| Total current liabilities | 89,585 | 101,343 |
| | | |
| Long-term debt and other liabilities | 221,281 | 236,149 |
| Deferred income taxes | 858 | 23,507 |
| Shareholders’ equity | 296,560 | 304,954 |
| | $ 608,284 | $ 665,953 |

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**UNIFI, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
(Unaudited) (Amounts in Thousands)

| | For the Nine-Months Ended March 23, 2008 | For the Nine-Months Ended March 25, 2007 |
|---|---|---|
| Cash and cash equivalents at beginning of year | $ 40,031 | $ 35,317 |
| Operating activities: | | |
| Net loss | (16,922) | (41,600) |
| Adjustments to reconcile net loss to net cash provided by (used in) continuing operating activities: | | |
| Income from discontinued operations | (22) | (463) |
| (Earnings) losses of unconsolidated equity affiliates, net of distributions | 262 | 4,473 |
| Depreciation | 27,568 | 31,701 |
| Amortization | 3,486 | 1,967 |
| Stock-based compensation expense | 724 | 1,433 |
| Deferred compensation expense | (425) | 1,540 |
| Net gain on asset sales | (1,872) | (1,593) |
| Non-cash write down of long-lived assets | 2,780 | 16,072 |
| Non-cash write-down of investment in unconsolidated affiliate | 4,505 | — |
| Non-cash restructuring charges, net | 4,638 | — |
| Deferred income tax benefit | (14,951) | (5,832) |
| Provision for bad debts | 152 | 2,872 |
| Split dollar life insurance proceeds, net | — | 1,761 |
| Other | (263) | 93 |
| Change in assets and liabilities, excluding effects of acquisitions and foreign currency adjustments | (11,083) | (16,035) |
| Net cash used in continuing operating activities | (1,423) | (3,611) |
| | | |
| Investing activities: | | |
| Capital expenditures | (7,310) | (5,502) |
| Acquisition | — | (42,222) |
| Proceeds from the sale of equity affiliate | 8,750 | — |
| Change in restricted cash | (12,338) | (1,000) |
| Collection of notes receivable | 269 | 766 |
| Proceeds from sale of capital assets | 15,797 | 2,399 |
| Return of capital from equity affiliates | — | 229 |
| Split dollar life insurance premiums | (217) | (217) |
| Other | (793) | (669) |
| Net cash provided by (used in) investing activities | 4,158 | (46,216) |
| | | |
| Financing activities: | | |
| Borrowing of long-term debt | — | 40,000 |
| Payment of long-term debt | (16,000) | — |
| Other | (2,142) | (1,168) |
| Net cash provided by (used in) financing activities | (18,142) | 38,832 |
| | | |
| Cash flows of discontinued operations: | | |
| Operating cash flow | (230) | 463 |
| Net cash provided by (used in) discontinued operations | (230) | 463 |
| Effect of exchange rate changes on cash and cash equivalents | 1,793 | 1,995 |
| Net decrease in cash and cash equivalents | (13,844) | (8,537) |
| Cash and cash equivalents at end of period | $ 26,187 | $ 26,780 |

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**CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS**

Certain statements included herein contain forward-looking statements within the meaning of federal security laws about Unifi, Inc.'s (the "Company") 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, 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.

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# Unifi, Inc.

## Third Quarter Ended
## March 23, 2008

## Conference Call

# Cautionary Statement

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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, 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.

# Income Statement Highlights

(Amounts in thousands)

| | For the Quarters Ended | |
|---|---|---|
| | March 2008 | March 2007 |
| Total sales from continuing operations | $ 169,836 | $ 178,202 |
| Income (loss) from continuing operations before income taxes | 1,461 | (16,022) |
| Income (loss) from continuing operations | 67 | (13,923) |
| Selling, general and administrative expense | 10,080 | 11,177 |
| Interest expense | 6,308 | 6,610 |
| Depreciation and amortization expense | 9,589 | 11,374 |
| Net income (loss) | 12 | (13,257) |

# Volume and Pricing Highlights

(Amounts in thousands, except percentages)

| | For the Quarter Ended March 2008 as Compared to March 2007 | | For the Quarter Ended March 2008 as Compared to December 2007 | |
|---|---|---|---|---|
| | Volume | Price | Volume | Price |
| Polyester | (18.1)% | 9.5% | (9.0)% | 2.5% |
| Nylon | 12.3% | (3.4)% | (7.6)% | (2.1)% |
| Consolidated | (15.5)% | 10.8% | (8.9)% | 1.5% |

# Income Statement Highlights

(Amounts in thousands)

| | For the Nine-Months Ended | |
|---|---|---|
| | March 2008 | March 2007 |
| Total sales from continuing operations | $ 523,741 | $ 505,041 |
| Loss from continuing operations before income taxes | (28,238) | (46,301) |
| Loss from continuing operations | (16,944) | (42,063) |
| Selling, general and administrative expense | 36,542 | 32,854 |
| Interest expense | 19,598 | 18,786 |
| Depreciation and amortization expense | 30,182 | 32,823 |
| Net loss | (16,922) | (41,600) |

# Balance Sheet Highlights

(Amounts in thousands, except percentages and days in receivables/payables)

| | March 2008 | December 2007 | September 2007 | June 2007 |
|---|---|---|---|---|
| Cash | $ 26,187 | $ 25,775 | $ 33,859 | $ 40,031 |
| Restricted Cash | 16,374 | 18,846 | 4,951 | 4,036 |
| Short-Term Debt | 9,382 | 10,247 | 10,548 | 9,345 |
| Long-Term Debt | 218,384 | 223,814 | 228,500 | 234,609 |
| Total Debt | 227,766 | 234,061 | 239,048 | 243,954 |
| Equity | 296,560 | 294,947 | 299,244 | 304,954 |
| Net Working Capital (1) | $183,906 | $ 174,585 | $ 180,516 | $166,008 |
| Days in receivable | 53.3 | 49.4 | 50.0 | 46.3 |
| Days in payables | 23.7 | 22.8 | 28.1 | 29.7 |

(1) Includes only Accounts Receivable, Inventories and Accounts Payable; excludes discontinued operations

Unifi, Inc.
Third Qtr. Conf. Call
May 1, 2008

# Adjusted EBITDA Reconciliation to Pre-Tax Income

(Amounts in thousands)

| | Quarters Ended | | | Year-to-Date |
|---|---|---|---|---|
| | September 23, 2007 | December 23, 2007 | March 23, 2008 | March 23, 2008 |
| Pre-tax income (loss) from continuing operations | $ (16,087) | $ (13,612) | $ 1,461 | $ (28,238) |
| Interest expense, net | 5,886 | 5,824 | 5,657 | 17,367 |
| Depreciation and amortization expense | 10,470 | 10,123 | 9,589 | 30,182 |
| Equity in (earnings) losses of unconsolidated equity affiliates | (178) | 21 | (757) | (914) |
| Non-cash compensation, net of distributions | 109 | 456 | (257) | 308 |
| (Gains) losses on sales of PP&E | (142) | (1,271) | (459) | (1,872) |
| Hedging (gains) losses | (115) | (86) | 28 | (173) |
| Write down of long-lived assets & equity affiliate | 5,038 | 2,247 | — | 7,285 |
| Restructuring charges (recoveries) | 2,632 | 4,205 | (2,199) | 4,638 |
| Non-recurring SG&A severance charges | 2,368 | 1,696 | 258 | 4,322 |
| Kinston shutdown expenses | 822 | 2,498 | 302 | 3,622 |
| Deposit write offs | 1,248 | — | — | 1,248 |
| Adjusted EBITDA | 12,051 | 12,101 | 13,623 | 37,775 |
| Dividends from unconsolidated equity affiliates | 694 | — | 482 | 1,176 |
| Adjusted EBITDA and dividends from unconsolidated equity affiliates | $ 12,745 | $ 12,101 | $ 14,105 | $ 38,951 |

# Non-GAAP
# Financial Measures

Non-GAAP Financial Measures

Included in this presentation are certain non-GAAP financial measures designed to complement the financial information presented in accordance with generally accepted accounting principles in the United States of America because management believes such measures are useful to investors.

Adjusted EBITDA

Adjusted EBITDA represents pre-tax income before interest expense, depreciation and amortization expense and loss or income from discontinued operations, adjusted to exclude restructuring charges, equity in earnings and losses of unconsolidated affiliates, impairment write-downs, non-cash compensation expense, gains and losses on sales of property, plant and equipment, hedging gains and losses, deposit write offs and Kinston shutdown costs. We present Adjusted EBITDA as a supplemental measure of our performance and ability to service debt. We also present Adjusted EBITDA because we believe such measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry and in measuring the ability of “high-yield” issuers to meet debt service obligations.

We believe Adjusted EBITDA is an appropriate supplemental measure of debt service capacity, because cash expenditures on interest are, by definition, available to pay interest, and tax expense is inversely correlated to interest expense because tax expense goes down as deductible interest expense goes up; depreciation and amortization are non-cash charges. Equity in earnings and losses of unconsolidated affiliates is excluded because such earnings or losses do not have an impact on our ability to service our debt. The other items excluded from Adjusted EBITDA are excluded in order to better reflect our continuing operations.

In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses similar to the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of our liquidity.

Adjusted EBITDA and dividends from unconsolidated equity affiliates

Adjusted EBITDA and dividends from unconsolidated equity affiliates represents the same calculation of Adjusted EBITDA included above along with cash distributions from equity affiliates. We include actual cash distributions from equity affiliates along with the Adjusted EBIDTA because such cash is available to service our debt, and provides investors and other interested parties a better measure of our performance and ability to service debt.

# Non-GAAP
# Financial Measures – Continued

Our Adjusted EBITDA measure has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- it does not reflect our cash expenditures, future requirements for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and our Adjusted EBITDA measure does not reflect any cash requirements for such replacements;
- it is not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;
- it does not reflect the impact of earnings or charges resulting from matters we consider not be indicative of our ongoing operations;
- it does not reflect limitations on or costs related to transferring earnings from our subsidiaries to us; and
- other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business or as a measure of cash that will be available to us to meet our obligations, including those under the notes. You should compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally.