

UNIFI, INC.

COMPENSATION RECOUPMENT POLICY

The Compensation Committee of the Board of Directors of Unifi, Inc. (the “Company”) has adopted on behalf of the Board the following Compensation Recoupment Policy (the “Policy”) effective beginning on the first day of the Company’s fiscal 2012 year on June 27, 2011 (the “Effective Date”).

Definitions

“Board” means the Board of Directors of the Company, or an appropriate committee, including the Compensation Committee, or committees of the Board, as may be designated by the Board.

“Executive Officer” has the same meaning as given to that term in Rule 3b-7 of the Securities Exchange Act of 1934.

“Excess Incentive-Based Compensation” means the amount by which any Incentive-Based Compensation that is paid based on erroneous data contained in a materially noncompliant Company financial statement as originally filed exceeds the amount of any Incentive-Based Compensation that would have been paid based on the data contained in any subsequent restatement of such materially noncompliant financial statement.

“Incentive-Based Compensation” means any compensation (including any stock options awarded as compensation) the amount or payment of which is based in whole or in part on a measure or measures (whether quantitative or qualitative) that are intended to serve as an incentive for performance, notwithstanding whether such compensation is determined in whole or in part on an objective, subjective or discretionary basis by the person or committee setting the amount or determining payment of such compensation.

“Lookback Period” means the 3-year period preceding the date on which the Company is required to prepare an accounting restatement.

“Misconduct” means embezzlement, fraud or theft, or other unethical behavior (including violations of the Company’s policies or applicable law) that harms the Company’s business, reputation or other employees.

Recoupment for an Accounting Restatement

If the Company is required to restate its financial statements due to the material noncompliance of the Company with any financial reporting requirement under the federal securities laws, any current or former Executive Officer who received any Excess Incentive-Based Compensation during the Lookback Period based on the erroneous data shall reimburse the Company for such Excess Incentive-Based Compensation.

The Board shall have the sole discretion and authority to determine the amount of any Excess Incentive-Based Compensation owed by any current or former Executive Officer and the means by which any reimbursement required by this policy shall occur (which may include, without limitation, forfeiture of any outstanding incentive award). Any determinations of the Board under this policy shall be binding on the applicable individual.

The provisions of this section of the Policy shall be applicable as of the Effective Date and shall be interpreted and administered consistent with the requirements of Section 10D of the Securities Exchange Act of 1934, as amended, and any regulations and interpretations promulgated thereunder after the Effective Date.

Recoupment for Misconduct

If the Board determines that any current or former employee of the Company has engaged in Misconduct occurring on or after the Effective Date, the Board may require (i) reimbursement of compensation granted, earned or paid under Company annual incentive and long-term incentive cash plans to such current or former employee and (ii) cancellation of outstanding equity awards and reimbursement of any gains realized on the exercise, settlement or sale of equity awards held by such current or former employee, in either case which has been granted or paid to or earned or realized by the current or former employee at any time during the three-consecutive-year period ending on the date on which such Misconduct is discovered.

Administration of the Policy

Any applicable award agreement or other document setting forth the terms and conditions of any Incentive-Based Compensation or other compensation covered by the Policy granted or earned after the Effective Date shall be deemed to include the restrictions imposed herein and incorporate the Policy by reference and, in the event of any inconsistency, the terms of the Policy will govern.

Any recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company under applicable law, including, without limitation, (i) dismissing the employee, (ii) adjusting the future compensation of the employee or (iii) authorizing legal action or taking such other action to enforce the employee's obligations to the Company as it may deem appropriate in view of all of the facts and circumstances surrounding the particular case.

Covered employees shall not be entitled to any indemnification by or from the Company with respect to any amounts they are required to repay or forfeit pursuant to this policy.