

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM S-8

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

UNIFI, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NEW YORK

11-2165495

(State or other jurisdiction
of incorporation or organization)

(I.R.S. Employer
Identification No.)

7201 WEST FRIENDLY AVENUE
GREENSBORO, N.C. 27410

(Address of Principal Executive Office, including Zip Code)

1999 UNIFI, INC. LONG-TERM INCENTIVE PLAN

(Full title of the plan)

CHARLES F. MCCOY
CORPORATE SECRETARY AND GENERAL COUNSEL
UNIFI, INC.
7201 WEST FRIENDLY AVENUE
GREENSBORO, N.C. 27410

(Name and address of agent for service)

(336) 294-4410

(Telephone number, including area code, of agent for service)

(the cover page is continued on the following page)

CALCULATION OF REGISTRATION FEE

Title of securities To be registered	Amount to be registered	Proposed Maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock \$.10 par Value	6,000,000 (1)	\$11.3493(2)	\$68,095,961.25 (2)	\$17,977.33

- (1) Pursuant to Rule 416 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), this Registration Statement covers, in addition to the number of shares of Common Stock stated above, such additional shares to be offered or issued to prevent dilution as a result of the anti-dilution provisions of the employee benefit plan described herein.
- (2) The Proposed Maximum Offering Price Per Share and the Proposed Maximum Aggregate Offering Price are as follows:

	Proposed Maximum Aggregate Offering Price
3,810,568 shares presently not granted under the Plan are valued pursuant to Rule 457(c) at the average of the high and low prices reported in the consolidated reporting system on August 1, 2000 at 11.09375 per share.	\$42,273,488.75
754,650 options and stock grants with an option or grant price of \$11.1875 per share.	\$ 8,442,646.88
633,139 options with an exercise price of \$11.85875 per share.	\$ 7,508,237.12
633,128 options with an exercise price of \$12.53 per share.	\$ 7,933,093.84
82,649 options and stock grants with an option or grant price of 12.15625	\$ 1,004,701.91
85,866 stock grants with a grant price of \$10.875 per share.	\$ 933,792.75
Total Proposed Maximum Aggregate Offering Price	\$68,095,961.25

The Exhibit Index appears after the Signature Page of this Registration Statement.

(continuation of cover page)

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

ITEM 1. PLAN INFORMATION.*

ITEM 2. REGISTRANT INFORMATION AND EMPLOYEE PLAN ANNUAL INFORMATION.*

* The information required by Part I to be contained in the Section 10(a) Prospectus is omitted from this Registration Statement in accordance with Rule 428 under the Securities Act and the "Note" to Part I of Form S-8.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE.

The following documents previously filed by Unifi, Inc. ("Unifi" or the "Registrant") with the Securities and Exchange Commission (the "Commission") pursuant to Section 13 of the Securities Exchange Act of 1934 (the "Exchange Act") are hereby incorporated by reference in the Registration Statement:

- (a) Unifi's Annual Report on Form 10-K for the year ended June 27, 1999;
- (b) Unifi's Quarterly Reports on Form 10-Q for the quarters ended September 26, 1999, December 26, 1999, and March 26, 2000, respectively;
- (c) The description of Unifi's Common Stock, \$.10 par value, contained in its Form 8-K as Item 5 (Other Events) filed with the Commission on November 5, 1998.

All documents subsequently filed by the Company pursuant to Sections 13 (a), 13 (c), 14 and 15 (d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all securities offered hereunder have been sold or which deregisters all securities then remaining unsold hereunder, shall be deemed to be incorporated by reference in this Registration Statement and to be part hereof from the date of filing of such documents.

ITEM 4. DESCRIPTION OF SECURITIES.

Not applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Not applicable.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Registrant's Bylaws provide that the Registrant shall indemnify a director, officer or employee of the Registrant who is a party to or is threatened to be made a party to any proceeding or action against all expenses, liability and loss reasonably incurred in connection with such a proceeding, to the fullest extent authorized by the New York Business Corporation Law, except that the Registrant may not indemnify a director, officer or employee for expenses in connection with a proceeding that such director, officer or employee initiated unless the Registrant authorized the proceeding. Section 721 of the New York Business Corporation Law prohibits indemnification of directors and officers if (i) in a judgment against the director or officer or in another final adjudication adverse to him it is determined that such director or officer either acted in bad faith or acted with deliberate dishonesty, and his actions were material to the adjudication, or (ii) the director or officer personally gained a financial profit or other advantage to which he was not entitled.

Pursuant to the Registrant's Certificate of Incorporation, a director of the Registrant is generally not subject to monetary damages for negligence and gross negligence, including grossly negligent business decisions involving takeover proposals for the Registrant, in the performance of the director's duty of care. Other remedies, such as injunctive relief against, and rescission of actions taken by, the director is still available. A director remains liable for monetary damages, however, if (i) the director's acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of the law; (ii) the director personally gained a financial profit or other advantage to which the director was not legally entitled; or (iii) the director's acts violated laws of the New York Business Corporation Law relating to the payment of dividends, purchase of shares or distributions of assets after dissolution.

The foregoing is only a general summary of certain aspects of New York law dealing with indemnification and liability of directors and officers and does not purport to be complete. It is qualified in its entirety by reference to the relevant statutes, which contain detailed, specific provisions regarding the circumstances under which and the person for whose benefit indemnification shall or may be made.

As authorized by the Bylaws and by statute, the Registrant has purchased liability insurance policies providing an aggregate of \$40,000,000 coverage for all directors and officers of the Registrant and providing for reimbursement to the Registrant for payments made on behalf of directors and officers pursuant to the indemnification provisions.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

ITEM 8. EXHIBITS.

The following Exhibits are filed with or incorporated by reference in this Registration Statement:

EXHIBIT NO. (PER TABLE I IN ITEM 601 OF REG S-K)	DESCRIPTION OF EXHIBIT
4.1	Specimen Certificate of Unifi, Inc.'s common stock, filed as Exhibit 4(a) to the Registration Statement on Form S-1, (Registration No. 2-45405) which is incorporated herein by reference.
5.1	Opinion of Charles F. McCoy, Esq. of the Company as to legality of securities being registered.
23.1	Consent of Charles F. McCoy, Esq. of the Company (included in Exhibit 5.1).

- 23.2 Consent of Ernst & Young LLP.
- 24.1 Power of Attorney (included with the signature page to this Registration Statement).
- 99.1 1999 Unifi, Inc. Long-Term Incentive Plan.

ITEM 9. UNDERTAKINGS.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the Registration Statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered that remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

The Registrant. Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Greensboro, State of North Carolina, on August 7, 2000.

UNIFI, INC.

/s/ WILLIS C. MOORE, III
 By: -----
 Willis C. Moore, III
 Executive Vice President and
 Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of Unifi, Inc. and the several undersigned Officers and Directors thereof whose signatures appear below, hereby makes, constitutes and appoints Willis C. Moore, III and Charles F. McCoy, and each of them acting individually, its and his true and lawful attorneys, with power to act without any other and with full power of substitution, to execute, deliver and file in its or his name and on its or his behalf, and in each of the undersigned Officers' and Directors' capacity or capacities as shown below, (a) a Registration Statement on Form S-8 (including a reoffering prospectus prepared in accordance with Form S-3 if said Attorneys deem the filing of the same to be appropriate) (or other appropriate form) and all other documents in support thereof or supplemental thereto and any and all amendments, including any and all post-effective amendments to the foregoing (hereinafter called the "Registration Statement"), with respect to the registration under the Securities Act of 1933, as amended, of such number of shares as may be necessary to fully register the 1999 Unifi, Inc. Long-Term Incentive Plan, and (b) such registration statements, petitions, applications, consents to service of process or other instruments, any and all documents in support thereof or supplemental thereto, and any and all amendments or supplements to the foregoing, as may be necessary or advisable to qualify or register the securities covered by the Registration Statement under such securities laws, regulations and requirements as may be applicable; and each of Unifi, Inc. and said Officers and Directors hereby grants to said attorneys, and to each of them, full power and authority to do and perform each and every act and thing whatsoever as said attorneys or attorney may deem necessary or advisable to carry out fully the intent of this power of attorney to the same extent and with the same effect as Unifi, Inc. might or could do, and as each of said Officers and Directors might or could do personally in his capacity or capacities as aforesaid and each of Unifi, Inc. and said Officers and Directors hereby ratifies and confirms all acts and things which said attorneys or attorney might do or cause to be done by virtue of this power of attorney and its or his signature as the same may be signed by said attorneys or attorney, or any of them, to

any or all of the following (and/or any and all amendment and supplements to any or all thereof): such Registration Statement under the Securities Act of 1933, as amended, and all such registration statements, petitions, applications, consents to service of process and other instruments, and any and all documents in support hereof or supplemental thereto, under such securities laws, regulations and requirements as may be applicable.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature -----	Title -----	Date -----
G. ALLEN MEBANE ----- G. Allen Mebane, IV	Chairman of the Board of Directors	August 7, 2000
BRIAN R. PARKE ----- Brian R. Parke	President, Chief Executive Officer (Principal Executive Officer) and Director	August 7, 2000
G. ALFRED WEBSTER ----- G. Alfred Webster	Executive Vice President and Director	August 7, 2000
JERRY W. ELLER ----- Jerry W. Eller	Director	August 7, 2000
ROBERT A. WARD ----- Robert A. Ward	Director	August 7, 2000
CHARLES R. CARTER ----- Charles R. Carter	Director	August 7, 2000
KENNETH G. LANGONE ----- Kenneth G. Langone	Director	August 7, 2000
DONALD F. ORR ----- Donald F. Orr	Director	August 7, 2000
J.B. DAVIS ----- J.B. Davis	Director	August 7, 2000
----- R. Wiley Bourne, Jr.	Director	
RICHARD GREENBURY ----- Sir Richard Greenbury	Director	August 7, 2000

EXHIBITS

INDEX TO EXHIBITS

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23.2	Consent of Ernst & Young LLP.
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99.1	1999 Unifi, Inc. Long-Term Incentive Plan.

* Incorporated by reference

[UNIFI LETTERHEAD]

August 7, 2000

Unifi, Inc.
7201 West Friendly Avenue
Greensboro, NC 27410

RE: Registration Statement on Form S-8 of the 1999 Unifi, Inc. Long-Term
Incentive Plan

Gentlemen:

I am the Corporate Secretary and General Counsel of Unifi, Inc., a New York corporation ("Corporation"). In that capacity I have acted as Counsel for the Corporation in connection with the registration on Form S-8 (the "Registration Statement") filed with the Securities and Exchange Commission (the "Commission") of the 1999 Unifi, Inc. Long-Term Incentive Plan. This opinion letter is Exhibit 5.1 to the Registration Statement.

In rendering this opinion, I have examined such documents, legal opinions and precedents, corporate and other records of the Corporation and certificates of public officials and officers of the Corporation as I have deemed necessary or appropriate to provide a basis for the opinions set forth herein. In this examination, I have assumed the genuineness of all signatures, the authenticity of all documents submitted to be as original documents and conformity to original documents of all documents submitted to me as certified or photostat copies.

Based on the foregoing, I am of the opinion that Shares of the Corporation's Common Stock, \$.10 par value, to be issued by the Corporation pursuant to the terms and conditions of the Plan, are legally authorized, and when such Shares shall have been issued upon the terms and conditions set forth in the Plan, then such Shares shall be validly issued, fully paid and nonassessable.

I hereby consent (1) to be named in the Registration Statement as the attorney who passed upon the legality of the Shares, and (2) to the filing of a copy of this opinion as Exhibit 5.1 to the Registration Statement.

Very truly yours,

Charles F. McCoy
Corporate Secretary and General Counsel

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8) of Unifi, Inc. for the registration of 6,000,000 shares of its common stock pertaining to the 1999 Unifi, Inc. Long-Term Incentive Plan of our report dated July 20, 1999, with respect to the consolidated financial statements and schedule of Unifi, Inc. included in its Annual Report (Form 10-K) for the year-ended June 27, 1999 filed with the Securities and Exchange Commission.

Greensboro, North Carolina
August 3, 2000

Ernst & Young LLP

1999 UNIFI, INC.
LONG-TERM INCENTIVE PLAN

SECTION I

GENERAL

- 1.1 PURPOSE. The 1999 Unifi, Inc. Long-term Incentive Plan (the "Plan") has been established by Unifi, Inc. and its related subsidiary companies (the "Company") to: (i) attract and retain persons eligible to participate in the Plan; (ii) motivate Participants, by means of appropriate incentives, to achieve long-range goals; (iii) provide incentive compensation opportunities that are competitive with those of other similar companies; and (iv) further identify Participants' interests with those of the Company's other shareholders through compensation that is based on the Company's common stock; and thereby promote the long-term financial interest of the Company, including the growth in value of the Company's equity and enhancement of long-term shareholder return.
- 1.2 PARTICIPATION. Subject to the terms and conditions of the Plan, the Committee shall determine and designate, from time to time, from among the Eligible Individuals, those persons who will be granted one or more Awards under the Plan, and thereby become "Participants" in the Plan. In the discretion of the Committee, a Participant may be granted any Award permitted under the provisions of the Plan, and more than one Award may be granted to a Participant. Awards may be granted as alternatives to or replacement of Awards outstanding under the Plan, or any other plan or arrangement of the Company (including a plan or arrangement of a business or entity, all or a portion of which is acquired by the Company).
- 1.3 OPERATION, ADMINISTRATION, AND DEFINITIONS. The operation and administration of the Plan, including the Awards made under the Plan, shall be subject to the provisions of Section IV (relating to operation and administration). Capitalized terms in the Plan shall be defined as set forth in the Plan (including the definition provisions of Section VII of the Plan).

SECTION II

OPTIONS

- 2.1 DEFINITIONS. The grant of an "Option" entitles the Participant to purchase shares of Stock at an Exercise Price established by the Committee. Options granted under this Section II may be either Incentive Stock Options or Non-Qualified Stock Options, as determined in the discretion of the Committee. An "Incentive Stock Option" is an Option that is intended to satisfy the requirements applicable to an "incentive stock option" described in Section 422(b) of the Code. A "Non-Qualified Option" is an Option that is not intended to be an "incentive stock option" as that term is described in Section 422(b) of the Code.
- 2.2 EXERCISE PRICE. The "Exercise Price" of each Option granted under this Section II shall be established by the Committee or shall be determined by a method established by the Committee at the time the Option is granted; except that the Exercise Price shall not be less than 100 percent of the Fair Market Value of a share of Stock as of the Pricing Date. For purposes of the preceding sentence, the "Pricing Date" shall be the date on which the Option is granted, except that the Committee may provide that: (i) the Pricing Date is the date on which the recipient is hired or promoted (or similar event), if the grant of the Option occurs not more than 90 days after the date of such hiring, promotion or other event; and

(ii) if an Option is granted in tandem with, or in substitution for, an outstanding Award, the Pricing Date is the date of grant of such outstanding Award.

- 2.3 \$100,000 LIMITATION. To the extent that the aggregate fair market value of Stock with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any fiscal year (under all plans of the Company) exceeds \$100,000, such options shall be treated as Non-Qualified Stock Options, to the extent required by Section 422 of the Code.
- 2.4 EXERCISE. An Option shall be exercisable in accordance with such terms and conditions and during such periods as may be established by the Committee provided, however, incentive stock options must be exercised within 10 years of the date of grant or are forfeited to the extent required by Section 422 of the Code.
- 2.5 PAYMENT OF OPTION EXERCISE PRICE. The payment of the Exercise Price of an Option granted under this Section II shall be subject to the following:
- A. Subject to the following provisions of this subsection 2.5, the full Exercise Price for shares of Stock purchased upon the exercise of any Option shall be paid at the time of such exercise (except that, in the case of an exercise arrangement approved by the Committee and described in paragraph 2.5(c), payment may be made as soon as practicable after the exercise).
 - B. The Exercise Price shall be payable in cash or by tendering shares of Stock (by either actual delivery of shares or by attestation, with such shares valued at Fair Market Value as of the day of exercise), or in any combination thereof, as determined by the Committee.
 - C. The Committee may permit a Participant to elect to pay the Exercise Price upon the exercise of an Option by authorizing a third party to sell shares of Stock (or a sufficient portion of the shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price and any tax withholding resulting from such exercise.
- 2.6 SETTLEMENT OF AWARD. The Committee, in its discretion, may impose such conditions, restrictions and contingencies with respect to shares of Stock acquired pursuant to the exercise of an Option as the Committee determines to be desirable.
- 2.7 RELOAD OPTIONS. At the discretion of the Committee, Options granted under the Plan may include a so-called "reload" feature pursuant to which a Participant exercising an Option by the delivery of a number of shares of Stock in accordance with paragraph 2.5(b) hereof would automatically be granted an additional Option (with an exercise price equal to the Fair Market Value of the Stock on the date the additional Option is granted and with the same expiration date as the original Option being exercised, and with such other terms as the Committee may provide) to purchase that number of shares of Stock equal to the number delivered to exercise the original Option.

SECTION III

OTHER STOCK AWARDS

- 3.1 DEFINITION. A Stock Award is a grant of shares of Stock or of a right to receive shares of Stock (or their cash equivalent or a combination of both) in the future.
- 3.2 RESTRICTIONS ON STOCK AWARDS. .The Committee may impose such restrictions on any Stock Awards (including shares of restricted stock) granted under the Plan as it may deem advisable, including, without limitation, continuous service requirements and/or achievement of performance goals. The provisions of restricted stock awards (including any applicable Performance Goals) need not be the same with respect to each participant. During the restriction period, the Committee may require that the stock certificates evidencing such restricted shares be held by the Company. Restricted stock may not be sold, assigned, transferred, pledged or otherwise encumbered. Other than these restrictions on transfer and any other restrictions the Committee may impose, the participant will have all the rights of a holder of stock holding the class or series of stock that is the subject of the restricted stock award.

Performance-Based Awards, certain benefits granted under the Plan, are subject to attainment of certain performance goals. The performance goals are determined and established annually by the Committee in its sole discretion, and shall be based on business criteria that applies to the Company as a whole, such as earnings per share, net income, return on assets, or return on equity. At the time of establishing a performance goal, the Committee shall specify the manner in which the performance goal shall be calculated. In so doing, the Committee may exclude the impact of certain specified events from the calculation of the performance goal. Such performance goals also may be based on the attainment of specified levels of performance of the Company or one or more Affiliates under one or more of the measures described above relative to the performance of other corporations. Performance goals based on the foregoing factors are hereinafter referred to as "Performance Goals". With respect to Covered Employees, all Performance Goals must be objective performance goals satisfying the requirements for "performance based compensation" within the meaning of Section 162(m)(4) of the Code, and shall be set by the Committee within the time prescribed by Section 162(m) and related regulations.

In the event the employment of a Participant is terminated because of normal retirement, disability or death, any remaining period of restriction applicable to a Stock Award shall automatically terminate. Unless the Committee determines otherwise, in the event that such employment is terminated for any other reason during the period of restriction, then any shares still subject to restrictions at the date of such termination of employment shall automatically be forfeited and returned to the Company.

SECTION IV

OPERATION AND ADMINISTRATION

- 4.1 EFFECTIVE DATE. Subject to the approval of the shareholders, the Plan shall be effective as of July 1, 1999 (the "Effective Date").

4.2 SHARES SUBJECT TO PLAN.

A. (i) Subject to the following provisions of this subsection 4.2, the maximum number of shares of Stock that may be delivered to Participants and their beneficiaries under the Plan shall be equal to the sum of 6,000,000 shares of Stock.

(ii) Any shares of Stock granted under the Plan that are forfeited because of the failure to meet an Award contingency or condition shall again be available for delivery pursuant to new Awards granted under the Plan. To the extent any shares of Stock covered by an Award are not delivered to a Participant or beneficiary because the Award is forfeited or canceled, or the shares of Stock are not delivered because the Award is settled in cash, such shares shall not be deemed to have been delivered for purposes of determining the maximum number of shares of Stock available for delivery under the Plan.

(iii) If the Exercise Price of any stock option granted under the Plan or any Prior Plan is satisfied by tendering shares of Stock to the Company (by either actual delivery or by attestation), only the number of shares of Stock issued net of the shares of Stock tendered shall be deemed delivered for purposes of determining the maximum number of shares of Stock available for delivery under the Plan.

(iv) Shares of Stock delivered under the Plan in settlement, assumption or substitution of outstanding Awards (or obligations to grant future Awards) under the plans or arrangements of another entity shall not reduce the maximum number of shares of Stock available for delivery under the Plan, to the extent that such settlement, assumption or substitution as a result of the Company acquiring another entity (or an interest in another entity).

B. Subject to paragraph 4.2C, the following additional maximums are imposed under the Plan.

(i) The maximum number of shares of Stock that may be issued by Options intended to be Incentive Stock Options shall be 6,000,000 shares.

(ii) The maximum number of shares of Stock that may be issued in conjunction with Awards granted pursuant to Section III (relating to Stock Awards) shall be 3,000,000 shares.

(iii) The maximum number of shares that may be covered by Awards granted to any one individual pursuant to Section II (relating to Options) shall be 1,500,000 shares during any three consecutive fiscal years.

C. In the event of a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of shares), the Committee may adjust Awards to preserve the benefits or potential benefits of the Awards. Action by the Committee may include adjustment of: (i) the number and kind of shares which may be delivered under the Plan; (ii) the number and kind of shares subject to outstanding Awards; and (iii) the Exercise Price of outstanding Options; as well as any other adjustments that the Committee determines to be equitable.

- 4.3 **LIMIT ON DISTRIBUTION.** If the Stock is at the time listed or admitted to trading on any stock exchange or over-the-counter market, distribution of shares of stock or other amounts under the Plan shall be subject to the following:
- A. Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any shares of Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws (including, without limitation, the requirements of the Securities Act of 1933), and the applicable requirements of any securities exchange or similar entity.
 - B. To the extent that the Plan provides for issuance of stock certificates to reflect the issuance of shares of Stock, the issuance may be effected on a non-certificate basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange.
- 4.4 **TAX WITHHOLDING.** Whenever the Company proposes or is required to distribute Stock under the Plan, the Company may require the recipient to remit to the Company an amount sufficient to satisfy any Federal, state and local tax withholding requirements prior to the delivery of any certificate for such shares or, in the discretion of the Committee, the Company may withhold from the shares to be delivered shares sufficient to satisfy the minimum tax withholding requirements. Whenever under the Plan payments are to be made in cash, such payments may be net of an amount sufficient to satisfy any Federal, state and local minimum tax withholding requirements.
- 4.5 **PAYMENT SHARES.** Subject to the overall limitation on the number of shares of Stock that may be delivered under the Plan, the Committee may use available shares of Stock as the form of payment for compensation, including integration with annual bonus plans and matching share for share the portion of annual bonuses paid in stock, grants or rights earned or due under any other compensation plans or arrangements of the Company, including the plans and arrangements of the Company acquiring another entity (or an interest in another entity).
- 4.6 **DIVIDENDS AND DIVIDEND EQUIVALENTS.** An Award may provide the Participant with the right to receive dividends or dividend equivalent payments with respect to Stock which may be either paid currently or credited to an account for the Participant, and may be settled in cash or Stock as determined by the Committee. Any such settlements, and any such crediting of dividends or dividend equivalents or reinvestment in shares of Stock, may be subject to such conditions, restrictions and contingencies as the Committee shall establish, including the reinvestment of such credited amounts in Stock equivalents.
- 4.7 **PAYMENTS.** Any Award settlement, including payment deferrals, may be subject to such conditions, restrictions and contingencies, as the Committee shall determine. The Committee may permit or require the deferral of any Award payment, subject to such rules and procedures as it may establish, which may include provisions for

the payment or crediting of interest, or dividend equivalents, including converting such credits into deferred Stock equivalents.

- 4.8 TRANSFERABILITY. Awards under the Plan are not transferable other than as designated by the Participant by will or by the laws of descent and distribution, and during the Participant's life, may be exercised only by the Participant.
- 4.9 ACCELERATION. Subject to the provisions of paragraph 4.2C, and except otherwise provided in the Plan or the Agreement reflecting the applicable Award, upon the occurrence of a Change in Control:
- (a) All outstanding Options shall become fully exercisable.
 - (b) All Stock Awards shall become fully vested.
- 4.10 FORM AND TIME OF ELECTIONS. Unless otherwise specified herein, each election required or permitted to be made by any Participant or other person entitled to benefits under the Plan, and any permitted modification, or revocation thereof, shall be in writing filed with the Committee at such times, in such form, and subject to such restrictions and limitations, not inconsistent with the terms of the Plan, as the Committee shall require.
- 4.11 AGREEMENT WITH COMPANY. At the time of an Award to a Participant under the Plan, the Committee may require a Participant to enter into an agreement with the Company (the "Agreement") in a form specified by the Committee, agreeing to the terms and conditions of the Plan and to such additional terms and conditions, not inconsistent with the Plan, as the Committee may, in its sole discretion, prescribe.
- 4.12 LIMITATION OF IMPLIED RIGHTS.
- A. Neither a Participant nor any other person shall, by reason of the Plan, acquire any right in or title to any assets, funds or property of the Company whatsoever, including, without limitation, any specific funds, assets, or other property which the Company, in its sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the stock or amounts, if any, payable under the Plan, unsecured by any assets of the Company. Nothing contained in the Plan shall constitute a guarantee that the assets of such Company shall be sufficient to pay any benefits to any person.
 - B. The Plan does not constitute a contract of employment, and selection as a Participant will not give any employee the right to be retained in the employ of the Company, nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan. Except as otherwise provided in the Plan, no Award under the Plan shall confer upon the holder thereof any right as a shareholder of the Company prior to the date on which the individual fulfills all conditions for receipt of such rights.

- 4.13 EVIDENCE. Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information that the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.
- 4.14 ACTION BY COMPANY OR RELATED COMPANY. Any action required or permitted to be taken by the Company shall be by resolution of its board of directors, or by action of one or more members of the board (including a committee of the board) who are duly authorized to act for the board, or (except to the extent prohibited by applicable law or applicable rules of any stock exchange) by a duly authorized officer of the company.
- 4.15 GENDER AND NUMBER. Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.
- 4.16 GOVERNING LAW. This Plan shall be governed by North Carolina law except to the extent such law is preempted by federal law.

SECTION V

COMMITTEE

- 5.1 ADMINISTRATION. The authority to control and manage the operation and administration of the Plan shall be vested in a committee (the "Committee") in accordance with this Section V.
- 5.2 SELECTION OF COMMITTEE. The Committee shall be the Compensation Committee and shall be selected by the Board and consist of two or more Outside Directors of the Board.
- 5.3 POWERS OF COMMITTEE. The authority to manage and control the operation and administration of the Plan shall be vested in the Committee, subject to the following:
- A. Subject to the provisions of the Plan, the Committee will have the authority and discretion to select from among the Eligible Individuals those persons who shall receive Awards, to determine the time or times of receipt, to determine the types of Awards and the number of shares covered by the Awards, to establish the terms, conditions, performance criteria, restrictions, and other provisions of such Awards, and (subject to the restrictions imposed by Section VI) to cancel or suspend Awards. In making such Award determinations, the Committee may take into account the nature of services rendered by the individual, the individual's present and potential contribution to the Company's success and such other factors as the Committee deems to relevant.
- B. Subject to the provisions of the Plan, the Committee will have the authority and discretion to determine the extent to which Awards under the Plan will be structured to conform to the requirements applicable to performance-based compensation as described in Code ss.162(m), and to take such action, establish

such procedures, and impose such restrictions at the time such Awards are granted as the Committee determines to be necessary or appropriate to conform to such requirements.

- C. The Committee will have the authority and discretion to establish terms and conditions of Awards as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices of jurisdictions outside of the United States.
- D. The Committee will have the authority and discretion to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any agreements made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan.
- E. Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding.
- F. Except as otherwise expressly provided in the Plan, where the Committee is authorized to make a determination with respect to any Award, such determination shall be made at the time the Award is made, except that the Committee may reserve the authority to have such determination made by the Committee in the future (but only if such reservation is made at the time the Award is granted and is expressly stated in the Agreement reflecting the Award).
- G. In controlling and managing the operation and administration of the Plan, the Committee shall act by majority of its then members, by meeting or by writing filed without a meeting. The Committee shall maintain and keep adequate records concerning the Plan and concerning its proceedings and acts in such form and detail as the Committee may decide.
- H. The Committee/Company may make loans to a Participant in connection with Awards subject to the following terms and conditions and such other terms and conditions not inconsistent with the Plan as the Committee shall impose from time to time, including without limitation the rate of interest, if any, and whether such loan shall be recourse or non-recourse. No loan made under the Plan shall exceed the sum of (i) the aggregate price payable with respect to the Award in relation to which the loan is made, plus (ii) the amount of the reasonably estimated combined amounts of federal and state income taxes payable by the Participant.

- 5.4 DELEGATION BY COMMITTEE. Except to the extent prohibited by applicable law or the applicable rules of a stock exchange, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.

- 5.5 INFORMATION TO BE FURNISHED TO COMMITTEE. The Company shall furnish the Committee with such data and information as may be required for it to discharge its duties. The records of the Company as to an employee's or Participant's employment (or other provision of services), termination of employment (or cessation of the provision of services), leave of absence, reemployment and compensation shall be conclusive on all persons unless determined to be incorrect. Participants and other persons entitled to benefits under the Plan must furnish the Committee such evidence, data or information, as the Committee considers desirable to carry out the terms of the Plan.

SECTION VI

AMENDMENT AND TERMINATION

This Plan shall terminate ten years from the Effective Date (the "Termination Date"). The Board may, at any time, prior to the Termination Date amend or terminate the Plan, provided that, subject to subsection 4.2C, no amendment or termination may, in the absence of written consent to the change by the affected Participant (or, if the Participant is not then living, the affected beneficiary), adversely affect the rights of any Participant or beneficiary under any Award granted under the Plan prior to the date such amendment is adopted by the Board.

SECTION VII

DEFINED TERMS

For purposes of the Plan, the terms listed below shall be defined as follows:

- A. AWARD. The term "Award" shall mean any award or benefit granted to any Participant under the Plan, including, without limitation, the grant of Options and Stock Awards.
- B. BOARD. The term "Board" shall mean the Board of Directors of the Company.
- C. CHANGE IN CONTROL. Change in control shall be deemed to have occurred if: i) there shall be consummated (x) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of the Company's common stock would be converted to cash, securities or other property, other than a merger of the Company in which the holders of the Company's stock immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately

after the merger, or (y) any sale, lease, exchange or other transfer other than to a subsidiary (in one transaction or a series of transactions) of all, or substantially all, of the assets of the Company; or ii) the shareholders of the Company approved any plan or proposal for the liquidation or dissolution of the Company; iii) any person (as such term is used in Sections 13 (d) and 14 (d) (2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), shall become the beneficial owner (within the Rule 13d-3 under the Exchange Act) of twenty percent (20%) or more of the Company's outstanding common stock; or iv) during any period of two consecutive years, individuals who at the beginning of such period constitute the entire Board of Directors shall cease for any reason to constitute a majority thereof unless the election, or the nomination for election by the Company's shareholders, of each new Director was approved by a vote of at least two-thirds of the Directors then still in office who were Directors at the beginning of the period.

- D. CODE. The term "Code" means the Internal Revenue Code of 1986, as amended. A reference to any provision of the Code shall include reference to any successor provisions of the Code.
- E. ELIGIBLE INDIVIDUAL. For purposes of the Plan, the term "Eligible Individual" shall mean any employee of the Company, and any director, consultant or other person providing key services to the Company.
- F. FAIR MARKET VALUE. For purposes of determining the "Fair Market Value" of a share of Stock, the following rules shall apply:
- (i) If the Stock is at the time listed or admitted to trading on any stock exchange, then the "Fair Market Value" shall be the mean between the lowest and highest reported sale prices of the Stock on the date in question on the principal exchange on which the Stock is then listed or admitted to trading. If no reported sale of Stock takes place on the date in question on the principal exchange, then the mean between the lowest and highest reported sale prices of the Stock on the closest date prior to the date in question on the principal exchange shall be determinative of "Fair Market Value."
- (ii) If the Stock is not at the time listed or admitted to trading on a stock exchange, the "Fair Market Value" shall be the mean between the lowest and highest reported sale prices of the Stock on the date in question in the over-the-counter market, as such prices are reported in a publication of general circulation selected by the Committee and regularly reporting the market price of Stock in such market.
- (iii) If the Stock is not listed or admitted to trading on any stock exchange or traded in the over-the-counter market, the "Fair Market Value" shall be as determined in good faith by the Committee.
- G. OUTSIDE DIRECTOR. The term "Outside Director" means a member of the Board who satisfies the requirements for an outside director as provided in Code ss.162(m) and non-employee director as provided in ss.16(b) of the Securities Exchange Act of 1934.

- H. STOCK. The term "Stock" shall mean shares of common stock of the Company. No fractional shares of the Company's common stock will be issued under the 1999 Long-Term Incentive Plan.
- I. COMMISSION. The term "Commission" means the Securities and Exchange Commission or any successor agency.
- J. RULE 16b-3. The term "Rule 16b-3" means Rule 16b-3, as promulgated by the Commission under Rule 16b of the Exchange Act, as amended from time to time.
- K. SECTION 162(m). The term "Section 162(m)" means Section 162(m) of the Code, as amended from time to time.