

# UNIFI, INC.

## **Officers Stock Ownership Policy**

*(As Adopted January 30, 2014,  
and Amended as of July 22, 2014)*

This Officers Stock Ownership Policy (this or the “Policy”) of Unifi, Inc. (the “Company”) has been adopted by the Board of Directors (the “Board”), upon initial recommendation by the Compensation Committee and the Corporate Governance and Nominating Committee of the Board, to augment and enhance the Company’s ongoing objective to align the compensation paid to its officers with the long-term interests of its shareholders.

### **A. Stock Ownership Expectation**

The Company expects each named executive officer of the Company (as defined below in Part C below, an “NEO”) and certain other Company personnel to whom this Policy is made applicable because of the respective positions they hold with the Company or one of its operating subsidiaries as described in Part C below (for purposes of this Policy only, each such person is referred to as a “covered officer”) to beneficially own a minimum amount of shares of the Company’s common stock. The amount of such shares is expected to have a value, in relation to the covered officer’s base annual salary (the “stock ownership expectation”), equal to the following: (1) with respect to each NEO, at least three (3) times his or her base annual salary; and (2) with respect to each other covered officer, at least one and one-half (1.5) times his or her base annual salary, except that, until the end of the Company’s second quarter of fiscal year 2015, such amount shall be one (1) times base annual salary.

### **B. Calculations and Other Application Rules**

The Company shall test for compliance with the stock ownership expectation twice annually, with the measurement dates being the end of the Company’s second fiscal quarter and the end of its fiscal year. Upon initial implementation of this Policy, and thereafter with respect to each person who becomes a covered officer or an NEO for the first time, the Compensation Committee shall provide a reasonable period of time (taking into consideration, among other possible factors, the time for stock options or other equity awards to vest or otherwise become exercisable) for a covered officer to achieve compliance with the stock ownership expectation.

For purposes of this Policy, shares of common stock will be considered to be beneficially owned by a covered officer, and the number and value of such shares be determined, according to the following rules:

1. The shares are owned directly by (or by a bank, brokerage firm or other recognized nominee institution in street name, for the benefit of) the covered officer, his or her spouse or minor children, or a trust for the exclusive benefit of one or more such persons.

2. The shares are covered by the portion of a stock option, restricted stock unit (“RSU”) or other stock award that has vested or is no longer subject to forfeiture, and thus such portion is immediately exercisable.

3. The shares are not subject to any pledge, any call or short-sell arrangement, or any other arrangement as a result of which any other party has a right (whether vested or inchoate) to acquire the shares.

4. Subject to subsection B.5, the value of shares for purposes of the stock ownership expectation shall be based on a price (the “deemed current market price”) equal to the greater of (a) the closing price of the common stock on the last trading day of the applicable fiscal period and (b) the average of the closing prices of the common stock for the 30-day period ending on the last trading day of the applicable fiscal period.

5. For purposes of shares still covered by an unexercised stock option, RSU or any other stock award requiring the payment of an exercise price to obtain the shares, (a) the number of such shares deemed to be owned shall be the number of “net” shares under such stock option, RSU or other stock award that would be issued if the same were to be exercised to the full extent then exercisable by the netting of shares thereunder, and (b) the value of such netted number of shares shall be calculated based on the deemed current market price on the applicable measurement date.

A covered officer’s failure to comply with the stock ownership expectation shall be considered specifically by the Compensation Committee in setting or approving the covered officer’s future compensation, including his or her entitlement to any discretionary bonus or to participate in other incentive compensation programs, as well as his or her base annual salary. Without limiting the scope of possible matters that the Compensation Committee may consider when a covered officer fails to comply with the applicable stock ownership expectation, the Compensation Committee shall consider the possible role in such failure of a decline in the trading prices of the common stock.

In order to facilitate a covered officer’s or NEO’s efforts to comply with the stock ownership expectation in connection with an exercise of a stock option that is scheduled to expire within one (1) year if not exercised (an “imminently expiring option”), the Compensation Committee shall have the authority, in its discretion, to permit such covered officer or NEO to exercise all or a portion of such option on a so-called “cashless” basis, by electing to have the Company withhold a portion of the shares otherwise issuable pursuant to the option upon such exercise (“netted shares”) as consideration for payment of the option exercise price. In such event, the netted shares shall have a value per share (for purposes of calculating payment of the option exercise price) equal to the closing price of the Company’s common stock on the last trading day immediately preceding the exercise date of the subject option. In addition to and/or in lieu of the foregoing, the Compensation Committee shall consider the appropriateness of

waiving compliance with the stock ownership expectation to the extent that non-compliance therewith results from the exercise of an imminently expiring option.

**C. Definitions and Other Administration Matters**

For purposes of this Policy, (1) a “covered officer” means and includes any person who holds the position of Vice President, Treasurer or higher with the Company, Unifi Manufacturing, Inc. or any other significant operating subsidiary (as determined from time to time by the Compensation Committee) of the Company; (2) an “executive officer” has the meaning set forth in Rule 3b-7 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and (3) a “named executive officer” is an executive officer for whom compensation disclosures are required in the Company’s annual proxy statement required to be filed pursuant to rules under the Exchange Act.

The Compensation Committee shall have the authority, on behalf of the Board, to administer this Policy, and it shall provide reports thereon, at least annually, to the Board. The Compensation Committee shall also have authority to amend this Policy to increase (but not reduce) the amount or other terms of the applicable stock ownership expectation. However, for good cause shown, the Compensation Committee shall have the authority to waive or suspend application of the Policy, from time to time, with respect to any covered officer, if the Compensation Committee determines that the Company’s objectives (and the best interest of the Company’s shareholders) would not be adversely affected as a result thereof.

Without limiting the foregoing, the Compensation Committee shall have the authority, in its discretion, to establish a minimum level of base annual salary for any covered officer who is not an NEO (a “Compensation Threshold”) before this Policy is made applicable to such a non-NEO, and to modify any such Compensation Threshold from time to time. The Compensation Committee shall exercise its discretion under this paragraph of the Policy only after consultation with the Company’s Chief Executive Officer.

The first test for compliance with this Policy shall be made with respect to the end of the Company’s fiscal year 2014.