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As filed with the Securities and Exchange Commission on October 12, 2006

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

UNIFI, INC.
(Exact name of Registrant as specified in its charter)

New York	2200	11-2165495
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification No.)

P.O. Box 19109
7201 West Friendly Avenue
Greensboro, NC 27410
(336) 294-4410
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Charles F. McCoy, Esq.
P.O. Box 19109
7201 West Friendly Avenue
Greensboro, NC 27410
(336) 294-4410
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Lawrence G. Wee, Esq.
Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
212-373-3000

Approximate date of commencement of proposed sale to public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price (1)	Amount of registration fee (2)
11 1/2% Senior Secured Notes Due 2014	$190,000,000	100%	$190,000,000	$20,330
Guarantees of Senior Secured Notes	N/A	N/A	N/A	N/A(3)

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f) of the Securities Act of 1933.
(2) The registration fee has been calculated pursuant to Rule 457(f) under the Securities Act of 1933.
(3) No additional consideration is being received for the guarantees, and, therefore no additional fee is required.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

TABLE OF ADDITIONAL REGISTRANTS

Name	State or Other Jurisdiction of Incorporation or Organization	Primary Standard Industrial Classification Code Number	IRS Employer Identification Number
Unifi Manufacturing Virginia, LLC	North Carolina	2200	56-2001075
Unifi Manufacturing, Inc.	North Carolina	2200	56-2001082
Unifi Export Sales, LLC	North Carolina	2200	56-2001078
Unifi Sales and Distribution, Inc.	North Carolina	2200	56-2001079
Unifi International Service, Inc.	North Carolina	2200	56-1407930
GlenTouch Yarn Company, LLC	North Carolina	2200	56-2252356
Spanco Industries, Inc.	North Carolina	2200	56-1392167
Spanco International, Inc.	North Carolina	2200	56-1861046
Unifi Kinston, LLC	North Carolina	2200	56-2050030
Unifi Textured Polyester, LLC	North Carolina	2200	56-2085603
Unifi Technical Fabrics, LLC	North Carolina	2200	56-2177509
Charlotte Technology Group, Inc.	North Carolina	2200	56-2203343
UTG Shared Services, Inc.	North Carolina	2200	56-2170406
Unimatrix Americas, LLC	North Carolina	2200	86-1091016

The address of each of the additional registrants is 7201 West Friendly Avenue, Greensboro, North Carolina 27410.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 12, 2006

PRELIMINARY PROSPECTUS

Unifi, Inc.

Exchange Offer for $190,000,000
11 1/2% Senior Secured Notes due 2014

The Notes and the Guarantees

- We are offering to exchange $190,000,000 in aggregate principal amount of our outstanding 11 1/2% Senior Secured Notes due 2014, which were issued on May 26, 2006 in a transaction exempt from registration under the Securities Act of 1933, as amended, or the Securities Act, and which we refer to as the initial notes, for a like aggregate principal amount of our 11 1/2% Senior Secured Notes due 2014, which we refer to as the exchange notes, whose issuance is registered under the Securities Act. The initial notes were issued, and the exchange notes will be issued, under an indenture dated as of May 26, 2006.
- The exchange notes will mature on May 15, 2014. We will pay interest on the exchange notes on May 15 and November 15, beginning on November 15, 2006.
- The exchange notes will be our senior secured obligations, will be *pari passu* in right of payment with any of our existing and future senior indebtedness and will be senior in right of payment to any existing or future subordinated indebtedness. The exchange notes will be unconditionally guaranteed on a senior, secured basis by each of our existing and future domestic restricted subsidiaries.
- The exchange notes and guarantees will be secured by first-priority liens, subject to permitted liens, on substantially all of our and our subsidiary guarantors' assets (other than the assets securing our obligations under our amended revolving credit facility on a first-priority basis, which consist primarily of accounts receivable and inventory), including, but not limited to, property, plant and equipment, the capital stock of our domestic subsidiaries and certain of our joint ventures and up to 65% of the voting stock of our first-tier foreign subsidiaries, whether now owned or hereafter acquired, except for certain excluded assets. The exchange notes and guarantees will be secured by second-priority liens, subject to permitted liens, on our and our subsidiary guarantors' assets that secure our amended revolving credit facility on a first-priority basis.

Terms of the exchange offer

- It will expire at 5:00 p.m., New York City time, on , 2006, unless we extend it.
- If all the conditions to this exchange offer are satisfied, we will exchange all of our initial notes that are validly tendered and not withdrawn for exchange notes.
- You may withdraw your tender of initial notes at any time before the expiration of this exchange offer.
- The exchange notes that we will issue you in exchange for your initial notes will be substantially identical to your initial notes except that, unlike your initial notes, the exchange notes will have no transfer restrictions or registration rights.
- The exchange notes that we will issue you in exchange for your initial notes are new securities with no established market for trading.

Before participating in this exchange offer, please refer to the section in this prospectus entitled " Risk Factors" commencing on page 22.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2006.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" into this prospectus the information we file with the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus. If we subsequently file updating or superseding information in a document that is incorporated by reference into this prospectus, the subsequent information will also become part of this prospectus and will supersede the earlier information.

We are incorporating by reference the following documents that we have filed with the SEC:

- our Annual Report on Form 10-K for the year ended June 25, 2006, as filed with the SEC on September 8, 2006, including the information incorporated by reference from our Proxy Statement filed with the SEC on September 26, 2006 in connection with the solicitation of proxies for the Annual Meeting of Shareholders of Unifi, Inc. to be held on October 25, 2006; and
- our Current Report on Form 8-K filed on July 31, 2006.

We are also incorporating by reference into the accompanying prospectus all of our future filings with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until this offering has been completed.

You may request a copy of these filings at no cost, by writing or telephoning us at the following address:

Mr. Charles F. McCoy
Vice President, Secretary and General Counsel
Unifi, Inc.
P.O. Box 19109
Greensboro, NC 27419-9109
(336) 294-4410

MARKET SHARE, RANKING AND OTHER DATA

When we make statements in this prospectus about our industry or our position in our industry, we are making statements of our belief. These beliefs are based on data from various sources (including independent industry publications, reports by market research firms, surveys and forecasts), on estimates and assumptions that we have made based on that data and other sources and our knowledge of the markets for our products. While we believe our third party sources are reliable, we have not independently verified market and industry data provided by third parties. Accordingly, we cannot assure you that any of these assumptions are accurate or that our assumptions correctly reflect our position in our industry.

TRADEMARKS

We own or have rights to trademarks or trade names that we use in conjunction with the operation of our business. Each trademark, trade name or service mark of any other company appearing in this prospectus belongs to its holder. Use or display by us of other parties' trademarks, trade names or service marks is not intended to and does not imply a relationship with, or endorsement or sponsorship by us of, the trademark, trade name or service mark owner.

PROSPECTUS SUMMARY

This summary highlights certain information concerning our business and this exchange offer. It does not contain all of the information that may be important to you and to your investment decision. The following summary is qualified in its entirety by the more detailed information and consolidated financial statements and the related notes appearing elsewhere or incorporated by reference in this prospectus.

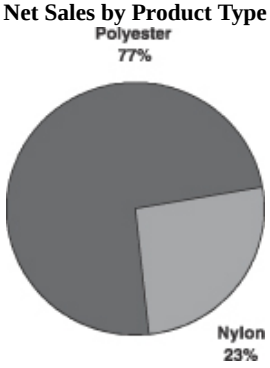
The term "initial notes" refers to the 11 1/2% Senior Secured Notes due 2014 that were issued on May 26, 2006 in a private offering. The term "exchange notes" refers to the 11 1/2% Senior Secured Notes due 2014 offered with this prospectus. The term "notes" refers to the initial notes and the exchange notes, collectively. Unless otherwise specified or the context requires otherwise, reference in this prospectus to the "Company" or "Unifi" or "we," "us," or "our" refers to Unifi, Inc., the issuer of the notes, and its direct and indirect subsidiaries on a consolidated basis. You should carefully read the entire prospectus and the information incorporated by reference into this prospectus, and should consider, among other things, the matters set forth under "Risk Factors" before deciding to invest in the notes.

Unifi

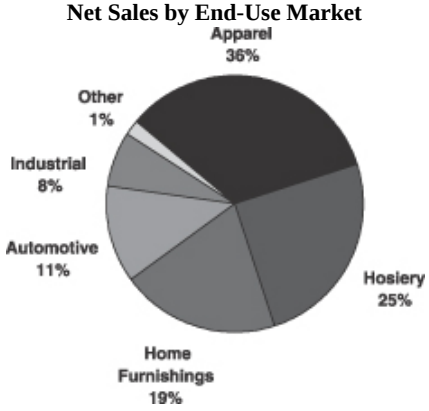
We are a diversified North American producer and processor of multi-filament polyester and nylon yarns, including specialty yarns with enhanced performance characteristics. We add value to the supply chain and enhance consumer demand for our products through the development and introduction of branded yarns that provide unique performance, comfort and aesthetic advantages. We manufacture partially oriented, textured, dyed, twisted and beamed polyester yarns as well as textured nylon and nylon covered spandex products. We sell our products to other yarn manufacturers, knitters and weavers that produce fabrics for the apparel, hosiery, home furnishings, automotive, industrial and other end-use markets. We maintain one of the industry's most comprehensive product offerings and emphasize quality, style and performance in all of our products. Our net sales, net loss and EBITDA were $738.8 million, $14.4 million and $47.5 million, respectively, for fiscal year 2006. See footnote 1 to "Summary Historical Financial Data" for the definition of EBITDA and a reconciliation of EBITDA to net loss.

The following charts illustrate the percentage of our net sales for fiscal year 2006 based on product type and end-use market:

Net Sales by Product Type



Net Sales by End-Use Market



We work across the supply chain to develop and commercialize specialty yarns that provide performance, comfort, aesthetic and other advantages that enhance demand for our products. We have branded the premium portion of our specialty value-added yarns, which we refer to as "premium value-added yarns," in order to distinguish our products in the marketplace. We currently have more than 20 premium value-added yarns in our portfolio, which we commercialize under several brand names, including Sorbtek®, A.M.Y.®, Mynx® UV, Reflexx®, MicroVista®, , aio® and Repreve®.

A significant number of our customers, particularly in the apparel market, produce finished goods that they seek to make eligible for duty-free treatment in the regions covered by the North American Free Trade Agreement, or "NAFTA," the U.S.-Dominican Republic-Central America Free Trade Agreement, or "CAFTA," the Caribbean Basin Initiative, or "CBI," and the Andean Trade Preferences Act, or "ATPA," which we refer to collectively as the "regional free-trade markets." When U.S.—origin partially oriented yarn, or "POY," is used to produce finished goods in these regional free-trade markets, and other origin criteria are met, then the finished goods are eligible for duty-free treatment.

We use advanced production processes to manufacture our high-quality yarns cost-effectively. We believe that our flexibility and experience in producing specialty yarns provides us with important development and commercialization advantages. We have state-of-the-art manufacturing operations in North and South America and participate in joint ventures in China, Israel and the United States.

Business Strengths

Leading Market Positions. We are a diversified producer and processor of multi-filament polyester and nylon yarns, and we are a leading North American producer and processor of polyester POY, polyester textured yarn, or polyester "DTY," nylon DTY, twisted yarn, nylon covered yarn and dyed yarn. We have strong positions in nearly every other market in which we participate. We believe that our position as an industry leader stems from the high quality of our products, our product innovations, the efficiency of our operations and our customer service.

Our market leading position provides us with the following competitive advantages:

- we are able to realize significant economies of scale that enhance our productivity;
- we are able to service large customers due to the size and flexibility of our manufacturing facilities, distribution system and marketing staff; and
- we are an attractive strategic partner for retailers and companies with established brands.

Significant Expertise in Value-Added Product Development and Commercialization. We are a leader in the development, manufacturing and commercialization of innovative, value-added specialty yarns with enhanced performance characteristics such as moisture management, ultraviolet protection and anti-microbial and odor control properties. In addition, we have developed a line of products that are made from recycled materials in order to appeal to environmentally conscious consumers. Due to our reputation for delivering high-quality innovative products, we have developed strong customer relationships with a number of significant downstream customers, including Wal-Mart, Dick's Sporting Goods, Russell Athletic, Reebok and the U.S. military. We also have strong relationships with the largest regional fabric producers, enabling us to market to downstream customers in collaboration with those producers. Our expertise in developing and commercializing value-added performance products combined with our strong customer relationships allows us to enhance demand for our products.

Leading Supplier in the Regional Free-Trade Markets. We are the largest of only a few producers in the regional free-trade markets of polyester POY. When U.S.-origin POY is used to produce finished goods in these

regional free-trade markets, and other origin criteria are met, then the finished goods are eligible for duty-free treatment. In the first half of fiscal year 2006, approximately 40% of sales from our U.S. polyester operations (approximately 80% of our polyester sales into the apparel market) and approximately 55% of sales from our U.S. nylon operations were to customers who purchase yarn from a signatory country to the NAFTA and CAFTA agreements or a beneficiary country to the CBI or ATPA programs to receive duty-free treatment for their finished goods. We estimate that the duty-free benefit of processing textiles and apparel under the terms of these regional free-trade agreements and duties preference programs typically represents a wholesale cost advantage of up to 30% on these finished goods. Our products, when incorporated by regional supply chain partners into finished goods that are eligible for duty-free treatment, are highly competitive in a number of product categories with imports from outside the applicable regions in terms of price and quality.

High-Quality Products and Flexible, Specification-Driven Production. We believe we are widely recognized by the industry as the leading producer of high-quality specification-driven products. Our operational expertise and state-of-the-art facilities allow us to efficiently produce high-quality yarns and specialty fibers with enhanced performance characteristics customized to fulfill our customers' specifications. We recently realigned our pricing by product and instituted innovative pricing terms for small lot and made-to-order purchases to better pass on the retooling and inventory costs associated with smaller and unique orders.

Diverse Customer Base in a Variety of End-Markets. Our yarns and brands are found in a variety of end products, such as apparel, hosiery, home furnishings, automotive and industrial products. We sell polyester yarns to approximately 900 customers and nylon yarns to approximately 200 customers in a variety of geographic markets. In fiscal year 2006, our nylon segment had sales of $76.4 million to Sara Lee Branded Apparel, now Hanesbrands Inc., which is our only customer in excess of 10% of our consolidated revenues.

Experienced Management Team. Our management team has been integral in establishing our reputation for quality and innovation, developing and maintaining strong relationships with our customers, successfully integrating acquisitions and adjusting our operational infrastructure to match market conditions. Our management team has an average of nearly 18 years of experience in the industry.

Business Strategy

Focus on Manufacturing Efficiencies, Cost Reductions and Profitability. We intend to continue our focus on achieving manufacturing efficiencies, lowering costs and increasing profit margins. We have targeted several initiatives to achieve these goals, including:

- continuing to leverage our leading market positions;
- improving our product mix through increased sales of higher margin products, such as branded premium value-added yarns;
- maximizing utilization rates and matching overhead costs with operating rates in order to produce high-quality products with greater manufacturing efficiencies;
- adjusting our pricing policies and terms to customer specifications and changing market conditions; and
- efficiently integrating the facilities of newly acquired businesses.

As a result of our investment of approximately $1.3 billion in our production facilities since 1992, we do not currently anticipate that we will require any significant additional capital expenditures to replace or expand our production facilities over the next five years.

Grow our Sales of Premium Value-Added Products and Promote our Brands. We intend to leverage our expertise in product innovation, manufacturing and commercialization to continue to grow our sales of premium

value-added yarns, which typically generate higher margins. We have grown our net sales of these value-added products from approximately $5.0 million in fiscal year 2001 to approximately $41.0 million in fiscal year 2006. We have branded these products to better market them to our downstream customers. In addition, we intend to increase demand for our premium value-added products by continuing to work with fabric producers and downstream customers on the development of new or improved products that meet the demands of consumers. As a result, downstream customers such as Wal-Mart, Dick's Sporting Goods, Russell Athletic, Reebok and the U.S. military have specified our products for use in their finished products.

Capitalize on Regional Free-Trade Markets. We are the largest of only a few producers in the regional free-trade markets of polyester POY. When U.S.-origin POY is used to produce finished goods in these regional free-trade markets, and other origin criteria are met, then the finished goods are eligible for duty-free treatment. We intend to continue to take advantage of our leading position in these markets to increase our market share with regional and domestic fabric producers who ship their products into the regional free-trade markets for further processing.

Expand Penetration of High-Growth Asian Markets. We intend to selectively increase our penetration of high-growth Asian markets such as China. China is currently one of the fastest growing consumers of specialty yarns, with a specialty yarn market almost as large as the entire U.S. yarn market. In addition, China currently imports approximately 30-35% of its specialty yarn needs. We have a 50/50 joint venture in China which combines our operational and marketing expertise with the customer base of a well-established, publicly-traded Chinese producer of fiber. This joint venture manufactures, processes and markets polyester filament yarn in China and provides us with an immediately accessible customer base in Asia at lower start-up costs and with fewer execution risks. Our joint venture allows us to pursue long-term, profitable revenue growth in Asia and service global brands and retailers who either produce or source from Asia.

Selectively Pursue Strategic Acquisitions. We believe that we are well-positioned to capitalize on the consolidation occurring in the North American synthetic yarn market due to our leading market position and our track record of successfully integrating acquisitions. Most of our competitors are smaller, privately-held companies which focus on only one or two of the markets we serve. We believe there are a number of acquisition opportunities in the North American market which can increase our profitability through the elimination of excess capacity and overhead costs. Accordingly, we plan to selectively pursue additional acquisitions that offer us the potential to strengthen our market position, increase our product offerings and/or achieve cost savings. For example, in 2005, we consolidated two of four recently acquired Kinston operating lines, reducing staffing levels from approximately 800 to approximately 260 employees and making the business profitable within twelve months.

Industry Overview

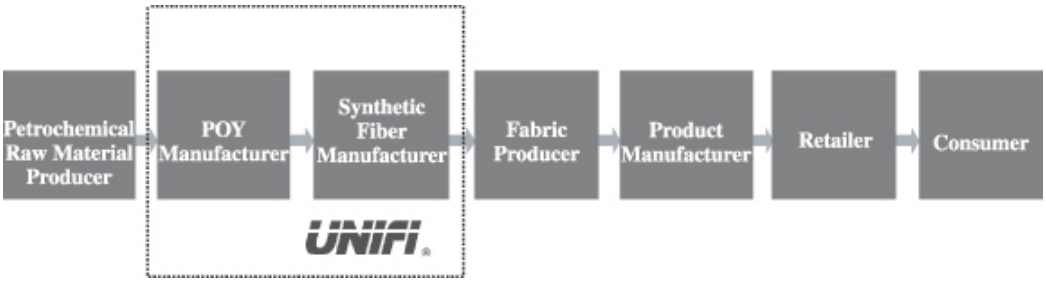
The textile and apparel market consists of natural and synthetic fibers used for apparel and non-apparel applications. The industry is characterized by dependence upon a wide variety of end-markets which primarily include apparel, home textiles, industrial and consumer products, floor coverings, fiber fill and tires. The apparel and hosiery markets account for 25% of total production, the floor covering market accounts for 32%, the industrial and consumer markets account for 20%, the home textiles market accounts for 13% and other end-uses account for 10%.

According to independent industry sources, the size of the global polyester textile filament market in calendar 2005 was estimated to be 29.5 billion pounds. The North American share of production within this global market was 2%. United States consumption of polyester textured yarn in 2005 was approximately 500 million pounds. Imports from foreign producers accounted for 21% of this textured yarn consumption.

According to the National Council of Textile Organizations, the U.S. textile market's total shipments were $75.1 billion for the twelve month period ended November 30, 2005. Approximately $30 billion of capital expenditures has been invested in the textile industry over the past ten years. In calendar year 2005, the U.S. textile and apparel market employed more than 650,000 workers.

Textiles and apparel goods are made from natural fiber filament, such as cotton and wool, or synthetic fiber filament, such as polyester and nylon. Since 1980, global demand for polyester has grown steadily, and in 2003, polyester replaced cotton as the fiber with the largest percentage of sales worldwide. In 2005, polyester accounted for an estimated 40% of global fiber filament consumption and demand is projected to increase by 6% to 7% annually through 2009. The synthetic fiber sector accounts for approximately 55% of the U.S. textile and apparel market.

The synthetic filament industry includes petrochemical and raw material producers, fiber and yarn manufacturers (like Unifi), fabric and product producers, retailers and consumers. The following chart illustrates the supply chain in the synthetic filament industry:



Among synthetic filament yarn producers, pricing is highly competitive, with innovation, product quality and customer service being essential for differentiating the competitors within the industry. Both product innovation and product quality are particularly important, as product innovation gives customers competitive advantages and product quality provides for improved manufacturing efficiencies.

The North American synthetic yarn market has contracted since 1999, primarily as a result of intense foreign competition in finished goods on the basis of price. In addition, due to consumer preferences, demand for sheer hosiery products has declined in recent years, which negatively impacts nylon manufacturers. Despite this decline, U.S. retailers and other end-users have consistently expressed their need for a balanced procurement strategy with both global and regional production to satisfy their need for readily available production capacity, quick response times, specialized products, product changes based on customer feedback and more customized orders. As a result, the contraction in the U.S. synthetic yarn market continues, although we expect a lower rate of decline in the future as regional manufacturers continue to demand U.S. manufactured synthetic yarn. There has also been growing emphasis domestically towards premium value-added yarns as consumers, retailers and manufacturers demand products with enhanced performance characteristics. This emphasis on incorporating specialty synthetic yarn in finished goods has greatly increased domestic demand for value-added synthetic fibers.

The U.S. government has attempted to regulate the growth of certain textile and apparel imports by establishing quotas and duties on imports from countries that historically account for significant shares of U.S. imports. Under the January 1995 Agreement on Textiles and Clothing, the World Trade Organization, or "WTO," began implementing a phased-in elimination of import quotas and a reduction of duties among its members, which culminated with the elimination of all remaining quotas for all members of WTO on January 1,

2005. After extensive negotiations, the United States and China entered into a bilateral agreement in November 2005, reinstating quotas on a number of categories of Chinese textile and apparel products. These quotas under this agreement will end on December 31, 2008. Nevertheless, duties on imported textile and apparel products, including textile and apparel products from China, remain in effect. We believe that duties are a more effective method than quotas in providing protection for the U.S. textile and apparel industry.

In the Americas region, regional free-trade agreements, such as NAFTA and CAFTA, and U.S. unilateral duties preference programs, such as ATPA and CBI, have a significant impact on the flow of goods among the region and the relative costs of production. The cost advantages offered by these regional free-trade agreements and duties preference programs on finished goods which incorporate U.S.-origin synthetic fiber and the desire for quick inventory turns have enabled regional synthetic yarn producers to effectively compete with imported finished goods from lower wage-based countries. We estimate that the duty-free benefit of processing synthetic textiles and apparel finished goods under the terms of these regional free-trade agreements and duties preference programs typically represents a wholesale cost advantage of up to 30% on these finished goods. As a result of such cost advantages, it is expected that these regions will continue to grow in their supply of textiles to the United States.

The Refinancing Transactions

Tender Offer for 2008 Notes

On April 28, 2006, we commenced a tender offer for all of our then outstanding $250.0 million in aggregate principal amount of 6 1/2% senior unsecured notes due 2008, which we refer to as the "2008 notes," simultaneously with a consent solicitation from the holders of the 2008 notes to remove substantially all of the restrictive covenants and certain events of default under the indenture governing the 2008 notes. The tender offer expired on May 25, 2006, and $248.7 million in aggregate principal amount of 2008 notes were tendered in the tender offer, representing 99.5% of the then outstanding aggregate principal amount of 2008 notes. The tender consideration was 100% of the principal amount of 2008 notes validly tendered plus accrued but unpaid interest to, but not including, May 26, 2006. We paid a total consideration of $253.9 million for the tendered 2008 notes. The proceeds from the sale of the initial notes were used to fund, in part, the purchase price for the tendered 2008 notes. See "Use of Proceeds." The 2008 notes that were not tendered and purchased in the tender offer will remain outstanding in accordance with their amended terms.

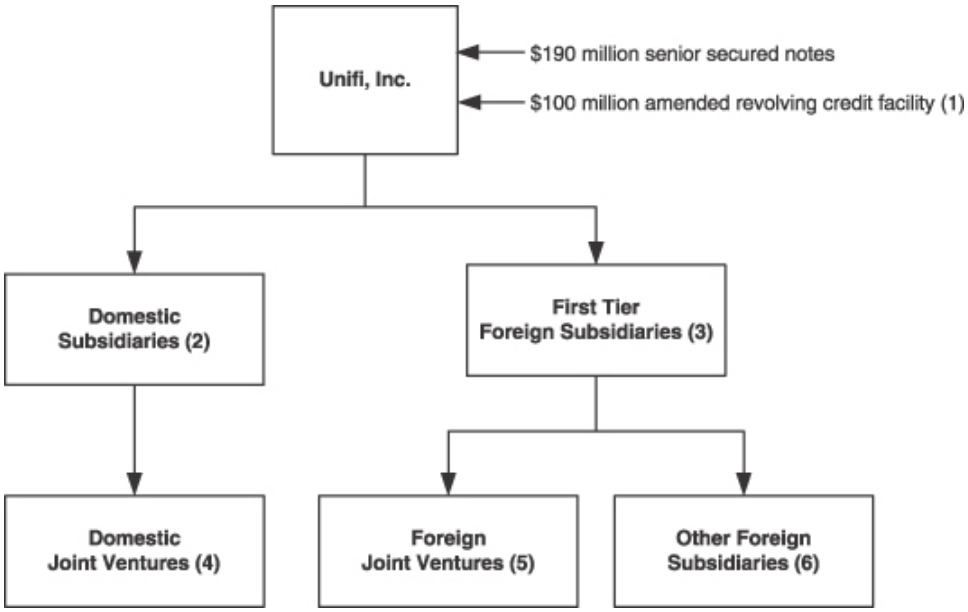
Amended Revolving Credit Facility

Concurrently with the closing of the offering of the initial notes, we amended our existing senior secured asset-based revolving credit facility, which we refer to as the "old revolving credit facility," to extend its maturity to 2011, permit the initial notes offering and this exchange offer, give us the ability to request that the borrowing capacity be increased up to $150.0 million under certain circumstances and revise some of its other terms and covenants. Throughout this prospectus, we refer to the old revolving credit facility as so amended as the "amended revolving credit facility." See "Description of Other Indebtedness—Amended Revolving Credit Facility." We drew $3.0 million under our amended revolving credit facility to fund, in part, the purchase price of the tendered 2008 notes. See "Use of Proceeds."

The offering of the initial notes, the tender offer for the 2008 notes described above, the execution of the amended revolving credit facility and the use of proceeds from the initial notes offering, cash on hand and borrowings under the amended revolving credit facility to pay the consideration in the tender offer and all associated fees and expenses are collectively referred to throughout this prospectus as the "refinancing transactions."

Our Structure

The chart below summarizes our organizational structure after giving effect to the refinancing transactions as of the end of our fiscal year ended June 25, 2006.



(1) The amended revolving credit facility consists of a five-year revolving asset-based loan facility of $100.0 million. As of June 25, 2006, there were no amounts outstanding under our amended revolving credit facility, and based on our calculation as of that date, $94.2 million was available for borrowing under the borrowing base of this facility (net of $5.8 million to support outstanding letters of credit). See “Description of Other Indebtedness—Amended Revolving Credit Facility” and “Capitalization.”

(2) Consists of wholly-owned domestic subsidiaries of Unifi, Inc. which are guarantors of the notes and co-borrowers under the amended revolving credit facility.

(3) Consists of Unifi do Brasil Ltda, Unifi Latin America S.A. and Unifi Holding I B.V. No more than 65% of the voting stock of the first-tier foreign subsidiaries are included in the collateral securing the notes on a first-priority basis.

(4) Consists of Parkdale America, LLC and Unifi-SANS Technical Fibers, LLC, of which we own 34% and 50%, respectively. The capital stock of these domestic joint ventures is included in the collateral securing the notes on a first-priority basis.

(5) Consists of Yihua Unifi Fibre Industry Company Limited and U.N.F. Industries, Ltd, of which we own 50% each. The capital stock of our current foreign joint ventures is not included in the collateral securing the notes because it is not held directly by Unifi or a guarantor of the notes.

(6) The capital stock of our other foreign subsidiaries is not included in the collateral securing the notes.

Unifi, Inc. is a corporation organized under the laws of the State of New York in 1969. Our principal offices are located at 7201 West Friendly Avenue, Greensboro, NC 27410; telephone number: (336) 294-4410. Our web site address is www.unifi.com. Our web site and the information contained on our web site are not a part of this prospectus.

The following table describes the guarantors. All of their principal offices are located at 7201 West Friendly Avenue, Greensboro, NC 27410, telephone number: (336) 294-4410.

Name of Guarantor	Jurisdiction of Formation	Year of Formation
Unifi Manufacturing Virginia, LLC	North Carolina	1996
Unifi Manufacturing, Inc.	North Carolina	1996
Unifi Export Sales, LLC	North Carolina	1996
Unifi Sales and Distribution, Inc.	North Carolina	1996
Unifi International Service, Inc.	North Carolina	1984
GlenTouch Yarn Company, LLC	North Carolina	2001
Spanco Industries, Inc.	North Carolina	1983
Spanco International, Inc.	North Carolina	1993
Unifi Kinston, LLC	North Carolina	1997
Unifi Textured Polyester, LLC	North Carolina	1998
Unifi Technical Fabrics, LLC	North Carolina	1999
Charlotte Technology Group, Inc.	North Carolina	2000
UTG Shared Services, Inc.	North Carolina	1999
Unimatrix Americas, LLC	North Carolina	2003

SUMMARY OF THE EXCHANGE OFFER

We are offering to exchange $190,000,000 in aggregate principal amount of our exchange notes for a like aggregate principal amount of our initial notes. In order to exchange your initial notes, you must properly tender them, and we must accept your tender. We will exchange all outstanding initial notes that are validly tendered and not validly withdrawn.

Exchange Offer

We will exchange our exchange notes for a like aggregate principal amount at maturity of our initial notes.

Expiration Date

This exchange offer will expire at 5:00 p.m., New York City time, on , 2006, unless we decide to extend it.

Conditions to the Exchange Offer

We will complete this exchange offer only if:

- there is no change in the laws and regulations which would impair our ability to proceed with this exchange offer,
- there is no change in the current interpretation of the staff of the SEC which permits resales of the exchange notes,
- there is no stop order issued by the SEC which would suspend the effectiveness of the registration statement which includes this prospectus or the qualification of the exchange notes under the Trust Indenture Act of 1939,
- there is no litigation or threatened litigation which would impair our ability to proceed with this exchange offer, and
- we obtain all the governmental approvals we deem necessary to complete this exchange offer.

Please refer to the section in this prospectus entitled “The Exchange Offer—Conditions to the Exchange Offer.”

Procedures for Tendering Initial Notes

To participate in this exchange offer, you must complete, sign and date the letter of transmittal or its facsimile and transmit it, together with your initial notes to be exchanged and all other documents required by the letter of transmittal, to U.S. Bank National Association, as exchange agent, at its address indicated under “The Exchange Offer—Exchange Agent.” In the alternative, you can tender your initial notes by book-entry delivery following the procedures described in this prospectus. For more information on tendering your notes, please refer to the section in this prospectus entitled “The Exchange Offer—Procedures for Tendering Initial Notes.”

Special Procedures for Beneficial Owners

If you are a beneficial owner of initial notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your initial notes in the exchange offer, you should contact the registered holder promptly and instruct that person to tender on your behalf.

Guaranteed Delivery Procedures	If you wish to tender your initial notes and you cannot get the required documents to the exchange agent on time, you may tender your notes by using the guaranteed delivery procedures described under the section of this prospectus entitled "The Exchange Offer—Procedures for Tendering Initial Notes—Guaranteed Delivery Procedure."
Withdrawal Rights	You may withdraw the tender of your initial notes at any time before 5:00 p.m., New York City time, on the expiration date of the exchange offer. To withdraw, you must send a written or facsimile transmission notice of withdrawal to the exchange agent at its address indicated under "The Exchange Offer—Exchange Agent" before 5:00 p.m., New York City time, on the expiration date of the exchange offer.
Acceptance of Initial Notes and Delivery of Exchange Notes	If all the conditions to the completion of this exchange offer are satisfied, we will accept any and all initial notes that are properly tendered in this exchange offer on or before 5:00 p.m., New York City time, on the expiration date. We will return any initial notes that we do not accept for exchange to you without expense promptly after the expiration date. We will deliver the exchange notes to you promptly after the expiration date and acceptance of your initial notes for exchange. Please refer to the section in this prospectus entitled "The Exchange Offer—Acceptance of Initial Notes for Exchange; Delivery of Exchange Notes."
Federal Income Tax Considerations Relating to the Exchange Offer	Exchanging your initial notes for exchange notes will not be a taxable event to you for United States federal income tax purposes. Please refer to the section of this prospectus entitled "Certain U.S. Federal Income Tax Considerations."
Exchange Agent	U.S. Bank National Association is serving as exchange agent in the exchange offer.
Fees and Expenses	We will pay all expenses related to this exchange offer. Please refer to the section of this prospectus entitled "The Exchange Offer—Fees and Expenses."
Use of Proceeds	We will not receive any proceeds from the issuance of the exchange notes. We are making this exchange offer solely to satisfy certain of our obligations under our registration rights agreement entered into in connection with the offering of the initial notes.
Consequences to Holders Who Do Not Participate in the Exchange Offer	If you do not participate in this exchange offer: • except as set forth in the next paragraph, you will not necessarily be able to require us to register your initial notes under the Securities Act,

- you will not be able to resell, offer to resell or otherwise transfer your initial notes unless they are registered under the Securities Act or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act, and
- the trading market for your initial notes will become more limited to the extent other holders of initial notes participate in the exchange offer.

You will not be able to require us to register your initial notes under the Securities Act unless you notify us prior to 20 business days following the completion of the exchange offer that:

- you were prohibited by law or SEC policy from participating in the exchange offer;
- you may not resell the exchange notes you acquired in the exchange offer to the public without delivering a prospectus and the prospectus contained in the exchange offer registration statement is not appropriate or available for such resales by you; or
- you are a broker-dealer and hold initial notes acquired directly from us or any of our affiliates.

In these cases, the registration rights agreement requires us to file a registration statement for a continuous offering in accordance with Rule 415 under the Securities Act for the benefit of the holders of the initial notes described in this paragraph. We do not currently anticipate that we will register under the Securities Act any notes that remain outstanding after completion of the exchange offer.

Please refer to the section of this prospectus entitled “The Exchange Offer—Your Failure to Participate in the Exchange Offer Will Have Adverse Consequences.”

Resales

It may be possible for you to resell the notes issued in the exchange offer without compliance with the registration and prospectus delivery provisions of the Securities Act, subject to the conditions described under “—Obligations of Broker-Dealers” below.

To tender your initial notes in this exchange offer and resell the exchange notes without compliance with the registration and prospectus delivery requirements of the Securities Act, you must make the following representations:

- you are authorized to tender the initial notes and to acquire exchange notes, and we will acquire good and unencumbered title to the initial notes tendered,
- the exchange notes acquired by you are being acquired in the ordinary course of business,

- you have no arrangement or understanding with any person to participate in a distribution of the exchange notes and are not participating in, and do not intend to participate in, the distribution of such exchange notes,
- you are not an "affiliate," as defined in Rule 405 under the Securities Act, of ours, or you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable,
- if you are not a broker-dealer, you are not engaging in, and do not intend to engage in, a distribution of exchange notes, and
- if you are a broker-dealer, initial notes to be exchanged were acquired by you as a result of market-making or other trading activities and you will deliver a prospectus in connection with any resale, offer to resell or other transfer of such exchange notes.

Please refer to the sections of this prospectus entitled "The Exchange Offer—Procedures for Tendering Initial Notes—Proper Execution and Delivery of Letters of Transmittal," "Risk Factors—Risk Related to the Exchange Offer—Some persons who participate in the exchange offer must deliver a prospectus in connection with resales of the exchange notes" and "Plan of Distribution."

Obligations of Broker-Dealers

If you are a broker-dealer (1) that receives exchange notes, you must acknowledge that you will deliver a prospectus in connection with any resales of the exchange notes, (2) who acquired the initial notes as a result of market-making or other trading activities, you may use the exchange offer prospectus as supplemented or amended, in connection with resales of the exchange notes, or (3) who acquired the initial notes directly from the issuer in the initial offering and not as a result of market-making and trading activities, you must, in the absence of an exemption, comply with the registration and prospectus delivery requirements of the Securities Act in connection with resales of the exchange notes.

Summary of Terms of the Exchange Notes

Issuer	Unifi, Inc.
Exchange Notes	$190,000,000 million in aggregate principal amount of 11 1/2% Senior Secured Notes due 2014. The forms and terms of the exchange notes are the same as the form and terms of the initial notes except that the issuance of the exchange notes is registered under the Securities Act, will not bear legends restricting their transfer and the exchange notes will not be entitled to registration rights under our registration rights agreement. The exchange notes will evidence the same debt as the initial notes, and both the initial notes and the exchange notes will be governed by the same indenture.
Maturity Date	The exchange notes will mature on May 15, 2014.
Interest Payment Dates	May 15 and November 15 of each year, commencing on November 15, 2006.
Ranking	The exchange notes will be our senior secured obligations. Accordingly, they will rank: • *pari passu* in right of payment with any of our existing and future senior indebtedness; • senior in right of payment to any of our existing and future subordinated indebtedness; • effectively subordinated to indebtedness under our amended revolving credit facility to the extent of the collateral securing such indebtedness on a first-priority basis; • effectively senior to all of our existing and future indebtedness to the extent of the collateral securing the exchange notes on a first-priority basis; and • effectively subordinated to any existing and future indebtedness and other liabilities of our non-guarantor subsidiaries (other than indebtedness and liabilities owed to us or one of our guarantor subsidiaries). As of June 25, 2006, we and the guarantor subsidiaries had total indebtedness of $208.4 million, including $190.0 million outstanding under the initial notes and $1.3 million outstanding under the 2008 notes, all of which was senior debt. As of the same date, there were no amounts outstanding under our amended revolving credit facility, and based on our calculation as of that date, $94.2 million was available for borrowing under the borrowing base of this facility (net of $5.8 million to support outstanding letters of credit). As of June 25, 2006, the notes were effectively subordinated to $19.9 million of indebtedness and other liabilities of our non-guarantor subsidiaries.

Subsidiary Guarantees

The exchange notes will be jointly and severally guaranteed on a senior secured basis by our existing and future domestic restricted subsidiaries. In the future, the guarantees may be released or terminated under certain circumstances. Each subsidiary guarantee will rank:

- *pari passu* in right of payment with any existing and future senior indebtedness of the guarantor subsidiary;
- senior in right of payment to any existing and future subordinated indebtedness of the guarantor subsidiary;
- effectively subordinated to indebtedness under our amended revolving credit facility to the extent of such subsidiary guarantor's collateral securing such indebtedness on a first-priority basis; and
- effectively senior to any existing and future indebtedness of the guarantor subsidiary to the extent of such subsidiary guarantor's collateral securing the exchange notes on a first-priority basis.

Security

The exchange notes and guarantees will be secured by first-priority liens, subject to permitted liens, on substantially all of our and our subsidiary guarantors' assets (other than inventory, accounts receivable, general intangibles (other than uncertificated capital stock of subsidiaries and other persons), investment property (other than capital stock of subsidiaries and other persons), chattel paper, documents, instruments, supporting obligations, letter of credit rights, deposit accounts and other related personal property and all proceeds relating to any of the above, that secure our amended revolving credit facility on a first-priority basis), including, but not limited to, the property, plant and equipment, the capital stock of our domestic subsidiaries and certain of our joint ventures, up to 65% of the voting stock of our first-tier foreign subsidiaries now owned or hereafter acquired by us and our subsidiary guarantors, except for certain excluded assets. The exchange notes and guarantees will be secured by second-priority liens, subject to permitted liens, on our and our subsidiary guarantors' assets that secure our amended revolving credit facility on a first-priority basis. Our obligations under our amended revolving credit facility are secured by second-priority liens, subject to permitted liens, on our and our subsidiary guarantors' assets that will secure the exchange notes and guarantees on a first-priority basis. See "Description of the Notes—Security."

The liens on the collateral securing the exchange notes and obligations under our amended revolving credit facility will be subject to the contractual provisions of an intercreditor agreement. See "Description of the Notes—Security." The security interests of the holders of the exchange notes in the collateral are subject to other important limitations and exceptions which are described under the sections "Risk Factors—Risks Related to The Notes and This Offering" and "Description of the Notes."

Optional Redemption

At any time prior to May 15, 2009, we may redeem up to 35% of the principal amount of the exchange notes with the net cash proceeds of certain equity offerings at the redemption prices set forth under "Description of the Notes—Optional Redemption."

On and after May 15, 2010, we may redeem the exchange notes, in whole or in part, at the redemption prices set forth under "Description of the Notes—Optional Redemption."

Mandatory Offer to Repurchase

If a change of control occurs, we must offer to repurchase the exchange notes at the redemption price set forth under "Description of the Notes—Repurchase at the Option of Holders—Change of Control."

Covenants

We issued the initial notes, and will issue the exchange notes, under an indenture among us, our guarantor subsidiaries and U.S. Bank National Association, as trustee. The indenture, among other things, restricts our ability and the ability of our restricted subsidiaries to:

- make investments;
- incur additional indebtedness and issue disqualified stock;
- pay dividends or make distributions on capital stock or redeem or repurchase capital stock;
- create liens;
- incur dividend or other payment restrictions affecting subsidiaries;
- sell assets;
- merge or consolidate with other entities; and
- enter into transactions with affiliates.

These covenants are subject to a number of important exceptions and qualifications. See "Description of the Notes—Certain Covenants."

Use of Proceeds

We will not receive any proceeds from the issuance of the exchange notes in exchange for the outstanding initial notes. We are making this exchange solely to satisfy our obligations under the registration rights agreement entered into in connection with the offering of the initial notes.

Absence of a Public Market for the Exchange Notes

The exchange notes are new securities with no established market for them. A market for the exchange notes may not develop, and if a market develops, it may not be liquid. Please refer to the section of this prospectus entitled "Risk Factors—Risks Related to The Notes and This Offering—There is no established trading market for the exchange notes and you may not be able to sell them quickly or at the price that you paid."

Form of the Exchange Notes	The exchange notes will be represented by one or more permanent global securities in registered form deposited on behalf of The Depository Trust Company with U.S. Bank National Association, as custodian. You will not receive exchange notes in certificated form unless one of the events described in the section of this prospectus entitled “Description of the Notes—Exchange of Global Notes for Certificated Notes” occurs. Instead, beneficial interests in the exchange notes will be shown on, and transfers of these exchange notes will be effected only through, records maintained in book-entry form by The Depository Trust Company with respect to its participants.

PRESENTATION OF FINANCIAL INFORMATION

Our fiscal year is a 52 or 53 week fiscal year which ends on the last Sunday in June. Each 52 week fiscal year is divided into four periods of 13 weeks. Each 53 week fiscal year is divided into four periods of 13, 13, 13 and 14 weeks. In this prospectus, “fiscal year 2006” is the fiscal year ending June 25, 2006, “fiscal year 2005” is the fiscal year ended June 26, 2005, and “fiscal year 2004” is the fiscal year ended June 27, 2004. Our fiscal years 2006, 2005, and 2004 had 52 weeks.

In July 2004, we announced the closing of our European manufacturing operations and associated sales offices. We ceased operating our dyed facility in Manchester, England, in June 2004 and ceased our manufacturing operations in Ireland in October 2004. We ceased all other European operations by June 2005 and sold the real property, plant and equipment of our European division in fiscal years 2005 and 2006. In July 2005, we announced that we had decided to exit the sourcing business and, as of the end of the third quarter of fiscal year 2006, we had substantially liquidated the business. Accordingly, the consolidated financial statements included in this prospectus have been restated to present these operations as discontinued operations for all periods presented.

SUMMARY HISTORICAL FINANCIAL DATA

The summary historical financial data set forth below as of June 25, 2006 and for each of the fiscal years ended June 25, 2006, June 26, 2005 and June 27, 2004 have been derived from, and should be read together with, our audited historical consolidated financial statements and the accompanying notes included elsewhere in this prospectus. All of the historical financial data should also be read in conjunction with "Selected Historical Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Fiscal Years Ended		
	June 25, 2006	June 26, 2005	June 27, 2004
	(in thousands)		
Statements of operations data:			
Net sales	$738,825	$793,796	$666,383
Cost of sales	696,055	762,717	625,983
Selling, general and administrative expenses	41,534	42,211	45,963
Provision for bad debts	1,256	13,172	2,389
Interest expense	19,247	20,575	18,698
Interest income	(4,489)	(2,152)	(2,152)
Other (income) expense, net	(3,118)	(2,300)	(2,590)
Equity in (earnings) losses of unconsolidated affiliates	(825)	(6,938)	6,877
Minority interest (income) expense	—	(530)	(6,430)
Restructuring charges (recovery)	(254)	(341)	8,229
Arbitration costs and expenses	—	—	182
Alliance plant closure costs (recovery)	—	—	(206)
Write down of long-lived assets	2,366	603	25,241
Goodwill impairment	—	—	13,461
Loss from early extinguishment of debt	2,949	—	—
Loss from continuing operations before income taxes and extraordinary item	(15,896)	(33,221)	(69,262)
Benefit for income taxes	(1,170)	(13,483)	(25,113)
Loss from continuing operations before extraordinary item	(14,726)	(19,738)	(44,149)
Income (loss) from discontinued operations, net of tax	360	(22,644)	(25,644)
Loss before extraordinary item	(14,366)	(42,382)	(69,793)
Extraordinary gain—net of taxes of $0	—	1,157	—
Net loss	$ (14,366)	$ (41,225)	$ (69,793)
Other financial data:			
EBITDA(1)	$ 47,531	$ 37,901	$ 3,510
Depreciation and amortization	48,669	51,542	56,226
Capital expenditures	(11,988)	(9,422)	(11,124)
Net cash provided by (used in) continuing operations:			
Operating activities	30,093	28,785	11,380
Investing activities	(29,230)	(4,691)	(5,777)
Financing activities	(90,174)	82	(8,467)

	As of June 25, 2006 (in thousands)
Balance sheet data:	
Cash and cash equivalents	$ 35,317
Property, plant and equipment	916,337
Investments in unconsolidated affiliates	190,217
Total assets	732,637
Total debt	208,440
Total liabilities	349,684
Total shareholders' equity	382,953

(1) EBITDA represents net loss before interest, taxes, depreciation and amortization and loss or income from discontinued operations. We present EBITDA as a supplemental measure of our performance and ability to service debt. We also present 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 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.

In evaluating EBITDA, you should be aware that in the future we may incur expenses similar to the adjustments in this presentation. Our presentation of EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. EBITDA is not a measurement of our financial performance under generally accepted accounting principles in the United States, or "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.

Our 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 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 to 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.

The following table presents our calculation of EBITDA reconciled to net loss:

	Fiscal Years Ended		
	June 25, 2006	June 26, 2005	June 27, 2004
	(in thousands)		
Net loss	$(14,366)	$(41,225)	$(69,793)
Net interest expense	14,758	18,423	16,546
Depreciation and amortization	48,669	51,542	56,226
Income taxes	(1,170)	(13,483)	(25,113)
Loss (income) from discontinued operations(a)	(360)	22,644	25,644
EBITDA	$ 47,531	$ 37,901	$ 3,510

(a) In July 2004, we announced the closing of our European manufacturing operations and associated sales offices. We ceased operating our dyed facility in Manchester, England in June 2004 and ceased our manufacturing operations in Ireland in October 2004. We ceased all other European operations by June 2005 and sold the real property, plant and equipment of our European division in fiscal years 2005 and 2006. In July 2005, we announced that we had decided to exit the sourcing business and, as of the end of fiscal year 2006, we had fully liquidated the business.

The following items can be considered in addition to EBITDA:

	Fiscal Years Ended		
	June 25, 2006	June 26, 2005	June 27, 2004
	(in thousands)		
Income (loss) from equity affiliates, net of cash distributions(a)	$ 945	$ 4,188	$10,042
Restructuring charges (recovery)(b)	(254)	(341)	8,023
Non-cash asset impairment charges(c)	2,366	603	38,702
Non-cash loss on obsolete inventory(d)	—	3,126	—
Non-cash compensation expense	676	81	192
Hedging (gain) loss(e)	660	(1,067)	548
Gain on sale of assets(f)	—	—	(4,049)
Non-cash accounts receivable write-off(g)	—	8,184	—

(a) Represents the elimination of net income or loss from equity investees, net of cash income and other distributions received from such equity investees. Cash distributions received in fiscal years 2006, 2005 and 2004 were $2.8 million, $11.1 million and $3.2 million, respectively. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Joint Ventures and Other Equity Investments.”

(b) Represents restructuring charges and recoveries in connection with:

- in fiscal year 2006, a re-organization of certain business operations;
- in the fourth quarter of fiscal year 2005, the recovery of a restructuring reserve taken in fiscal year 2001 relating to the closure of a facility related to our alliance with E.I. DuPont de Nemours, or DuPont; and
- in fiscal year 2004, employee severance costs related to domestic restructuring efforts and the closure of our air jet texturing facility in Altamahaw, NC.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Corporate Restructurings” and “—Recent Developments and Outlook.”

(c) Represents non-cash impairment charges with respect to:

- in fiscal year 2006, the closing of a nylon plant, warehouse and central distribution center located in Mayodan, NC;
- in fiscal year 2005, the write down of 166 machines held by our nylon business in connection with their sale; and
- in fiscal year 2004, the write down of $13.5 million of goodwill related to Unifi Textured Polyester, LLC, a domestic polyester joint venture, and a $25.2 million impairment of fixed assets in our domestic polyester segment.

See Note 14 to our audited consolidated financial statements.

(d) In the fourth quarter of fiscal year 2005, we reduced our inventories, including certain slow-moving items, in order to improve our cash position and reduce our working capital requirements. This item represents the difference between the carrying value of such slow-moving inventory and the sales price that was realized.

(e) Relates to gains and losses relating to the purchase of raw materials and foreign currency hedging activities in the ordinary course of business. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosure About Market Risk."

(f) Relates to the sale of a corporate aircraft.

(g) Represents a non-cash, non-recurring charge relating to the write-off of accounts receivable of Collins & Aikman Corporation in connection with the bankruptcy of Collins & Aikman. Our bad debt expense for fiscal years 2006, 2005 and 2004 was $1.3 million, $13.2 million and $2.4 million, respectively. Excluding the bad debt expense of $8.2 million associated with the bankruptcy of Collins & Aikman, our bad debt expense for fiscal year 2005 would have been $5.0 million.

RISK FACTORS

You should carefully consider each of the following risks and all other information contained in this prospectus before deciding to invest in the notes. The risks and uncertainties described below are not the only ones we face. If any of the following risks actually occur, our business, financial condition and/or operating results could be materially adversely affected, which, in turn, could adversely affect our ability to pay interest or principal on the notes. In such a case, you may lose all or part of your original investment.

Risks Related to The Notes and This Offering

Our substantial level of indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under the notes and our other indebtedness.

We have substantial indebtedness. As of June 25, 2006, we had a total of $208.4 million of debt outstanding, including $190.0 million outstanding under the initial notes, and $1.3 million outstanding under the 2008 notes. As of the same date, there were no amounts outstanding under our amended revolving credit facility.

Our outstanding indebtedness could have important consequences to you, including the following:

- our high level of indebtedness could make it more difficult for us to satisfy our obligations with respect to the notes, including our repurchase obligations;
- the restrictions imposed on the operation of our business may hinder our ability to take advantage of strategic opportunities to grow our business;
- our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes may be impaired;
- we must use a substantial portion of our cash flow from operations to pay interest on the notes and, to the extent incurred, our other indebtedness, which will reduce the funds available to us for operations and other purposes;
- our high level of indebtedness could place us at a competitive disadvantage compared to our competitors that may have proportionately less debt;
- our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate may be limited; and
- our high level of indebtedness makes us more vulnerable to economic downturns and adverse developments in our business.

Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, prospects and ability to satisfy our obligations under the notes.

Despite our current indebtedness levels, we may still be able to incur substantially more debt. This could exacerbate further the risks associated with our substantial leverage.

We and our subsidiaries may be able to incur substantial additional indebtedness, including additional secured indebtedness, in the future. The terms of the indenture and our amended revolving credit facility restrict, but do not completely prohibit, us from doing so. Our amended revolving credit facility permits up to $100.0 million of borrowings, which we can request be increased to $150.0 million under certain circumstances, with a borrowing base specified in the credit facility as equal to specified percentages of eligible accounts receivable and inventory. All of those borrowings, if any, will rank equal in right of payment to the notes and guarantees and will be effectively senior to the notes to the extent secured by first-priority liens in certain of our and our subsidiary guarantors' assets, primarily accounts receivable and inventory. See "Description of Other Indebtedness—Amended Revolving Credit Facility." In addition, the indenture allows us to issue additional notes

under certain circumstances, which will also be guaranteed by the subsidiary guarantors and will share in the collateral that secures the notes and guarantees. The indenture also allows us to incur certain other additional secured debt and will allow our foreign subsidiaries to incur additional debt, which would be effectively senior to the notes. In addition, the indenture does not prevent us from incurring other liabilities that do not constitute indebtedness. See "Description of the Notes." If new debt or other liabilities are added to our current debt levels, the related risks that we now face could intensify.

We will require a significant amount of cash to service our indebtedness, and our ability to generate cash depends on many factors beyond our control.

For fiscal year 2006, after giving effect to the refinancing transactions, interest expense, net, would have been approximately $24.2 million. Our principal sources of liquidity are cash flow generated from operations and borrowings under our amended revolving credit facility. Our ability to make payments on and to refinance our indebtedness, including the notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Our business may not generate cash flow from operations, and future borrowings may not be available to us under our amended revolving credit facility in an amount sufficient to enable us to pay our indebtedness, including the notes, and to fund our other liquidity needs. If we are not able to generate sufficient cash flow or borrow under our amended revolving credit facility for these purposes, we may need to refinance or restructure all or a portion of our indebtedness, including the notes, on or before maturity, reduce or delay capital investments or seek to raise additional capital. We may not be able to implement one or more of these alternatives on terms acceptable to us, or at all. The terms of our existing or future debt agreements may restrict us from adopting any of these alternatives. The failure to generate sufficient cash flow or to achieve any of these alternatives could materially adversely affect the value of the notes and our ability to repay them.

In addition, without such refinancing, we could be forced to sell assets to make up for any shortfall in our payment obligations under unfavorable circumstances. Our amended revolving credit facility and the indenture limit our ability to sell assets and also restrict the use of proceeds from any such sale. Furthermore, the notes and our amended revolving credit facility are secured by substantially all of our assets. Therefore, we may not be able to sell our assets quickly enough or for sufficient amounts to enable us to meet our debt service obligations.

The indenture and our amended revolving credit facility impose significant operating and financial restrictions, which may prevent us from pursuing certain business opportunities and taking certain actions.

The indenture and our amended revolving credit facility impose significant operating and financial restrictions on us. These restrictions will limit or prohibit, among other things, our ability to:

- incur and guarantee indebtedness or issue preferred stock;
- repay subordinated indebtedness prior to its stated maturity;
- pay dividends or make other distributions on or redeem or repurchase our stock;
- issue capital stock;
- make certain investments or acquisitions;
- create liens;
- sell certain assets or merge with or into other companies;
- enter into certain transactions with stockholders and affiliates;
- make capital expenditures; and
- restrict dividends, distributions or other payments from our subsidiaries.

You should read the discussions under the headings “Description of Other Indebtedness—Amended Revolving Credit Facility” and “Description of the Notes—Certain Covenants” for further information about these covenants.

In addition, our amended revolving credit facility also requires us to meet a minimum fixed charge ratio test if borrowing capacity is less than $25.0 million at any time during the quarter and restricts our ability to make capital expenditures or prepay certain other debt. We may not be able to maintain this ratio. These restrictions could limit our ability to plan for or react to market conditions or meet our capital needs. We may not be granted waivers or amendments to our amended revolving credit facility if for any reason we are unable to meet its requirements, or we may not be able to refinance our debt on terms acceptable to us, or at all.

The breach of any of these covenants or restrictions could result in a default under the indenture or our amended revolving credit facility. An event of default under our debt agreements would permit some of our lenders to declare all amounts borrowed from them to be due and payable.

Other secured indebtedness, including under our amended revolving credit facility, is effectively senior to the notes to the extent of the value of the collateral securing such facility on a first-priority basis.

Our amended revolving credit facility is collateralized by a first-priority lien, subject to permitted liens, in, among other things, certain of our and the amended revolving credit facility guarantors’ assets, primarily accounts receivable and inventory. In addition, the indenture permits us to incur additional indebtedness secured on a first-priority basis by such assets in the future. The first-priority liens in the collateral securing indebtedness under our amended revolving credit facility and any such future indebtedness are higher in priority as to such collateral than the security interests securing the notes and the guarantees. The notes and the related guarantees are secured, subject to permitted liens, by a second-priority lien in the assets that secure our amended revolving credit facility on a first-priority basis. Holders of the indebtedness under our amended revolving credit facility and any other indebtedness collateralized by a first-priority lien in such collateral are entitled to receive proceeds from the realization of value of such collateral to repay such indebtedness in full before the holders of the notes will be entitled to any recovery from such collateral. As a result, holders of the notes will only be entitled to receive proceeds from the realization of value of assets securing our amended revolving credit facility on a first-priority basis after all indebtedness and other obligations under our amended revolving credit facility and any other obligations secured by first-priority liens on such assets are repaid in full. As a result, the notes are effectively junior in right of payment to indebtedness under our amended revolving credit facility and any other indebtedness collateralized by a higher-priority lien in our assets, to the extent of the realizable value of such collateral.

The lien ranking provisions of the indenture and other agreements relating to the collateral securing the notes limit the rights of holders of the notes with respect to that collateral, even during an event of default.

The rights of the holders of the notes with respect to the collateral that secure the notes on a second-priority basis are substantially limited by the terms of the lien ranking agreements set forth in the indenture and the intercreditor agreement, even during an event of default. Under the indenture and the intercreditor agreement, at any time that obligations that have the benefit of the higher-priority liens are outstanding, any actions that may be taken with respect to (or “in respect of”) such collateral, including the ability to cause the commencement of enforcement proceedings against such collateral and to control the conduct of such proceedings, and the approval of amendments to, releases of such collateral from the lien of, and waivers of past defaults under, such documents relating to such collateral, will be at the direction of the holders of the obligations secured by the first-priority liens, and the holders of the notes secured by lower-priority liens may be adversely affected.

In addition, the indenture and the intercreditor agreement contain certain provisions benefiting holders of indebtedness under our amended revolving credit facility, including provisions requiring the trustee and the collateral agent not to object following the filing of a bankruptcy petition to a number of important matters

regarding the collateral. After such filing, the value of this collateral could materially deteriorate and holders of the notes would be unable to raise an objection. In addition, the right of holders of obligations secured by first-priority liens to foreclose upon and sell such collateral upon the occurrence of an event of default also would be subject to limitations under applicable bankruptcy laws if we or any of our subsidiaries become subject to a bankruptcy proceeding.

The collateral that secure the notes and guarantees on a second-priority basis will also be subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by the lenders under our amended revolving credit facility and other creditors that have the benefit of first-priority liens on such collateral from time to time, whether on or after the date the notes and guarantees are issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the collateral securing the notes as well as the ability of the collateral agent to realize or foreclose on such collateral. The initial purchasers have neither analyzed the effect of, nor participated in any negotiations relating to, such exceptions, defects, encumbrances, liens and imperfections, and the existence thereof could adversely affect the value of the collateral that secure the notes as well as the ability of the collateral agent to realize or foreclose on such collateral.

The notes are effectively subordinated to the liabilities and preferred stock, if any, of our non-guarantor subsidiaries and our equity investees.

You will not have any claim as a creditor against our subsidiaries that are not guarantors of the notes. Our unrestricted subsidiaries, our foreign subsidiaries and our equity investees that are not subsidiaries do not guarantee the initial notes and will not guarantee the exchange notes. Therefore, the assets of our non-guarantor subsidiaries and equity investees will be subject to prior claims by creditors of those subsidiaries or other entities, whether secured or unsecured. As a result, the notes are effectively subordinated to the prior payment of all of the debts and other obligations (including trade payables) and the liquidation preference of any preferred stock of our non-guarantor subsidiaries and equity investees. As of June 25, 2006, our equity investees included our Chinese joint venture, Parkdale America LLC, and other joint ventures and represented $190.2 million of assets on our balance sheet. As of June 25, 2006, our non-guarantor subsidiaries, which included our Brazilian and Colombian subsidiaries, held approximately 16.9% of our total consolidated assets and had approximately $19.9 million of indebtedness and other liabilities. Unrestricted subsidiaries under the indenture and equity investees are also not subject to the covenants in the indenture. See “Prospectus Summary—Our Structure” for more information regarding our corporate structure and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Joint Ventures and Other Equity Investments” for more information regarding our joint ventures.

The value of the collateral securing the notes may not be sufficient to satisfy our obligations under the notes.

No appraisal of the value of the collateral has been made in connection with this offering, and the fair market value of the collateral is subject to fluctuations based on factors that include, among others, general economic conditions and similar factors. The amount to be received upon a sale of the collateral would be dependent on numerous factors, including, but not limited to, the actual fair market value of the collateral at such time, the timing and the manner of the sale and the availability of buyers. By its nature, portions of the collateral may be illiquid and may have no readily ascertainable market value. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the collateral may not be sold in a timely or orderly manner and the proceeds from any sale or liquidation of this collateral may not be sufficient to pay our obligations under the notes.

To the extent that pre-existing liens, liens permitted under the indenture and other rights, including liens on excluded assets, such as those securing purchase money obligations and capital lease obligations granted to other parties (in addition to the holders of obligations secured by first-priority liens), encumber any of the collateral securing the notes and the guarantees, those parties have or may exercise rights and remedies with respect to the collateral that could adversely affect the value of the collateral and the ability of the collateral agent, the trustee under the indenture or the holders of the notes to realize or foreclose on the collateral.

There may not be sufficient collateral to pay off any additional amounts we may borrow under our amended revolving credit facility or any additional notes we may issue together with the notes offered by this prospectus.

Consequently, liquidating the collateral securing the notes may not result in proceeds in an amount sufficient to pay any amounts due under the notes after also satisfying the obligations to pay any creditors with prior liens. If the proceeds of any sale of collateral are not sufficient to repay all amounts due on the notes, the holders of the notes (to the extent not repaid from the proceeds of the sale of the collateral) would have only an unsecured, unsubordinated claim against our and the subsidiary guarantors' remaining assets.

We will in most cases have control over the collateral, and the sale of particular assets by us could reduce the pool of assets securing the notes and the guarantees.

The collateral documents allow us to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the collateral securing the notes and the guarantees.

In addition, we will not be required to comply with all or any portion of Section 314(d) of the Trust Indenture Act of 1939 if we determine, in good faith based on advice of counsel, that, under the terms of that Section and/or any interpretation or guidance as to the meaning thereof of the SEC and its staff, including "no action" letters or exemptive orders, all or such portion of Section 314(d) of the Trust Indenture Act is inapplicable to the released collateral. For example, so long as no default or event of default under the indenture would result therefrom and such transaction would not violate the Trust Indenture Act, we may, among other things, without any release or consent by the indenture trustee, conduct ordinary course activities with respect to collateral, such as selling, factoring, abandoning or otherwise disposing of collateral and making ordinary course cash payments (including repayments of indebtedness). With respect to such releases, we must deliver to the collateral agent, from time to time, an officers' certificate to the effect that all releases and withdrawals during the preceding six-month period in which no release or consent of the collateral agent was obtained in the ordinary course of our business were not prohibited by the indenture. See "Description of the Notes."

There are circumstances other than repayment or discharge of the notes under which the collateral securing the notes and guarantees will be released automatically, without your consent or the consent of the trustee.

Under various circumstances, all or a portion of the collateral securing the notes will be released automatically, including:

- a sale, transfer or other disposal of such collateral in a transaction not prohibited under the indenture;
- with respect to collateral held by a guarantor, upon the release of such guarantor from its guarantee;
- with respect to collateral that is capital stock, upon the dissolution of the issuer of such capital stock in accordance with the indenture; and
- with respect to any collateral in which the notes have a second-priority lien, upon any release by the lenders under our amended revolving credit facility of their first-priority security interest in such collateral.

In addition, the guarantee of a subsidiary guarantor will be automatically released in connection with a sale of such subsidiary guarantor in a transaction not prohibited by the indenture.

The indenture also permits us to designate one or more of our restricted subsidiaries that is a guarantor of the notes as an unrestricted subsidiary. If we designate a subsidiary guarantor as an unrestricted subsidiary, all of the liens on any collateral owned by such subsidiary or any of its subsidiaries and any guarantees of the notes by such subsidiary or any of its subsidiaries will be released under the indenture but not under the amended revolving credit facility. Designation of an unrestricted subsidiary will reduce the aggregate value of the collateral securing the notes to the extent that liens on the assets of the unrestricted subsidiary and its subsidiaries are released. In addition, the creditors of the unrestricted subsidiary and its subsidiaries will have a senior claim on the assets of such unrestricted subsidiary and its subsidiaries. See "Description of the Notes."

The imposition of certain permitted liens will cause the assets on which such liens are imposed to be excluded from the collateral securing the notes and the guarantees. There are also certain other categories of property that are also excluded from the collateral.

The indenture permits liens in favor of third parties to secure purchase money indebtedness and capital lease obligations, and any assets subject to such liens will be automatically excluded from the collateral securing the notes and the guarantees. Our ability to incur purchase money indebtedness and capital lease obligations is subject to the limitations, as described in "Description of the Notes." In addition, certain categories of assets are excluded from the collateral securing the notes and the guarantees. Excluded assets include certain contracts, certain equipment, the assets of our non-guarantor subsidiaries and equity investees, certain capital stock and other securities of our subsidiaries and equity investees and the proceeds from any of the foregoing. See "Description of the Notes." If an event of default occurs and the notes are accelerated, the notes and the guarantees will rank equally with the holders of other unsubordinated and unsecured indebtedness of the relevant entity with respect to such excluded property.

The pledge of the capital stock, other securities and similar items of our subsidiaries that secure the notes will automatically be released from the lien on them and no longer constitute collateral when the pledge of such capital stock or such other securities would require the filing of separate financial statements with the SEC for that subsidiary.

The notes and the guarantees will be secured by a pledge of the stock of some of our subsidiaries. Under SEC regulations currently in effect, if the par value, book value as carried by us or market value (whichever is greatest) of the capital stock, other securities or similar items of a subsidiary pledged as part of the collateral is greater than or equal to 20% of the aggregate principal amount of the notes then outstanding, such a subsidiary would be required to provide separate financial statements to the SEC. Therefore, the indenture and the collateral documents provide that any capital stock and other securities of any of our subsidiaries will be excluded from the collateral to the extent that the pledge of such capital stock or other securities to secure the notes would cause such subsidiary to be required to file separate financial statements with the SEC under Rule 3-16 of Regulation S-X (as in effect from time to time).

As a result, holders of the notes could lose a portion or all of their security interest in the capital stock or other securities of those subsidiaries. It may be more difficult, costly and time-consuming for holders of the notes to foreclose on the assets of a subsidiary than to foreclose on its capital stock or other securities, so the proceeds realized upon any such foreclosure could be significantly less than those that would have been received upon any sale of the capital stock or other securities of such subsidiary. See "Description of the Notes—Security."

Your rights in the collateral may be adversely affected by the failure to perfect security interests in certain collateral in the future.

Applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at the time such property and rights are acquired and identified. The trustee or the collateral agent may not monitor, or we may not inform the trustee or the collateral agent of, the future acquisition of property and rights that constitute collateral, and necessary action may not be taken to properly perfect the security interest in such after-acquired collateral. The collateral agent for the notes has no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest in favor of the notes against third parties.

The collateral is subject to casualty risks.

We intend to maintain insurance or otherwise insure against hazards in a manner appropriate and customary for our business. There are, however, certain losses that may be either uninsurable or not economically insurable, in whole or in part. Insurance proceeds may not compensate us fully for our losses. If there is a complete or partial loss of any of the pledged collateral, the insurance proceeds may not be sufficient to satisfy all of the secured obligations, including the notes and the guarantees.

In the event of our bankruptcy, the ability of the holders of the notes to realize upon the collateral will be subject to certain bankruptcy law limitations.

The ability of holders of the notes to realize upon the collateral will be subject to certain bankruptcy law limitations in the event of our bankruptcy. Under applicable U.S. federal bankruptcy laws, secured creditors are prohibited from repossessing their security from a debtor in a bankruptcy case without bankruptcy court approval and may be prohibited from disposing of security repossessed from such a debtor without bankruptcy court approval. Moreover, applicable federal bankruptcy laws generally permit the debtor to continue to retain collateral, including cash collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given "adequate protection."

The meaning of the term "adequate protection" may vary according to the circumstances, but is intended generally to protect the value of the secured creditor's interest in the collateral at the commencement of the bankruptcy case and may include cash payments or the granting of additional security if and at such times as the court, in its discretion, determines that a diminution in the value of the collateral occurs as a result of the stay of repossession or the disposition of the collateral during the pendency of the bankruptcy case. In view of the lack of a precise definition of the term "adequate protection" and the broad discretionary powers of a U.S. bankruptcy court, we cannot predict whether or when the trustee under the indenture for the notes could foreclose upon or sell the collateral or whether or to what extent holders of notes would be compensated for any delay in payment or loss of value of the collateral through the requirement of "adequate protection."

Moreover, the collateral agent and the indenture trustee may need to evaluate the impact of the potential liabilities before determining to foreclose on collateral consisting of real property, if any, because secured creditors that hold a security interest in real property may be held liable under environmental laws for the costs of remediating or preventing the release or threatened releases of hazardous substances at such real property. Consequently, the collateral agent may decline to foreclose on such collateral or exercise remedies available in respect thereof if it does not receive indemnification to its satisfaction from the holders of the notes.

We may not be able to satisfy our obligations to holders of the notes upon a change of control.

We may not be able to fulfill our repurchase obligations in the event of a change of control. If we experience certain specific change of control events, we will be required to offer to repurchase all outstanding notes at 101% of the principal amount of the notes plus accrued and unpaid interest to the date of repurchase. Any change of control also constitutes a default under our amended revolving credit facility. Therefore, upon the occurrence of a change of control, the lenders under our amended revolving credit facility would have the right to accelerate their loans and we would be required to prepay all of our outstanding obligations under the amended revolving credit facility. We may not have available funds sufficient to pay the change of control purchase price for any or all of the notes that might be delivered by holders of the notes seeking to accept the change of control offer.

In addition, our amended revolving credit facility contains, and any future credit agreement likely will contain, restrictions or prohibitions on our ability to repurchase the notes. In the event that these change of control events occur at a time when we are prohibited from repurchasing the notes, we could seek the consent of our lenders to purchase the notes or could attempt to refinance the borrowings that contain these prohibitions or restrictions. If we do not obtain our lenders' consent or refinance these borrowings, we will remain prohibited or restricted from repurchasing the notes. Accordingly, the holders of the notes may not receive the change of control purchase price for their notes in the event of a sale or other change of control. Our failure to make or consummate the change of control offer or pay the change of control purchase price when due will give the trustee and the holders of the notes the right to declare an event of default and accelerate the repayment of the notes as described under the section in this prospectus entitled "Description of the Notes—Events of Default and Remedies." This event of default under the indenture for the notes would in turn constitute an event of default under our amended revolving credit facility.

We and the guarantors may be subject to laws relating to fraudulent conveyance.

Various fraudulent conveyance laws have been enacted for the protection of creditors and may be used by a court to subordinate or void the notes in favor of our other existing and future creditors. In a lawsuit brought on behalf of any of our unpaid creditors or a representative of those creditors or if we, as a debtor in a bankruptcy case, or a bankruptcy trustee of such debtor, or the creditors of such debtor, were to contend that, at the time we issued the exchange notes or the initial notes, we:

- intended to hinder, delay, or defraud any existing or future creditor or contemplated insolvency with a design to prefer one or more creditors to the exclusion in whole or in part of others; or
- did not receive fair consideration or reasonably equivalent value for issuing the notes; *and*
- were insolvent;
- were rendered insolvent by reason of that issuance;
- were engaged or about to engage in a business or transaction for which our remaining assets constituted reasonably small capital to carry on our business; or
- intended to incur, or believed that we would incur, debts beyond our ability to pay as they matured,

a court, including a bankruptcy court, could void our obligations under the notes or the liens we grant to secure the notes. Alternatively, the claims of the holders of notes could be subordinated to claims of our other creditors. Similarly, creditors or a representative of creditors of a subsidiary guarantor or if such subsidiary guarantor as a debtor in a bankruptcy case, or a bankruptcy trustee or the creditors of such debtor may seek to subordinate or void the guarantees of the notes and the granting of liens to secure the guarantees.

The measures of insolvency for purposes of these fraudulent conveyance laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent conveyance has occurred. Generally, however, any of the obligors under the notes or the guarantees would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets, as the case may be;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they became due.

We did not obtain a valuation opinion. A court may apply a different standard in making these determinations.

There is no established trading market for the exchange notes and you may not be able to sell them quickly or at the price that you paid.

The exchange notes are a new issue of securities for which there is currently no public market. The exchange notes will not be listed on any securities exchange or included in any automated quotation system. We do not know whether an active trading market will develop for the exchange notes. Although the initial purchaser has informed us that it intends to make a market in the notes, it is under no obligation to do so and may discontinue any market-making activities at any time without notice. Accordingly, no market for the exchange notes may develop, and any market that develops may not last.

Even if a trading market for the exchange notes does develop, you may not be able to sell your exchange notes at a particular time, if at all, or you may not be able to obtain the price you desire for your exchange notes. If the exchange notes are traded after their initial issuance, they may trade at a discount from their initial offering

price depending on many factors including prevailing interest rates, the market for similar securities, our credit rating, the interest of securities dealers in making a market for the exchange notes, the price of any other securities we issue, the performance prospects and financial condition of our company as well as of other companies in our industry.

The market price for the notes may be volatile.

Historically, the market for noninvestment grade debt has been subject to disruptions that have caused substantial fluctuations in the price of the securities. Even if a trading market for the exchange notes develops, it may be subject to disruptions and price volatility.

Risk Related to the Exchange Offer

Some persons who participate in the exchange offer must deliver a prospectus in connection with resales of the exchange notes.

Based on interpretations of the staff of the SEC contained in *Exxon Capital Holdings Corp.*, SEC no-action letter (April 13, 1988), *Morgan Stanley & Co. Inc.*, SEC no-action letter (June 5, 1991) and *Shearman & Sterling*, SEC no-action letter (July 2, 1983), we believe that you may offer for resale, resell or otherwise transfer the exchange notes without compliance with the registration and prospectus delivery requirements of the Securities Act. However, in some instances described in this prospectus under "Plan of Distribution," certain holders of notes will remain obligated to comply with the registration and prospectus delivery requirements of the Securities Act to transfer the exchange notes. If such a holder transfers any exchange notes without delivering a prospectus meeting the requirements of the Securities Act or without an applicable exemption from registration under the Securities Act, such a holder may incur liability under the Securities Act. We do not and will not assume, or indemnify such a holder against, this liability.

Risks Related to Our Business

We face intense competition from a number of domestic and foreign yarn producers and importers of textile and apparel products.

Our industry is highly competitive. We compete not only against domestic and foreign yarn producers, but also against importers of foreign sourced fabric and apparel into the United States and other countries in which we do business. Our major regional competitors are Nan Ya Plastics Corp. of America, Dillon Yarn Corporation, O'Mara, Inc., Spectrum Yarns, Inc., KOSA and AKRA, S.A. de C.V. in the polyester yarn segment and Sapona Manufacturing Company, Inc., McMichael Mills, Inc. and Worldtex, Inc. in the nylon yarn segment. The importation of garments and fabrics from lower wage-based countries and overcapacity throughout the world has resulted in lower net sales, gross profits and net income for both our polyester and nylon segments. The primary competitive factors in the textile industry include price, quality, product styling and differentiation, flexibility of production and finishing, delivery time and customer service. The needs of particular customers and the characteristics of particular products determine the relative importance of these various factors. Because we, and the supply chain in which we operate, do not typically operate on the basis of long-term contracts with textile and apparel customers, these competitive factors could cause our customers to rapidly shift to other producers. A large number of our foreign competitors have significant competitive advantages over us, including lower labor costs, lower raw materials and energy costs and favorable currency exchange rates against the U.S. dollar. If any of these advantages increase, our products could become less competitive, and our sales and profits may decrease as a result. In addition, while traditionally these foreign competitors have focused on commodity production, they are now increasingly focused on value-added products, where we continue to generate higher margins. Competitive pressures may also intensify as a result of the gradual elimination of quotas and the potential elimination of duties. See "—Changes in the trade regulatory environment could weaken our competitive position dramatically and have a material adverse effect on our business, net sales and profitability." We, and the supply chain in which we operate, may therefore not be able to continue to compete effectively with imported foreign-made textile and apparel products, which would materially adversely affect our business, financial condition, results of operations or cash flows.

Changes in the trade regulatory environment could weaken our competitive position dramatically and have a material adverse effect on our business, net sales and profitability.

A number of sectors of the textile industry in which we sell our products, particularly apparel and home furnishings, are subject to intense foreign competition. Other sectors of the textile industry in which we sell our products may in the future become subject to more intense foreign competition. There are currently a number of trade regulations, quotas and duties in place to protect the U.S. textile industry against competition from low-priced foreign producers, such as China. Changes in such trade regulations, quotas and duties may make our products less attractive from a price standpoint than the goods of our competitors or the finished apparel products of a competitor in the supply chain, which could have a material adverse effect on our business, net sales and profitability. In addition, increased foreign capacity and imports that compete directly with our products could have a similar effect. Furthermore, one of our key business strategies is to expand our business within countries that are parties to free-trade agreements with the United States. Any relaxation of duties or other trade protections with respect to countries that are not parties to those free-trade agreements could therefore decrease the importance of the trade agreements and have a material adverse effect on our business, net sales and profitability. See “Business—Trade Regulation.”

The significant price volatility of many of our raw materials and rising energy costs may result in increased production costs, which we may not be able to pass on to our customers, which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

A significant portion of our raw materials are petroleum-based chemicals and a significant portion of our costs are energy costs. The prices for petroleum and petroleum-related products and energy costs are volatile and have recently increased significantly. While we frequently enter into raw material supply agreements, as is the general practice in our industry, these agreements typically provide for formula-based pricing. Therefore, our supply agreements provide only limited protection against price volatility. As a result, our production costs have increased significantly in recent times. While we have in the past matched cost increases with corresponding product price increases, we may not always be able to immediately raise product prices, and, ultimately, pass on underlying cost increases to our customers. We have in the past lost, and we expect that we will continue to lose, customers to our competitors as a result of these price increases. In addition, our competitors may be able to obtain raw materials at a lower cost than we are due to market regulations. Additional raw material and energy cost increases that we are not able to fully pass on to customers or the loss of a large number of customers to competitors as a result of price increases could have a material adverse effect on our business, financial condition, results of operations or cash flows.

We depend upon limited sources for raw materials, and interruptions in supply could increase our costs of production and cause our operations to suffer.

We depend on a limited number of third parties for certain of our raw material supplies, such as polyester polymer beads, or “chip,” terephthalic acid, or “TPA,” and monoethylene glycol, or “MEG.” Although alternative sources of raw materials exist, we may not continue to be able to obtain adequate supplies of such materials on acceptable terms, or at all, from other sources when our existing supply agreements expire. In addition, we have in the past and may in the future experience interruptions or limitations in the supply of our raw materials, which would increase our product costs and could have a material adverse effect on our business, financial condition, results of operations or cash flows. For example, in the Louisiana area in 2005, Hurricane Katrina created shortages in the supply of paraxlyene, a feedstock used in polymer production, because refineries diverted production to mixed xylene to increase the supply of gasoline. As a result, supplies of paraxlyene were reduced, and prices increased. Additionally, five of the six refineries in Texas that produce MEG shut down, including the supplier to our Kinston operation due to Hurricane Rita. The supply of MEG was reduced, and prices increased as well. These disruptions had an adverse effect on our net sales and product costs. Any future disruption or curtailment in the supply of any of our raw materials could cause us to reduce or cease our production in general or require us to increase our pricing, which could have a material adverse effect on our

business, financial condition, results of operations or cash flows. See "—The significant price volatility of many of our raw materials and rising energy costs may result in increased production costs, which we may not be able to pass on to our customers, which could have a material adverse effect on our business, financial condition, results of operations or cash flows."

A decline in general economic or political conditions and changes in consumer spending could cause our sales and profits to decline.

Our products are used in the production of fabrics primarily for the apparel, hosiery, home furnishing, automotive, industrial and other similar end-use markets. Demand for furniture and durable goods, such as automobiles, is often affected significantly by economic conditions. Demand for a number of categories of apparel also tends to be tied to economic cycles. Domestic demand for textile products therefore tends to vary with the business cycles of the U.S. economy as well as changes in global economic and political conditions. Future armed conflicts, terrorist activities or natural disasters in the United States or abroad and any consequent actions on the part of the U.S. government and others may cause general economic conditions in the United States to deteriorate or otherwise reduce U.S. consumer spending. A decline in general economic conditions or consumer confidence may also lead to significant changes to inventory levels and, in turn, replenishment orders placed with suppliers. These changing demands ultimately work their way through the supply chain and could adversely affect demand for our products and have a material adverse effect on our business, net sales and profitability.

Failure to successfully reduce our production costs may adversely affect our financial results.

A significant portion of our strategy relies upon our ability to successfully rationalize and improve the efficiency of our operations. In particular, our strategy relies on our ability to reduce our production costs in order to remain competitive. Over the past three years, we have consolidated multiple unprofitable businesses and production lines in an effort to match operating rates to the market; reduced overhead and supply costs; focused on optimizing the product mix amongst our reorganized assets; and made significant capital expenditures to more completely automate our production facilities, lessen the dependence on labor and decrease waste. If we are not able to continue to successfully implement cost reduction measures, or if these efforts do not generate the level of cost savings that we expect going forward or result in higher than expected costs, there could be a material adverse effect on our business, financial condition, results of operations or cash flows.

Changes in customer preferences, fashion trends and end-uses could have a material adverse effect on our business, net sales and profitability and cause inventory build-up if we are not able to adapt to such changes.

The demand for many of our products depends upon timely identification of consumer preferences for fabric designs, colors and styles. In the apparel sector, a failure by us or our customers to identify fashion trends in time to introduce products and fabrics consistent with those trends could reduce our sales and the acceptance of our products by our customers and decrease our profitability as a result of costs associated with failed product introductions and reduced sales. Our nylon segment has been adversely affected by changing customer preferences that have reduced demand for sheer hosiery products. In all sectors, changes in customer preferences or specifications may cause shifts away from products we provide, which can also have an adverse effect on our business, net sales and profitability.

We have significant foreign operations, and our results of operations may be adversely affected by currency fluctuations.

We have a significant operation in Brazil, operations in Colombia and joint ventures in China and Israel. We serve customers in Canada, Mexico, Israel and various countries in Europe, Central America, South America and South Africa. Foreign operations are subject to certain political, economic and other uncertainties not encountered by our domestic operations that can materially affect our sales, profits, cash flows and financial

position. The risks of international operations include trade barriers, duties, exchange controls, national and regional labor strikes, social and political risks, general economic risks, required compliance with a variety of foreign laws, including tax laws, the difficulty of enforcing agreements and collecting receivables through foreign legal systems, taxes on distributions or deemed distributions to us or any of our U.S. subsidiaries, maintenance of minimum capital requirements and import and export controls. Through our foreign operations, we are also exposed to currency fluctuations and exchange rate risks. Because a significant amount of our costs incurred to generate the revenues of our foreign operations are denominated in local currencies, while the majority of our sales are in U.S. dollars, we have in the past been adversely impacted by the appreciation of the local currencies relative to the U.S. dollar, and currency exchange rate fluctuations could have a material adverse effect on our business, financial condition, results of operations or cash flows. We have translated our revenues and expenses denominated in local currencies into U.S. dollars at the average exchange rate during the relevant period and our assets and liabilities denominated in local currencies into U.S. dollars at the exchange rate at the end of the relevant period. Fluctuations in the foreign exchange rates will affect period-to-period comparisons of our reported results. Additionally, we operate in countries with foreign exchange controls. These controls may limit our ability to repatriate funds from our international operations and joint ventures or otherwise convert local currencies into U.S. dollars. These limitations could adversely affect our ability to access cash from these operations.

We may be exposed to liabilities under the Foreign Corrupt Practices Act, and any determination that we violated the Foreign Corrupt Practices Act could have a material adverse effect on our business.

To the extent that we operate outside the United States, we are subject to the Foreign Corrupt Practices Act, or "FCPA," which generally prohibits U.S. companies and their intermediaries from bribing foreign officials for the purpose of obtaining or keeping business or otherwise obtaining favorable treatment. In particular, we may be held liable for actions taken by our strategic or local partners even though such partners are foreign companies that are not subject to the FCPA. Any determination that we have violated the FCPA could result in sanctions that could have a material adverse effect on our business.

Our business could be negatively impacted by the financial condition of our customers.

The U.S. textile and apparel industry faces many challenges. Overcapacity, volatility in raw material pricing and intense pricing pressures have led to the closure of many domestic textile and apparel plants. Continued negative industry trends may result in the deteriorating financial condition of our customers. Certain of our customers are experiencing financial difficulties. Although our business is not dependent on any particular customer, the loss of any significant portion of our sales to any of these customers could have a material adverse impact on our business, results of operations, financial condition or cash flows. In addition, any receivable balances related to our customers would be at risk in the event of their bankruptcy.

As one of the many participants in the U.S. and regional textile and apparel supply chain, our business and competitive position are directly impacted by the business and financial condition of the other participants across the supply chain in which we operate, including other regional yarn manufacturers, knitters and weavers. If other supply chain participants are unable to access capital, fund their operations and make required technological and other investments in their businesses or experience diminished demand for their products, there could be a material adverse impact on our business, financial condition, results of operations or cash flows.

Failure to implement future technological advances in the textile industry or fund capital expenditure requirements could have a material adverse effect on our competitive position and net sales.

Our operating results depend to a significant extent on our ability to continue to introduce innovative products and applications and to continue to develop our production processes to be a competitive producer. Accordingly, to maintain our competitive position and our revenue base, we must continually modernize our manufacturing processes, plants and equipment. To this end, we have made significant investments in our manufacturing infrastructure over the past fifteen years and do not currently anticipate any significant additional

capital expenditures to replace or expand our production facilities over the next five years. Accordingly, we expect our capital requirements in the near term will be used primarily to maintain our manufacturing operations, but we may nevertheless require significant capital expenditures for expansion purposes. Future technological advances in the textile industry may result in the availability of new products or increase the efficiency of existing manufacturing and distribution systems, and we may not be able to adapt to such technological changes or offer such products on a timely basis or establish or maintain competitive positions. Existing, proposed or yet undeveloped technologies may render our technology less profitable or less viable, and we may not have available the financial and other resources to compete effectively against companies possessing such technologies. To the extent sources of funds are insufficient to meet our ongoing capital improvement requirements, we would need to seek alternative sources of financing or curtail or delay capital spending plans. We may not be able to obtain the necessary financing when needed or on terms acceptable to us. We are unable to predict which of the many possible future products and services will meet the evolving industry standards and consumer demands. If we fail to make the capital improvements necessary to continue the modernization of our manufacturing operations and reduction of our costs, our competitive position may suffer, and our net sales may decline.

Unforeseen or recurring operational problems at any of our facilities may cause significant lost production, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our manufacturing process could be affected by operational problems that could impair our production capability. Each of our facilities contains complex and sophisticated machines that are used in our manufacturing process. Disruptions at any of our facilities could be caused by maintenance outages; prolonged power failures or reductions; a breakdown, failure or substandard performance of any of our machines; the effect of noncompliance with material environmental requirements or permits; disruptions in the transportation infrastructure, including railroad tracks, bridges, tunnels or roads; fires, floods, earthquakes or other catastrophic disasters; labor difficulties; or other operational problems. Any prolonged disruption in operations at any of our facilities could cause significant lost production, which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have made and may continue to make investments in entities that we do not control.

We have established joint ventures and made minority interest investments designed to increase our vertical integration, increase efficiencies in our procurement, manufacturing processes, marketing and distribution in the United States and other markets. Our principal joint ventures and minority investments include U.N.F. Industries, Ltd., Unifi-SANS Technical Fibers, LLC, Parkdale America, LLC and Yihua Unifi Fibre Industry Company Limited. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Joint Ventures and Other Equity Investments.” We do not control these entities and they will not be restricted under the indenture. Subject to certain restrictions, the indenture and our amended revolving credit facility will permit us to continue to enter into certain joint ventures and make certain minority investments. Our inability to control entities in which we invest may affect our ability to receive distributions from those entities or to fully implement our business plan. The incurrence of debt or entry into other agreements by an entity not under our control may result in restrictions or prohibitions on that entity’s ability to pay dividends or make other distributions to us. Even where these entities are not restricted by contract or by law from making distributions to us, we may not be able to influence the occurrence or timing of such distributions. In addition, if any of the other investors in these entities fails to observe its commitments, that entity may not be able to operate according to its business plan or we may be required to increase our level of commitment. If any of these events were to occur, our business, results of operations, financial condition or cash flows could be adversely affected. Because we do not own a majority or maintain voting control of these entities, we do not have the ability to control their policies, management or affairs. The interests of persons who control these entities or partners may differ from ours, and they may cause such entities to take actions which are not in our best interest. If we are unable to maintain our relationships with our partners in these entities, we could lose our ability to operate in these areas which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Our acquisition strategy may not be successful, which could adversely affect our business.

We have expanded our business partly through acquisitions and anticipate that we will continue to make selective acquisitions. Our acquisition strategy is dependent upon the availability of suitable acquisition candidates, obtaining financing on acceptable terms, and our ability to comply with the restrictions contained in the indenture and our other debt agreements. Acquisitions may divert a significant amount of management's time away from the operation of our business. Future acquisitions may also have an adverse effect on our operating results, particularly in the fiscal quarters immediately following their completion while we integrate the operations of the acquired business. Growth by acquisition involves risks that could have a material adverse effect on our business and financial results, including difficulties in integrating the operations and personnel of acquired companies and the potential loss of key employees and customers of acquired companies. Once integrated, acquired operations may not achieve the levels of revenues, profitability or productivity comparable with those achieved by our existing operations, or otherwise perform as expected. While we have experience in identifying and integrating acquisitions, we may not be able to identify suitable acquisition candidates, obtain the capital necessary to pursue our acquisition strategy or complete acquisitions on satisfactory terms or at all. Even if we successfully complete an acquisition, we may not be able to integrate it into our business satisfactorily or at all.

Increases of illegal transshipment of textile and apparel goods into the United States could have a material adverse effect on our business.

There has been a significant increase recently in illegal transshipments of apparel products into the United States. Illegal transshipment involves circumventing quotas by falsely claiming that textiles and apparel are a product of a particular country of origin or include yarn of a particular country of origin to avoid paying higher duties or to receive benefits from regional free-trade agreements, such as NAFTA and CAFTA. If illegal transshipment is not monitored and enforcement is not effective, these shipments could have a material adverse effect on our business.

We are subject to many environmental and safety regulations that may result in significant unanticipated costs or liabilities or cause interruptions in our operations.

We are subject to extensive federal, state, local and foreign laws, regulations, rules and ordinances relating to pollution, the protection of the environment and the use or cleanup of hazardous substances and wastes. We may incur substantial costs, including fines, damages and criminal or civil sanctions, or experience interruptions in our operations for actual or alleged violations of or compliance requirements arising under environmental laws, any of which could have a material adverse effect on our business, financial condition, results of operations or cash flows. Our operations could result in violations of environmental laws, including spills or other releases of hazardous substances to the environment. In the event of a catastrophic incident, we could incur material costs.

In addition, we could incur significant expenditures in order to comply with existing or future environmental or safety laws. For example, the land associated with the Kinston acquisition is leased under a 99 year ground lease with DuPont. Since 1993, DuPont has been investigating and cleaning up the Kinston site under the supervision of the U.S. Environmental Protection Agency and the North Carolina Department of Environment and Natural Resources under the Resource Conservation and Recovery Act Corrective Action Program. The Corrective Action Program requires DuPont to identify all potential areas of environmental concern, known as solid waste management units or areas of concern, assess the extent of contamination at the identified areas and clean them up to applicable regulatory standards. Under the terms of the ground lease, upon completion by DuPont of required remedial action, ownership of the Kinston site will pass to us. Thereafter, we will have responsibility for future remediation requirements, if any, at the solid waste management units and areas of concern previously addressed by DuPont and at any other areas at the plant. At this time we have no basis to determine if and when we will have any responsibility or obligation with respect to contaminated solid waste management units and areas of concern or the extent of any potential liability for the same. Accordingly, the

possibility that we could face material clean-up costs in the future relating to the Kinston facility cannot be eliminated. Capital expenditures and, to a lesser extent, costs and operating expenses relating to environmental or safety matters will be subject to evolving regulatory requirements and will depend on the timing of the promulgation and enforcement of specific standards which impose requirements on our operations. Therefore, capital expenditures beyond those currently anticipated may be required under existing or future environmental or safety laws. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Environmental Liabilities."

Furthermore, we may be liable for the costs of investigating and cleaning up environmental contamination on or from our properties or at off-site locations where we disposed of or arranged for the disposal or treatment of hazardous materials or from disposal activities that pre-dated the purchase of our businesses. If significant previously unknown contamination is discovered, existing laws or their enforcement change or our indemnities do not cover the costs of investigation and remediation, then such expenditures could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Health and safety regulation costs could increase.

Our operations are also subject to regulation of health and safety matters by the United States Occupational Safety and Health Administration and comparable statutes in foreign jurisdictions where we operate. We believe that we employ appropriate precautions to protect our employees and others from workplace injuries and harmful exposure to materials handled and managed at our facilities. However, claims that may be asserted against us for work-related illnesses or injury, and changes in occupational health and safety laws and regulations in the United States or in foreign jurisdictions in which we operate could increase our operating costs. We are unable to predict the ultimate cost of compliance with these health and safety laws and regulations. Accordingly, we may become involved in future litigation or other proceedings or be found to be responsible or liable in any litigation or proceedings, and such costs may be material to us.

Our business may be adversely affected by adverse employee relations.

As of June 25, 2006, we employed approximately 3,300 employees, approximately 2,900 of which are domestic employees and approximately 400 of which are foreign employees. While employees of our foreign operations are generally unionized, none of our domestic employees are currently covered by collective bargaining agreements. The failure to renew our collective bargaining agreements with employees of our foreign operations and other labor relations issues, including union organizing activities, could result in an increase in costs or lead to a strike, work stoppage or slow down. Such labor issues and unrest by our employees could have a material adverse effect on our business.

We depend on the continued services of key managers and employees.

Our ability to maintain our competitive position is dependent to a large degree on the services of our senior management team, including our Chief Executive Officer, Mr. Parke, and our Chief Operating Officer and Chief Financial Officer, Mr. Lowe. We currently do not have any employment agreements with our senior management team other than Mr. Parke and Mr. Lowe and cannot assure you that any of these individuals will remain with us. We currently do not have a life insurance policy on any of the members of the senior management team. The death or loss of the services of any of our senior managers or the inability to attract and retain additional senior management personnel could have a material adverse effect on our business.

Our future financial results could be adversely impacted by asset impairments or other charges.

Under Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," we are required to assess the impairment of our long-lived assets, such as plant and equipment, whenever events or changes in circumstances indicate that the carrying value may not be recoverable

as measured by the sum of the expected future undiscounted cash flows. When we determine that the carrying value of certain long-lived assets may not be recoverable based upon the existence of one or more impairment indicators, we then measure any impairment based on a projected discounted cash flow method using a discount rate determined by management to be commensurate with the risk inherent in our current business model. In accordance with SFAS No. 144, any such impairment charges will be recorded as operating losses. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Impairment of Long-Lived Assets."

In addition, we evaluate the net values assigned to various equity investments we hold, such as our investment in Yihua Unifi Fibre Industry Company Limited, Parkdale America, LLC, Unifi-SANS Technical Fibers, LLC and U.N.F. Industries Limited, in accordance with the provisions of Accounting Principles Board Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." APB No. 18 requires that a loss in value of an investment, which is other than a temporary decline, should be recognized as an impairment loss. Any such impairment losses will be recorded as operating losses. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Joint Ventures and Other Equity Investments" for more information regarding our equity investments.

Any operating losses resulting from impairment charges under SFAS No. 144 or APB No. 18 could have an adverse effect on our net income and therefore the market price of our securities, including our common stock and the notes.

Our business could be adversely affected if we fail to protect our intellectual property rights.

Our success depends in part on our ability to protect our intellectual property rights. We rely on a combination of patent, trademark, and trade secret laws, licenses, confidentiality and other agreements to protect our intellectual property rights. However, this protection may not be fully adequate: our intellectual property rights may be challenged or invalidated, an infringement suit by us against a third party may not be successful and/or third parties could design around our technology or adopt trademarks similar to our own. In addition, the laws of some foreign countries in which our products are manufactured and sold do not protect intellectual property rights to the same extent as the laws of the United States. Although we routinely enter into confidentiality agreements with our employees, independent contractors and current and potential strategic and joint venture partners, among others, such agreements may be breached, and we could be harmed by unauthorized use or disclosure of our confidential information. Further, we license trademarks from third parties, and these agreements may terminate or become subject to litigation. Our failure to protect our intellectual property could materially and adversely affect our competitive position, reduce revenue or otherwise harm our business.

Further, we may be accused of infringing or violating the intellectual property rights of third parties. Any such claims, whether or not meritorious, could result in costly litigation and divert the efforts of our personnel. Should we be found liable for infringement, we may be required to enter into licensing arrangements (if available on acceptable terms or at all) or pay damages and cease selling certain products or using certain product names or technology. Our failure to prevail in any intellectual property litigation could materially adversely affect our competitive position, reduce revenue or otherwise harm our business.

FORWARD-LOOKING STATEMENTS

This prospectus includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those that do not relate solely to historical fact. They include, but are not limited to, any statement that may predict, forecast, indicate or imply future results, performance, achievements or events. They may contain words such as “believe,” “anticipate,” “expect,” “estimate,” “intend,” “project,” “plan,” “will,” or words or phrases of similar meaning. They may relate to, among other things, the risks described under the caption “Risk Factors” and:

- the competitive nature of the textile industry and the impact of worldwide competition;
- changes in the trade regulatory environment and governmental policies and legislation;
- the availability, sourcing and pricing of raw materials;
- general domestic and international economic and industry conditions in markets where we compete, such as recession and other economic and political factors over which we have no control;
- changes in consumer spending, customer preferences, fashion trends and end-uses;
- our ability to reduce production costs;
- changes in currency exchange rates, interest and inflation rates;
- the financial condition of our customers;
- technological advancements and the continued availability of financial resources to fund capital expenditures;
- the operating performance of joint ventures, alliances and other equity investments;
- the impact of environmental, health and safety regulations; and
- employee relations.

These forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties that may cause actual results to differ materially from trends, plans or expectations set forth in the forward-looking statements and may adversely affect the value of and our ability to make payments on the notes. These risks and uncertainties may include those discussed above or in “Risk Factors.” New risks can emerge from time to time. It is not possible for us to predict all of these risks, nor can we assess the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in forward-looking statements. Given these risks and uncertainties, we urge you to read this prospectus completely with the understanding that actual future results may be materially different from what we plan or expect. We will not update these forward-looking statements, even if our situation changes in the future, except as required by federal securities laws.

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the exchange notes in exchange for the outstanding initial notes. We are making this exchange solely to satisfy our obligations under the registration rights agreements entered into in connection with the offering of the initial notes. In consideration for issuing the exchange notes, we will receive initial notes in like aggregate principal amount.

We used the gross proceeds of $190.0 million from the sale of the initial notes, together with borrowings under our amended revolving credit facility and cash on hand to repurchase the 2008 notes tendered in the tender offer and pay related fees and expenses associated with the refinancing transactions. The approximate sources and uses of gross proceeds in connection with the refinancing transactions were as follows (in millions):

Sources		Uses	
Initial notes	$190.0	Repurchase of 2008 notes in tender offer(1)	$253.9
Cash and cash equivalents	68.8	Transaction fees and expenses(2)	7.9
Borrowings under our amended revolving credit facility	3.0		
Total Sources	$261.8	**Total Uses**	$261.8

(1) On April 28, 2006, we commenced a tender offer for the 2008 notes in which $248.7 million of the 2008 notes, representing 99.5% of the then outstanding aggregate principal amount of 2008 notes, were tendered and purchased at a purchase price of 100.0% of their principal amount plus accrued and unpaid interest to, but not including, May 26, 2006. The remaining 2008 notes mature on February 1, 2008 and bear interest at 6.5%.

(2) Transaction fees and expenses include fees and expenses related to the refinancing transactions.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of June 25, 2006 on an actual basis.

This table is presented and should be read in conjunction with our historical consolidated financial statements, together with the related notes, included elsewhere in this prospectus. Also see "Use of Proceeds," "Selected Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of Other Indebtedness."

	As of June 25, 2006 (in millions)
Cash and cash equivalents	$ 35.3
Short-term and long-term debt:	
Revolving credit facility(1)	$ —
2008 notes(2)	1.3
The notes	190.0
Other debt(3)	17.1
Total debt	208.4
Shareholders' equity	383.0
Total capitalization	$ 591.4

(1) The amended revolving credit facility consists of a revolving asset-based loan facility of $100.0 million. As of June 25, 2006, there were no amounts outstanding under our amended revolving credit facility, and based on our calculation as of that date, $94.2 million was available for borrowing under the borrowing base of this facility (net of $5.8 million to support outstanding letters of credit). See "Description of Other Indebtedness—Amended Revolving Credit Facility."

(2) On April 28, 2006, we commenced a tender offer for the 2008 notes in which $248.7 million of 2008 notes, representing 99.5% of the then outstanding aggregate principal amount of 2008 notes, were tendered and purchased at a purchase price of 100.0% of their principal amount plus accrued and unpaid interest to, but not including, May 26, 2006.

(3) Includes $10.5 million of indebtedness in Brazil that is collateralized by cash that is classified as other current and non-current assets on our balance sheet. See "Description of Other Indebtedness—Indebtedness of Unifi do Brasil."

SELECTED HISTORICAL FINANCIAL DATA

The following table presents the selected historical financial data of our company and our consolidated subsidiaries as of and for each of the fiscal years ended June 25, 2006, June 26, 2005, June 27, 2004, June 29, 2003, and June 30, 2002. The selected historical financial data as of June 25, 2006 and June 26, 2005, and for the fiscal years ended June 25, 2006, June 26, 2005, and June 27, 2004, have been derived from, and should be read together with, our audited historical consolidated financial statements and the accompanying notes included elsewhere in this prospectus. The selected historical financial data as of June 27, 2004, June 29, 2003 and June 30, 2002, and for the fiscal years ended June 29, 2003 and June 30, 2002 have been derived from our audited consolidated financial statements (which are not included in this prospectus), as adjusted to reflect restatement for discontinued operations. The consolidated financial statements of Unifi, Inc. begin on page F-1 of this prospectus. The selected historical financial data set forth below is not necessarily indicative of the results of future operations and should also be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Fiscal Years Ended				
	June 25, 2006	June 26, 2005	June 27, 2004	June 29, 2003	June 30, 2002
	(dollars in thousands)				
Statements of operations data:					
Net sales	$738,825	$793,796	$666,383	$747,681	$813,635
Cost of sales	696,055	762,717	625,983	675,829	739,623
Selling, general and administrative expenses	41,534	42,211	45,963	48,182	44,707
Provision for bad debts	1,256	13,172	2,389	3,812	6,285
Interest expense	19,247	20,575	18,698	19,736	22,948
Interest income	(4,489)	(2,152)	(2,152)	(1,420)	(2,260)
Other (income) expense, net	(3,118)	(2,300)	(2,590)	(115)	4,129
Equity in (earnings) losses of unconsolidated affiliates	(825)	(6,938)	6,877	(10,728)	1,659
Minority interest (income) expense	—	(530)	(6,430)	4,769	—
Restructuring charges (recovery)	(254)	(341)	8,229	10,597	—
Arbitration costs and expenses	—	—	182	19,185	1,129
Alliance plant closure costs (recovery)	—	—	(206)	(3,486)	—
Write down of long-lived assets	2,366	603	25,241	—	—
Goodwill impairment	—	—	13,461	—	—
Loss from early extinguishment of debt	2,949	—	—	—	—
Loss from continuing operations before income taxes and extraordinary item	(15,896)	(33,221)	(69,262)	(18,680)	(4,585)
Benefit for income taxes	(1,170)	(13,483)	(25,113)	(2,590)	(2,132)
Loss from continuing operations before extraordinary item	(14,726)	(19,738)	(44,149)	(16,090)	(2,453)
Income (loss) from discontinued operations, net of tax	360	(22,644)	(25,644)	(11,087)	(3,621)
Loss before extraordinary item	(14,366)	(42,382)	(69,793)	(27,177)	(6,074)
Extraordinary gain—net of taxes of $0	—	1,157	—	—	—
Cumulative effect of accounting change, net of tax	—	—	—	—	(37,851)
Net loss	$ (14,366)	$ (41,225)	$ (69,793)	$ (27,177)	$ (43,925)
Other financial data:					
Depreciation and amortization	$ 48,669	$ 51,542	$ 56,226	$ 62,273	$ 66,098
Capital expenditures	(11,988)	(9,422)	(11,124)	(22,996)	(9,653)
Net cash provided by (used in) continuing operations:					
Operating activities	30,093	28,783	11,380	87,057	80,540
Investing activities	(29,230)	(4,691)	(5,777)	(11,222)	(20,781)
Financing activities	(90,174)	82	(8,467)	(29,929)	(55,476)
Ratio of earnings to fixed charges(1)	—	—	—	—	—

	As of				
	June 25, 2006	June 26, 2005	June 27, 2004	June 29, 2003	June 30, 2002
			(in thousands)		
Balance sheet data:					
Cash and cash equivalents	$ 35,317	$105,621	$ 65,221	$ 76,801	$ 19,105
Property, plant and equipment	916,337	955,459	943,555	978,200	961,327
Investments in unconsolidated affiliates	190,217	160,675	164,286	173,585	180,885
Total assets	732,637	845,375	872,535	1,002,201	1,019,555
Total debt	208,440	295,129	272,276	266,680	288,549
Total liabilities	349,684	461,800	470,634	508,388	513,423
Total shareholders' equity	382,953	383,575	401,901	479,748	498,040

(1) The ratio of earnings to fixed charges is computed by dividing fixed charges into earnings from continuing operations before income taxes and extraordinary item plus fixed charges. "Fixed charges" consist of interest expense, whether expensed or capitalized, amortization of debt financing costs and an estimate of the interest within rent expense. The as adjusted ratio of earnings to combined fixed charges for fiscal year 2006 and 2005 were both less than one-to-one coverage and the deficiency of earnings to fixed charges were $20.0 million and $39.3 million, respectively. Earnings were insufficient to cover fixed charges by $15.0 million, $33.8 million, $67.7 million, $12.9 million and $2.1 million, respectively, in fiscal years 2006, 2005, 2004, 2003 and 2002.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with "Selected Historical Financial Data" and our historical consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about our business and operations. Our actual results may differ materially from those currently anticipated and expressed in such forward-looking statements and as a result of the factors we describe under "Risk Factors" and elsewhere in this prospectus.

Business Overview

We are a diversified North American producer and processor of multi-filament polyester and nylon yarns, including specialty yarns with enhanced performance characteristics. We add value to the supply chain and enhance consumer demand for our products through the development and introduction of branded yarns that provide unique performance, comfort and aesthetic advantages. We manufacture partially oriented, textured, dyed, twisted and beamed polyester yarns as well as textured nylon and nylon covered spandex products. We sell our products to other yarn manufacturers, knitters and weavers that produce fabrics for the apparel, hosiery, home furnishings, automotive, industrial and other end-use markets. We maintain one of the industry's most comprehensive product offerings and emphasize quality, style and performance in all of our products.

Polyester Segment. The polyester segment manufactures partially oriented, textured, dyed, twisted and beamed yarns with sales to other yarn manufacturers, knitters and weavers that produce fabrics for the apparel, automotive and furniture upholstery, hosiery, home furnishings, automotive, industrial and other end-use markets. The polyester segment primarily manufactures its products in Brazil, Colombia and the United States which has the largest operations and number of locations. For fiscal years 2006, 2005 and 2004, our net sales for our polyester segment were $566.4 million, $587.0 million and $481.8 million, respectively.

Nylon Segment. The nylon segment manufactures textured nylon and covered spandex products with sales to other yarn manufacturers, knitters and weavers that produce fabrics for the apparel, hosiery, sock and other end-use markets. The nylon segment consists of operations in the United States and Colombia. For fiscal years 2006, 2005 and 2004, our net sales for our nylon segment were $172.5 million, $206.8 million and $184.5 million, respectively.

Sourcing Segment. In July 2005, we announced our decision to exit the sourcing business and as of the end of fiscal year 2006, we had fully liquidated the business. All periods have been presented as discontinued operations in accordance with GAAP.

Our fiscal year is the 52 or 53 weeks ending the last Sunday in June. Fiscal years 2006, 2005 and 2004 had 52 weeks.

Line Items Presented

Net sales. Net sales include amounts billed by us to customers for products, shipping and handling, net of allowances for rebates. Rebates may be offered to specific large volume customers for purchasing certain quantities of yarn over a prescribed time period. We provide for allowances associated with rebates in the same accounting period the sales are recognized in income. Allowances for rebates are calculated based on sales to customers with negotiated rebate agreements with us. Non-defective returns are deducted from revenues in the period during which the return occurs. We record allowances for estimated defective returns based upon when we receive customer complaints.

Cost of sales. Our cost of sales consists of direct material, delivery and other manufacturing costs, including labor and overhead, depreciation and amortization expense with respect to manufacturing assets, fixed asset

depreciation, amortization of intangible assets and reserves for obsolete and slow-moving inventory. Cost of sales also includes amounts directly related to providing technological support to our Chinese joint venture discussed below.

Selling, general and administrative expenses. Our selling, general and administrative expenses consist of selling expense (which includes sales staff salaries and bonuses), advertising and promotion (which includes direct marketing expenses) and administrative expense (which includes corporate expenses and bonuses). In addition, selling, general and administrative expenses also includes depreciation and amortization with respect to certain corporate administrative assets.

Recent Developments and Outlook

Although the global textile and apparel industry continues to grow, the U.S. textile and apparel industry has contracted since 1999, caused primarily by intense foreign competition in finished goods on the basis of price, resulting in ongoing U.S. domestic overcapacity, many producers moving their operations offshore and the closure of many domestic textile and apparel plants. More recently, the U.S. textile and apparel industry has continued to decline, although it has been experiencing low negative growth rates. In addition, due to consumer preferences, demand for sheer hosiery products has declined significantly in recent years, which negatively impacts nylon manufacturers. Because of these general industry trends, our net sales, gross profits and net income have been trending downward for the past several years. These challenges continue to impact the U.S. textile and apparel industry, and we expect that they will continue to impact the U.S. textile and apparel industry for the foreseeable future. We believe that our success going forward is primarily based on our ability to improve the mix of our product offerings to shift to more premium value-added products, to exploit the free-trade agreements to which the United States is a party and to implement cost saving strategies which will improve our operating efficiencies. The continued viability of the U.S. domestic textile and apparel industry is dependent, to a large extent, on the international trade regulatory environment. For the most part, because of protective duties currently in place and NAFTA, CAFTA, CBI, ATPA and other free-trade agreements or duties preference programs, we have not experienced significant declines in our market share due to the importation of Asian products.

We are also highly committed and dedicated to identifying strategic opportunities to participate in the Asian textile market, specifically China, where the growth rate is estimated to be within a range of 7% to 9%. As further discussed below in "—Joint Ventures and Other Equity Investments," we have invested $30.0 million in a joint venture in China to manufacture, process and market polyester filament yarn.

During fiscal year 2006, we continued to shift our focus away from selling large volumes of products in order to focus on making each product line profitable. We have identified unprofitable product lines and raised sales prices accordingly. In some cases, this strategy has resulted in reduced sales of these products or even the elimination of the unprofitable product lines. We expect that the reduction of these unprofitable businesses will improve our future operating results. This program has resulted in significant restructuring charges in recent periods, and additional losses of volume associated with these actions may require additional plant consolidations in the future, which may result in further restructuring charges.

In the fourth quarter of fiscal year 2005, we also began to reduce our inventories, including certain slow moving items, in order to improve our cash position and reduce our working capital requirements. These sales of inventory resulted in significant net losses in the fourth quarter of fiscal year 2005. A number of these items were unsold inventory that had been tailored to customer specifications but was eventually not purchased by the relevant customer and was difficult to sell to other customers. As a result, in April 2005, we instituted a make to order policy for products tailored to customer specifications that we believe will be difficult to sell to other customers.

We entered into a manufacturing alliance with DuPont in June 2000 to produce polyester POY at DuPont's facility in Kinston and at our facility in Yadkinville, North Carolina. DuPont later transferred its interest in this

alliance to Invista, Inc. This alliance resulted in significant annual benefits to us of approximately $30 million, consisting of reductions in fixed costs, variable costs savings and product development enrichment. On September 30, 2004, we acquired the Kinston facility, including inventories, for approximately $24.4 million, in the form of a note payable to Invista. We closed two of its four production lines, increased efficiency and automation and reduced the workforce. See "—Corporate Restructurings." The acquisition resulted in the termination of our alliance with DuPont. As a result of the Kinston acquisition, our results for periods subsequent to the Kinston acquisition will not be fully comparable to our results for the prior periods, which include the annual benefit of the alliance.

The impact of Hurricane Katrina on the oil refineries in the Louisiana area in August 2005 created shortages of supply of gasoline and as a result a shortage of paraxlyene, a feedstock used in polymer production in our polyester segment, because producers diverted production to mixed xlyene to increase the supply of gasoline. As a result, while supplies were tight, paraxlyene continued to be available at a much higher price. During September 2005, we received notices from several raw material suppliers declaring force majeure under our contracts and increasing the price we paid under those contracts effective September 1, 2005. As a result of this increase, and other energy-related cost increases, we imposed a 14 cents per pound surcharge on our polyester products in an effort to maintain our margins. Throughout the second quarter of fiscal year 2006, the surcharge stayed in effect at different levels as raw material prices declined. In other operations that have a high usage of natural gas, we also increased sales prices effective November 1, 2005 to compensate for the increase in utility costs.

Though polyester raw material prices declined during the end of the second quarter of fiscal year 2006, a different set of paraxylene industry dynamics emerged during the third quarter of fiscal year 2006 that led to further increases of raw material prices. Polyester raw material prices once again increased during the last two quarters of fiscal year 2006 and continue to be steady. We believe that the pressure from strong gasoline demand, coupled with the phase-out of the production of Methyl Tetra-butyl Ether, or "MTBE," from gasoline has had an impact on paraxylene pricing by raising the value of mixed xylenes as a blend component for gasoline, as xylenes are diverted into gasoline as a replacement for MTBE.

Hurricane Rita shut down five of the six refineries in Texas that produce MEG in September 2005, including the supplier to our Kinston polyester filament manufacturing operation. In addition, an unrelated accident closed one of the supplier's facilities in early October 2005. With five of the six facilities closed, the supply of MEG in the marketplace became temporarily tight, and MEG became unavailable at historical prices. At the time of Hurricane Rita, we had approximately 22 days of inventory of MEG. We started purchasing MEG on the spot market and trucking the MEG to Kinston, which increased our costs compared to our more economical method of transportation by railroad.

We successfully managed through these transportation and access issues to meet our delivery commitments. As of the close of the second quarter of fiscal year 2006, the availability of raw materials had returned to normal levels, but pricing had not returned to pre-hurricane levels. Effective January 1, 2006, we removed the surcharge on our products and instituted a price increase to maintain our margins.

In spite of our ability to pass to our customers nearly all of the cost increases resulting from the 2005 hurricanes and the associated supply shortages, revenues in our polyester segment for the second and third quarters of fiscal year 2006 were lower than for the comparable period in fiscal year 2005 due to lower overall purchases by our customers because of the increased prices. The polyester segment revenues lost during the second and third quarters of fiscal year 2006 have not been fully offset by increased orders in subsequent periods. In addition to the decrease in overall polyester segment revenues, increased prices also resulted in smaller order size for our polyester segment products during the second quarter of fiscal year 2006, as customers sought to purchase only their minimum requirements during the supply disruption period. Smaller order sizes affected our margins negatively during that period, as repeated changes in our production lines increased our per-unit costs for smaller orders. As a result, in February 2006, we instituted small order pricing surcharges to offset this effect on our margins.

On April 28, 2006, we commenced a tender offer for all of our then outstanding $250.0 million in aggregate principal amount of 2008 notes simultaneously with a consent solicitation from the holders of the 2008 notes to remove substantially all of the restrictive covenants and certain events of default under the indenture governing the 2008 notes. The tender offer expired on May 25, 2006, and $248.7 million in aggregate principal amount of 2008 notes were tendered in the tender offer, representing 99.5% of the then outstanding aggregate principal amount of 2008 notes. The tender consideration was 100% of the principal amount of 2008 notes validly tendered plus accrued but unpaid interest to, but not including, May 26, 2006. We paid a total consideration of $253.9 million for the tendered 2008 notes. The proceeds from the sale of the initial notes were used to fund, in part, the purchase price for the tendered 2008 notes. The $1.3 million in aggregate principal amount of 2008 notes that were not tendered and purchased in the tender offer remain outstanding in accordance with their amended terms.

Key Performance Indicators

We continuously review performance indicators to measure our success. The following are the indicators management uses to assess performance of our business:

- sales volumes, which are an indicator of demand;
- margins, which are an indicator of product mix and profitability;
- EBITDA, which is an indicator of our ability to pay debt; and
- working capital of each business unit as a percentage of sales, which is an indicator of our production efficiency and ability to manage our inventory and receivables.

Corporate Restructurings

Over the last three fiscal years, we have focused on reducing costs throughout our operations and continuing to improve working capital. We closed one of our air jet texture operations in Altamahaw, North Carolina in mid-2004. We closed our dyed facility in Manchester, England, in June 2004. On July 28, 2004, we announced the closing of our European manufacturing operations and associated sales offices. We ceased our manufacturing operations in Ireland on October 31, 2004. We ceased all other European operations by June 2005 and sold the real property, plant and equipment of our European division in fiscal years 2005 and 2006 for total proceeds of $38.0 million that resulted in a net gain of approximately $4.6 million. In connection with these closings and consolidations, we significantly reduced our workforce. As a result, we incurred a restructuring charge of $27.7 million in fiscal year 2004 for employee severance costs, fixed-asset write-offs associated with the closure of the dyed facility in Manchester and lease related costs associated with the closure of the jet-air texture operation in North Carolina. All payments, excluding the lease related payments which continue until May 2008, have been paid and we have reclassified the financial results of our U.K. and Ireland facilities as “discontinued operations” for all periods presented in our consolidated financial statements.

On October 19, 2004, we announced plans to close two production lines and downsize our facility in Kinston, North Carolina, which had been acquired in September 2004. During the second quarter of fiscal year 2005, we recorded a severance reserve of $10.7 million for approximately 500 production level employees and a restructuring reserve of $0.4 million for the cancellation of certain warehouse leases. During the third quarter of fiscal year 2005, we completed the closure of both production lines as scheduled, which resulted in an actual reduction of 388 production level employees and a reduction to the initial restructuring reserve. Since no long-term assets or intangible assets were recorded in purchase accounting, the net reduction of $1.2 million was recorded as an extraordinary gain in fiscal year 2005. During the first quarter of year fiscal 2006, we determined that there were additional costs relating to the termination of two warehouse leases which resulted in a $0.2 million extraordinary loss. During the second quarter of fiscal year 2006, we negotiated a favorable settlement on the two warehouse leases that resulted in a reduction to the reserve and the recognition of an extraordinary gain of $0.2 million.

On August 29, 2005, we closed our central distribution center in Mayodan, North Carolina, and moved the operations to our warehouse and logistics facilities in Yadkinville, North Carolina, and relocated one of our plants from Mayodan to Madison, North Carolina. In connection with this initiative, we determined to offer for sale a plant, warehouse and central distribution center located in Mayodan, North Carolina. Based on appraisals received in September 2005, we determined that the warehouse was impaired and recorded an impairment charge of $1.5 million, which included $0.2 million in estimated selling costs that will be paid from the proceeds of the sale when it occurs. On March 13, 2006, we entered into a contract to sell the central distribution center and related land located in Mayodan. The terms of the contract call for a sale price of $2.7 million, which was approximately $0.7 million below the property's carrying value. In accordance with SFAS No. 144, we recorded an impairment charge of approximately $0.8 million during the third quarter of fiscal year 2006, which included estimated selling costs of $0.1 million. The sale of the central distribution center closed in the fourth quarter of fiscal year 2006 with no further expense to us.

On July 28, 2005, we announced our decision to discontinue the operations of our external sourcing business, Unimatrix Americas, and as of the end of fiscal year 2006, we had fully liquidated the business, resulting in the reclassification of the sourcing segment's losses for the current and prior periods as discontinued operations.

On April 20, 2006, we reorganized our domestic business operations, and as a result, we recorded a restructuring charge for severance of approximately $0.8 million in the fourth quarter of fiscal year 2006. Approximately 45 management level salaried employees were affected by the plan of reorganization.

The table below summarizes changes to the accrued severance and accrued restructuring accounts for the fiscal years 2006, 2005 and 2004 (in thousands):

	Balance at June 26, 2005	Additional Charges	Adjustments	Amounts Used	Balance at June 25, 2006
Accrued severance	$ 5,252	$ 812	$ 44	$ (5,532)	$ 576
Accrued restructuring	5,053	—	(195)	(1,308)	3,550

	Balance at June 27, 2004	Additional Charges	Adjustments	Amounts Used	Balance at June 26, 2005
Accrued severance	$ 2,949	$ 10,701	$ (834)	$ (7,564)	$ 5,252
Accrued restructuring	6,654	391	(695)	(1,297)	5,053

	Balance at June 29, 2003	Additional Charges	Adjustments	Amounts Used	Balance at June 27, 2004
Accrued severance	$ 13,893	$ 7,847	$ (10)	$ (18,781)	$ 2,949
Accrued restructuring	—	6,739	—	(85)	6,654

Joint Ventures and Other Equity Investments

YUFI. In August 2005, we formed Yihua Unifi Fibre Industry Company Limited, or "YUFI," a 50/50 joint venture with Sinopec Yizheng Chemical Fiber Co., Ltd., or "YCFC," to manufacture, process and market polyester filament yarn in YCFC's facilities in Yizheng, Jiangsu Province, China. YCFC is a publicly traded (listed in Shanghai and Hong Kong) enterprise with approximately $1.3 billion in annual sales. We believe that the addition of a high-quality, globally cost competitive operation in China allows us to pursue long-term, profitable revenue growth in Asia. By forming a joint venture with a long-established and highly respected fiber industry leader like YCFC, we also have an immediately accessible customer base in Asia at lower start-up costs and with fewer execution risks. The principal goal of YUFI is to supply premium value-added products to the Chinese market, which is currently an importer of such products. On August 4, 2005, we contributed to YUFI our initial capital contribution of $15.0 million in cash. On October 12, 2005, we transferred an additional $15.0 million to YUFI in the form of a shareholder loan with a thirteen month term to complete the capitalization

of the joint venture. On July 25, 2006, the shareholder loan was capitalized as an additional capital contribution of Unifi to the joint venture. During fiscal year 2006, we recognized equity losses relating to YUFI of $3.2 million, which is reported net of elimination of intercompany support provided. In addition, we recognized $2.7 million in operating expenses for fiscal year 2006, which were primarily reflected on the "cost of sales" line item in our consolidated statements of operations, directly related to providing technological support in accordance with our joint venture contract. We have granted YUFI an exclusive, non-transferable license to certain of our branded product technology (including Mynx®UV, Sorbtek®, Reflexx® and dye springs) in China for a license fee of $6.0 million that is payable over four years.

PAL. In June 1997, we contributed all of the assets of our spun cotton yarn operations, utilizing open-end and air jet spinning technologies, into a joint venture with Parkdale Mills, Inc. called Parkdale America, LLC, or "PAL" in exchange for a 34% ownership interest in the joint venture. PAL is a producer of cotton and synthetic yarns for sale to the textile and apparel industries primarily within North America. PAL has 14 manufacturing facilities primarily located in central and western North Carolina. Our investment in PAL at June 25, 2006 was $140.9 million. For fiscal years 2006, 2005 and 2004, we reported equity income (loss) of $3.8 million, $6.4 million and $(6.9) million, respectively, from PAL. We are currently exploring ways to monetize our interest in PAL.

USTF. On September 13, 2000, we formed a 50/50 joint venture with SANS Fibres of South Africa named Unifi-SANS Technical Fibers, LLC, or "USTF," to produce low-shrinkage high tenacity nylon 6.6 light denier industrial, or "LDI" yarns in North Carolina. The business is operated in our plant in Stoneville, North Carolina. We manage the day-to-day production and shipping of the LDI produced in North Carolina and SANS Fibres handles technical support and sales. Sales from this entity are primarily to customers in the Americas. For fiscal years 2006, 2005 and 2004, we reported equity income (loss) of $0.8 million, $(0.1) million and $(1.3) million, respectively, from USTF. We have a put right under this agreement to sell our entire interest in the joint venture at fair market value and the related Stoneville, North Carolina manufacturing facility for $3.0 million (or fair market value if the sale is consummated after March 2011) in cash back to SANS Fibres. This right can be exercised beginning on December 31, 2006 upon one year's prior written notice. SANS Fibres has a call option upon the same terms as our put right.

UNF. On September 27, 2000, we formed a 50/50 joint venture with Nilit Ltd. named U.N.F. Industries Ltd., or "UNF," which produces nylon POY at Nilit's manufacturing facility in Migdal Ha-Emek, Israel, that is our primary source of nylon POY for our texturing and covering operations. We have entered into a supply agreement on customary terms with UNF, which will expire in April 2008, under which we have agreed to purchase from UNF all of the nylon POY produced from three dedicated production lines at a rate determined by index prices, subject to certain adjustments for market downturns. This vertical integration allows us to realize advantageous raw material pricing in our domestic nylon operations. Our investment in UNF at June 25, 2006 was $6.3 million. For fiscal years 2006, 2005 and 2004, we reported income (losses) in equity investees of $(0.8) million, $0.7 million and $1.1 million, respectively, from UNF.

Condensed balance sheet information as of June 25, 2006 and June 26, 2005, and income statement information for fiscal years 2006, 2005 and 2004, of the combined unconsolidated equity affiliates was as follows (in thousands):

	June 25, 2006	June 26, 2005
Current assets	$ 149,278	$ 127,188
Noncurrent assets	217,955	176,265
Current liabilities	48,334	28,235
Noncurrent liabilities	44,460	18,840
Shareholders' equity and capital accounts	274,439	256,378

	Fiscal Year 2006	Fiscal Year 2005	Fiscal Year 2004
Net sales	$ 567,223	$ 471,786	$ 469,512
Gross profit	31,853	40,312	7,880
Income (loss) from continuing operations	8,435	16,991	(15,928)
Net income (loss)	6,279	14,003	(20,183)

UTP. Minority interest (income) expense was $0.0 million, $(0.5) million and $(6.4) million, respectively, for fiscal years 2006, 2005 and 2004. The minority interest (income) expense recorded in the consolidated statements of operations for the fiscal years 2006, 2005 and 2004 primarily relates to the minority owner's share of the earnings of Unifi Textured Polyester, LLC, or "UTP." We had an 85.4% ownership interest in UTP and Burlington Industries, LLC, which we refer to as "BI," had a 14.6% interest in UTP. In April 2005, we acquired BI's ownership interest in UTP for $0.9 million in cash.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The SEC has defined a company's most critical accounting policies as those involving accounting estimates that require management to make assumptions about matters that are highly uncertain at the time and where different reasonable estimates or changes in the accounting estimate from quarter to quarter could materially impact the presentation of the financial statements. The following discussion provides further information about accounting policies critical to us and should be read in conjunction with Note 1, "Significant Accounting Policies and Financial Statement Information" of our audited historical consolidated financial statements included elsewhere in this prospectus.

Allowance for Doubtful Accounts. An allowance for losses is provided for known and potential losses arising from yarn quality claims and for amounts owed by customers. Reserves for yarn quality claims are based on historical claim experience and known pending claims. The collectability of accounts receivable is based on a combination of factors including the aging of accounts receivable, historical write-off experience, present economic conditions such as chapter 11 bankruptcy filings within the industry and the financial health of specific customers and market sectors. Since losses depend to a large degree on future economic conditions, and the health of the textile industry, a significant level of judgment is required to arrive at the allowance for doubtful accounts. Accounts are written off when they are no longer deemed to be collectible. The reserve for bad debts is established based on certain percentages applied to accounts receivable aged for certain periods of time and are supplemented by specific reserves for certain customer accounts where collection is no longer certain. Our exposure to losses as of June 25, 2006 on accounts receivable was $98.4 million against which an allowance for losses of $5.1 million was provided. Establishing reserves for yarn claims and bad debts requires management judgment and estimates, which may impact the ending accounts receivable valuation, gross margins (for yarn claims) and the provision for bad debts.

Inventory Reserves. We maintain reserves for inventories valued utilizing the first-in, first out, or "FIFO," method and may provide for additional reserves over and above the last-in, first-out, or "LIFO," reserve for inventories valued at LIFO. Such reserves for both FIFO and LIFO valued inventories can be specific to certain inventory or general based on judgments about the overall condition of the inventory. Reserves are established based on percentage markdowns applied to inventories aged for certain time periods. Specific reserves are established based on a determination of the obsolescence of the inventory and whether the inventory value exceeds amounts to be recovered through expected sales prices, less selling costs; and, for inventory subject to LIFO (raw materials only), the amount of existing LIFO reserves. The LIFO reserve has increased $3.8 million for fiscal year 2006, primarily due to increases in raw material prices and higher inventory levels. The balance of the LIFO reserve was $7.6 million as of June 25, 2006. Estimating sales prices, establishing markdown percentages and evaluating the condition of the inventories require judgments and estimates, which may impact the ending inventory valuation and gross margins.

Impairment of Long-Lived Assets. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For assets held and used, an impairment may occur if projected undiscounted cash flows are not adequate to cover the carrying value of the assets. In such cases, additional analysis is conducted to determine the amount of loss to be recognized. The impairment loss is determined by the difference between the carrying amount of the asset and the fair value measured by future discounted cash flows. The analysis requires estimates of the amount and timing of projected cash flows and, where applicable, judgments associated with, among other factors, the appropriate discount rate. Such estimates are critical in determining whether any impairment charge should be recorded and the amount of such charge if an impairment loss is deemed to be necessary. During the third quarter of fiscal year 2004, we performed impairment testing on our domestic polyester texturing segment's long-lived assets and determined that a write down was required. Based on the historical financial performance of the segment and the uncertainty of the moderate forecasted cash flows, we estimated the fair value of assets using a market value of $73.7 million. Management determined that the assets were impaired because the carrying value was $98.9 million. This resulted in the segment recording an impairment charge of $25.2 million. We also tested for impairment the entire domestic polyester segment and domestic nylon segment, both of which passed the tests. Future events impacting cash flows for existing assets could render a write down necessary that previously required no such write down. See Note 14 to our audited consolidated financial statements included elsewhere in this prospectus.

For assets held for disposal, an impairment charge is recognized if the carrying value of the assets exceeds the fair value less costs to sell. Estimates are required of fair value, disposal costs and the time period to dispose of the assets. Such estimates are critical in determining whether any impairment charge should be recorded and the amount of such charge if an impairment loss is deemed to be necessary. Actual cash flows received or paid could differ from those used in estimating the impairment loss, which would impact the impairment charge ultimately recognized and our cash flows.

Accruals for Costs Related to Severance of Employees and Related Health Care Costs. From time to time, we establish accruals associated with employee severance or other cost reduction initiatives. Such accruals require that estimates be made about the future payout of various costs, including, for example, health care claims. We use historical claims data and other available information about expected future health care costs to estimate our projected liability. Such costs are subject to change due to a number of factors including the incidence rate for health care claims, prevailing health care costs, and the nature of the claims submitted, among others. Consequently, actual expenses could differ from those expected at the time the provision was estimated, which may impact the valuation of accrued liabilities and results of operations. Our estimates have been materially accurate in the past; and accordingly, at this time management expects to continue to utilize the present estimation processes.

Valuation Allowance for Deferred Tax Assets. We established a valuation allowance against our deferred tax assets in accordance with SFAS No. 109, "Accounting for Income Taxes." The specifically identified deferred tax assets which may not be recoverable are primarily state income tax credits. The realization of some of our deferred tax assets is based on future taxable income within a certain time period and is therefore uncertain. On a quarterly basis, we review our estimates for future taxable income over a period of years to assess if the need for a valuation allowance exists. To forecast future taxable income, we use historical profit before tax amounts which may be adjusted upward or downward depending on various factors, including perceived trends, and then apply the expected change in rates to deferred tax assets and liabilities based on when they reverse in the future. At June 25, 2006, we had a gross deferred tax liability of approximately $10.8 million relating specifically to depreciation. The reversal of this deferred tax liability is the primary item generating future taxable income. Actual future taxable income may vary significantly from management's projections due to the many complex judgments and significant estimations involved, which may result in adjustments to the valuation allowance which may impact the net deferred tax liability and provision for income taxes.

Management and our audit committee discussed the development, selection and disclosure of all of the critical accounting estimates described above.

Results of Operations

Year ended June 25, 2006 (52 Weeks) Compared to the Year Ended June 26, 2005 (52 Weeks)

The following table sets forth the loss from continuing operations components for each of our business segments for fiscal year 2006 and fiscal year 2005. The table also sets forth each of our segments' net sales as a percent to total net sales, the net income components as a percent to total net sales and the percentage increase or decrease of such components over the prior year:

	Fiscal Year 2006		Fiscal Year 2005		
		% to Total		% to Total	% Incr. (Decr.)
	(in thousands, except percentages)				
Consolidated					
Net sales					
Polyester	$566,367	76.7	$587,008	73.9	(3.5)
Nylon	172,458	23.3	206,788	26.1	(16.6)
Total	$738,825	100.0	$793,796	100.0	(6.9)
		% to Net Sales		% to Net Sales	
Cost of sales					
Polyester	$527,354	71.4	$558,498	70.4	(5.6)
Nylon	168,701	22.8	204,219	25.7	(17.4)
Total	696,055	94.2	762,717	96.1	(8.7)
Selling, general and administrative					
Polyester	32,771	4.4	30,291	3.8	8.2
Nylon	8,763	1.2	11,920	1.5	(26.5)
Total	41,534	5.6	42,211	5.3	(1.6)
Restructuring charges (recovery)					
Polyester	533	0.1	(212)	—	(351.4)
Nylon	(787)	(0.1)	(129)	—	510.1
Total	(254)	0.0	(341)	—	(25.5)

	Fiscal Year 2006		Fiscal Year 2005		
		% to Total		% to Total	% Incr. (Decr.)
	(in thousands, except percentages)				
Write down of long-lived assets					
Polyester	51	—	—	—	100.0
Nylon	2,315	0.3	603	0.1	283.9
Total	2,366	0.3	603	0.1	292.4
Other (income) expenses	15,020	2.0	21,827	2.7	(31.2)
Loss from continuing operations before income taxes	(15,896)	(2.1)	(33,221)	(4.2)	(52.2)
Benefit for income taxes	(1,170)	(0.2)	(13,483)	(1.7)	(91.3)
Loss from continuing operations	(14,726)	(1.9)	(19,738)	(2.5)	(25.4)
Income (loss) from discontinued operations, net of tax	360	—	(22,644)	(2.9)	(101.6)
Extraordinary gain—net of taxes of $0	—	—	1,157	0.1	(100.0)
Net loss	$ (14,366)	(1.9)	$ (41,225)	(5.2)	(65.2)

For fiscal year 2006, we recognized a $15.9 million loss from continuing operations before income taxes, which was a $17.3 million improvement from the prior year. The improvement in continuing operations was primarily attributable to increased polyester conversion margins, decreased selling, general and administrative expenses, reduced charges of $11.9 million for bad debt expenses offset by asset impairment charges and debt extinguishment expenses. The LIFO reserve increased $3.9 million for fiscal year 2006 compared to $2.4 million for the prior fiscal year. During fiscal year 2006, raw material prices increased for polyester ingredients in POY, causing the increase in LIFO reserve, whereas in fiscal year 2005 the primary drivers of the LIFO reserve were increases in nylon raw material prices and higher values in the nylon inventories due to the product mix.

Consolidated net sales from continuing operations decreased from $793.8 million in fiscal year 2005 to $738.8 million, or 6.9%, for the current fiscal year. For the fiscal year 2006, the weighted average price per pound for our products on a consolidated basis increased 6.1% compared to the prior year. Unit volume from continuing operations decreased 13.0% for the fiscal year primarily due to management's decision to focus on profitable business as well as market conditions.

At the segment level, polyester dollar net sales accounted for 76.7% of dollar net sales in fiscal year 2006 compared to 73.9% in fiscal year 2005. Nylon accounted for 23.3% of dollar net sales for fiscal year 2006 compared to 26.1% for the prior fiscal year.

Gross profit from continuing operations increased $11.7 million to $42.8 million for fiscal year 2006. This increase is primarily attributable to higher average selling prices for both the polyester and nylon segments.

Selling, general, and administrative expenses decreased by 1.6% or $0.7 million for the fiscal year. The decrease in selling, general and administrative expenses is due to the downsizing of our corporate departments and their related costs. During fiscal year 2005, we incurred approximately $1.1 million in professional fees associated with our efforts to become compliant with the Sarbanes-Oxley Act of 2002. During fiscal year 2006, we incurred $0.3 million in professional fees associated with Section 404 of the Sarbanes-Oxley Act.

For fiscal year 2006, we recorded a $1.3 million provision for bad debts, compared to $13.1 million recorded in the prior fiscal year. The decrease relates to our domestic operations and is primarily due to the write-off of receivables from Collins & Aikman, which filed for bankruptcy in May 2005, resulting in $8.2 million in additional bad debt expense. Although we experienced significant improvements in our collections during fiscal year 2006, the financial viability of certain customers continues to require close management scrutiny. As of June 25, 2006, we believed that our reserve for uncollectible accounts receivable was adequate.

Interest expense decreased from $20.6 million in fiscal year 2005 to $19.2 million in fiscal year 2006. The decrease in interest expense is primarily due to our repayment of a note payable relating to the Kinston acquisition. We had no outstanding borrowings under our amended revolving credit facility as of June 25, 2006 or our old revolving credit facility as of June 26, 2005. The weighted average interest rate of our debt outstanding at June 25, 2006 and June 26, 2005 was 6.9% and 6.7%, respectively. Interest expense is expected to increase in future periods due to our incurrence of $190.0 million of notes in May 2006 to refinance, in part, $248.7 million of our 2008 notes. Interest income increased from $2.1 million in fiscal year 2005 to $4.5 million in fiscal year 2006, which was due to the increased cash position that we maintained throughout most of fiscal year 2006.

Other (income) expense increased from $2.3 million of income in fiscal year 2005 to $3.1 million of income in fiscal year 2006. Fiscal year 2006 other income includes net gains from the sale of property and equipment of $1.8 million, offset by charges relating to currency translations and other expenses of $0.7 million. Fiscal year 2005 other income includes net gains from the sale of property and equipment of $1.8 million and net unrealized gains on hedging contracts of $1.7 million, offset by charges relating to currency translations and other expenses of $0.9 million.

Equity in the net income of our equity affiliates, PAL, USTF, UNF, and YUFI, was $0.8 million in fiscal year 2006 compared to equity in net income of our equity affiliates of $6.9 million in fiscal year 2005. The decrease in earnings is primarily attributable to the $3.2 million loss that we incurred on our newly acquired investment in YUFI as discussed above. Our share of PAL's earnings decreased from a $6.4 million of income in fiscal year 2005 to $3.8 million of income in fiscal year 2006. PAL realized net losses on cotton futures contracts of $1.4 million for fiscal year 2006 compared to $1.4 million in realized net gains for fiscal year 2005. We expect to continue to receive cash distributions from PAL.

Minority interest income primarily relates to the minority owner's share of the earnings of UTP. We had an 85.4% ownership interest and BI had a 14.6% interest in UTP. In April 2005, we acquired BI's ownership interest for $0.9 million in cash. As a result, we recorded no minority interest income for fiscal year 2006 compared to minority interest income of $0.5 million in fiscal year 2005.

In fiscal year 2006, our nylon segment recorded charges of $2.3 million to write down to fair value less cost to sell a nylon manufacturing plant and a nylon warehouse. In the fourth quarter of fiscal year 2005, our nylon segment recorded a $0.6 million charge to write down to fair value less cost to sell 166 textile machines that was held for sale.

We have established a valuation allowance against our deferred tax assets relating primarily to North Carolina income tax credits. The valuation allowance decreased $1.7 million in fiscal year 2006 compared to a decrease of $2.2 million in fiscal year 2005. The gross decrease of $3.6 million in fiscal year 2006 consisted of the expiration of unused North Carolina income tax credits. The gross decrease of $3.0 million in fiscal year 2005 consisted of the expiration of unused North Carolina income tax credits of $2.2 million and the expiration of a long-term capital loss carryforward of $0.8 million. Due to lower estimates of future state taxable income, the portion of the valuation allowance that relates to North Carolina income tax credits increased $1.9 million and $0.8 million in fiscal years 2006 and 2005, respectively. The net impact of changes in the valuation allowance to the effective tax rate reconciliation for fiscal years 2006 and 2005 were 11.9% and 2.5%, respectively. The percentage increase from fiscal year 2006 to fiscal year 2005 was primarily attributable to lower forecasted state taxable income.

We recognized an income tax benefit in fiscal year 2006 at a 7.4% effective tax rate, compared to an income tax benefit at a 40.6% effective tax rate in fiscal year 2005. The fiscal year 2006 effective rate was negatively impacted by foreign losses for which no tax benefit was recognized, the change in the deferred tax valuation allowance and tax expense not previously accrued for repatriation of foreign earnings. In fiscal year 2006, we recognized a state income tax benefit net of federal income tax of 10.4%, as compared to 4.2% in fiscal year 2005. The increase in fiscal year 2006 was primarily attributable to the pass through of $1.2 million of state income tax credits from an equity affiliate.

The American Jobs Creation Act of 2004, or the "AJCA," created a temporary incentive for U.S. multinational corporations to repatriate accumulated income earned outside the U.S. by providing an 85% dividend received deduction for certain dividends from controlled foreign corporations. Under the AJCA, the amount of eligible repatriation was limited to $500.0 million or the amount described as permanently reinvested earnings outside the U.S. in the most recent audited financial statements filed with the SEC on or before June 30, 2003. Dividends received must be reinvested in the U.S. in certain permitted uses. We repatriated $31.0 million in fiscal year 2006 resulting from approximately $45.0 million of proceeds from the liquidation of our European manufacturing operations and $16.0 million of accumulated income from our Brazilian operations, less approximately $30.0 million re-invested in YUFI. We have not made any changes to our position on the reinvestment of other foreign earnings.

The following summarizes our operating results after restatements for discontinued operations (See "—Corporate Restructurings"):

	Fiscal Year 2006	Fiscal Year 2005
	(in thousands, except per share data)	
Loss from continuing operations before extraordinary item	$ (14,726)	$ (19,738)
Income (loss) from discontinued operations, net of tax	360	(22,644)
Loss before extraordinary item	(14,366)	(42,382)
Extraordinary gain—net of taxes of $0	—	1,157
Net loss	$ (14,366)	$ (41,225)
Income (losses) per common share (basic and diluted):		
Loss from continuing operations before extraordinary item	$ (0.28)	$ (0.38)
Loss from discontinued operations, net of tax	—	(0.43)
Extraordinary gain—net of taxes of $0	—	0.02
Net loss per common share	$ (0.28)	$ (0.79)

Polyester Operations

The following table sets forth the segment operating gain (loss) components for our polyester segment for fiscal year 2006 and fiscal year 2005. The table also sets forth the percent to net sales and the percentage increase or decrease over the prior year:

	Fiscal Year 2006		Fiscal Year 2005		
		% to Net Sales		% to Net Sales	% Inc. (Dec.)
	(in thousands, except percentages)				
Net sales	$566,367	100.0	$587,008	100.0	(3.5)
Cost of sales	527,354	93.1	558,498	95.1	(5.6)
Selling, general and administrative expenses	32,771	5.8	30,291	5.2	8.2
Restructuring charges (recovery)	533	0.1	(212)	—	(351.4)
Write down of long-lived assets	51	—	—	—	—
Segment operating income (loss)	$ 5,658	1.0	$ (1,569)	(0.3)	(460.6)

Fiscal year 2006 polyester net sales decreased $20.6 million, or 3.5%, compared to fiscal year 2005. Our polyester segment sales volumes decreased approximately 11.8%, while the weighted-average unit prices increased approximately 8.3%.

Domestically, polyester sales volumes decreased 15.2%, while average unit prices increased approximately 8.7%. Sales from our Brazilian texturing operation, on a local currency basis, decreased 11.2% over fiscal year 2005 due primarily to the devaluation of the U.S. dollar against the Brazilian real. The Brazilian texturing operation predominately purchased all of its fiber in U.S. dollars. The impact on net sales from this operation on a U.S. dollar basis as a result of the change in currency exchange rate was an increase of $17.2 million in fiscal year 2006.

Gross profit on sales for our polyester operations increased $10.5 million, or 36.8%, over fiscal year 2005, and gross margin (gross profit as a percentage of net sales) increased from 4.9% in fiscal year 2005 to 6.9% in fiscal year 2006. The increase from the prior year is primarily attributable to an increase in higher average selling prices as well as costs savings realized from the consolidation of warehousing and transportation services, and the curtailment of two POY production lines at the Kinston facility. In addition, fiber cost decreased as a percent of net sales from 54.8% in fiscal year 2005 to 52.4% in fiscal year 2006.

Selling, general and administrative expenses for the polyester segment increased $2.5 million from fiscal years 2005 to 2006. While the methodology to allocate domestic selling, general and administrative costs

remained consistent between fiscal year 2005 and fiscal year 2006, the percentage of such costs allocated to each segment are determined at the beginning of every year based on specific cost drivers. The polyester segment had a higher percentage in fiscal year 2006 compared to fiscal year 2005 due to the addition of the Kinston manufacturing operations to the polyester segment.

Our polyester segment net sales, gross profit and selling, general and administrative expenses as a percentage of total consolidated amounts were 73.9%, 91.7% and 71.8% for fiscal year 2005 compared to 76.7%, 91.2% and 78.9% for fiscal year 2006, respectively.

Restructuring charges of $0.5 million in fiscal year 2006 were related to adjustments for severance, retiree reserves and charges related to the polyester segment of Unifi Latin America.

The pre-tax results of operations from the polyester segment of our Brazilian operations increased $0.2 million in fiscal year 2006 compared to fiscal year 2005. This increase is primarily due to a $0.9 million increase in interest income, a $0.2 million reduction in bad debt expense, a $1.1 million increase in other (income) expense, net offset by a $0.9 million reduction in gross margin and a $1.1 million increase in selling, general and administrative costs.

Nylon Operations

The following table sets forth the segment operating loss components for our nylon segment for fiscal year 2006 and fiscal year 2005. The table also sets forth the percent to net sales and the percentage increase or decrease over the prior year:

	Fiscal Year 2006		Fiscal Year 2005		
		% to Net Sales		% to Net Sales	% Inc. (Dec.)
	(in thousands, except percentages)				
Net sales	$172,458	100.0	$206,788	100.0	(16.6)
Cost of sales	168,701	97.8	204,219	98.8	(17.4)
Selling, general and administrative expenses	8,763	5.1	11,920	5.8	(26.5)
Restructuring charges (recovery)	(787)	(0.4)	(129)	(0.1)	510.1
Write down of long-lived assets	2,315	1.3	603	0.3	283.9
Segment operating loss	$ (6,534)	(3.8)	$ (9,825)	(4.8)	(33.5)

Fiscal year 2006 nylon net sales decreased $34.3 million, or 16.6%, compared to fiscal year 2005. Unit volumes for fiscal year 2006 decreased 23.4%, while the average selling price increased 6.9%. Weighted-average selling prices increased in fiscal year 2006 due to a greater percentage of higher priced products being sold and to sales price increases instituted during the third quarter.

Gross profit increased $1.2 million, or 46.2%, in fiscal year 2006, and gross margin increased from 1.2% in fiscal year 2005 to 2.2% in fiscal year 2006. This was primarily attributable to higher per unit sales prices, cost savings associated with closing a central distribution center and closing two nylon manufacturing facilities. Fiber costs decreased from 64.5% of net sales in fiscal year 2005 to 60.1% of net sales in fiscal year 2006 due to the incremental change in product mix driven by our supply agreement with Sara Lee Branded Apparel, now Hanesbrands Inc., and the increased unit continued prices in fiscal year 2006. Fixed and variable manufacturing costs increased as a percentage of sales from 30.6% in fiscal year 2005 to 35.5% in fiscal year 2006.

Selling, general and administrative expenses for the nylon segment decreased $3.1 million in fiscal year 2006. This decrease as a percentage of net sales is primarily due to a reduced allocation percentage of selling, general and administrative expenses to the nylon segment due to additional business from the polyester segment’s Kinston manufacturing operation.

Our nylon segment net sales, gross profit and selling, general and administrative expenses as a percentage of total consolidated amounts were 26.1%, 8.3% and 28.2% for fiscal year 2005 compared to 23.3%, 8.8% and 21.1% for fiscal year 2006, respectively.

Restructuring recoveries of $0.8 million in fiscal year 2006 were related to adjustments for severance, retiree reserves and recoveries of 2001 reserves related to the nylon segment of Unifi Latin America.

See "—Corporate Restructurings" for a discussion of the closure and relocation of certain of our nylon facilities in Mayodan, North Carolina.

Year Ended June 26, 2005 (52 Weeks) Compared to the Year Ended June 27, 2004 (52 Weeks)

The following table sets forth the loss from continuing operations components for each of our business segments for fiscal year 2005 and fiscal year 2004. The table also sets forth each of our segments' net sales as a percent to total net sales, the net income components as a percent to total net sales and the percentage increase or decrease of such components over the prior year:

	Fiscal Year 2005		Fiscal Year 2004		
		% to Total		% to Total	% Inc. (Dec.)
	(in thousands, except percentages)				
Consolidated					
Net sales					
Polyester	$587,008	73.9	$481,847	72.3	21.8
Nylon	206,788	26.1	184,536	27.7	12.1
Total	$793,796	100.0	$666,383	100.0	19.1
		% to Net Sales		% to Net Sales	
Cost of sales					
Polyester	$558,498	70.4	$449,121	67.4	24.4
Nylon	204,219	25.7	176,862	26.5	15.5
Total	762,717	96.1	625,983	93.9	21.8
Selling, general and administrative					
Polyester	30,291	3.8	34,835	5.2	(13.0)
Nylon	11,920	1.5	11,128	1.7	7.1
Total	42,211	5.3	45,963	6.9	(8.2)
Restructuring charges (recovery)					
Polyester	(212)	—	7,591	1.1	—
Nylon	(129)	—	638	0.1	—
Total	(341)	—	8,229	1.2	—
Arbitration costs and expense Polyester	—	—	182	—	—
Alliance plant closure costs (recovery) Polyester	—	—	(206)	—	—
		% to Net Sales		% to Net Sales	
Write down of long-lived assets					
Polyester	—	—	25,241	3.8	—
Nylon	603	0.1	—	—	—
Total	603	0.1	25,241	3.8	(97.6)
Goodwill impairment Polyester	—	—	13,461	2.0	—
Other (income) expenses	21,827	2.7	16,792	2.5	30.0
Loss from continuing operations before income taxes	(33,221)	(4.2)	(69,292)	(10.4)	(52.0)
Benefit for income taxes	(13,483)	(1.7)	(25,113)	(3.8)	(46.3)
Loss from continuing operations	(19,738)	(2.5)	(44,149)	(6.6)	(55.3)
Loss from discontinued operations, net of tax	(22,644)	(2.9)	(25,644)	(3.8)	(11.7)
Extraordinary gain—net of taxes of $0	1,157	0.1	—	—	—
Net loss	$ (41,225)	(5.2)	$ (69,793)	(10.5)	(40.9)

For fiscal year 2005, we recognized a $33.2 million loss from continuing operations before income taxes, which was a $36.0 million improvement from fiscal year 2004. The improvement in continuing operations was primarily attributable to $38.7 million in charges for asset write downs and goodwill impairment included in fiscal year 2004 that did not occur in 2005, consisted of a $25.2 million impairment of fixed assets in our domestic polyester segment and the write down of $13.5 million of goodwill related to UTP. During fiscal year 2005, raw material prices declined slightly and selling prices increased slightly due in part to efforts to improve gross margin.

Consolidated net sales from continuing operations increased from $666.4 million to $793.8 million, or 19.1%, for fiscal year 2005. Included in fiscal year 2005 net sales amounts are $117.7 million related to revenue generated from the Kinston acquisition. Unit volume from continuing operations increased 19.6% for the year, while average net selling prices decreased by 0.4%. The primary driver of the increase in unit volumes is the Kinston acquisition. The increase in net selling price was reduced by 10.5% due to the Kinston operation which sold lower priced commodity products. See the polyester segment discussion below for further analysis on the effects of the Kinston acquisition on fiscal year 2005.

At the segment level, polyester dollar net sales accounted for 73.9% of consolidated net sales in fiscal year 2005 compared to 72.3% in fiscal year 2004. Nylon accounted for 26.1% of consolidated net sales for fiscal year 2005 compared to 27.7% for fiscal year 2004.

Gross profit from continuing operations decreased $9.3 million to $31.1 million for fiscal year 2005. Gross profit for the nylon segment decreased by $5.1 million as a result of increased importation of socks and the decline in domestic demand for sheer hosiery as well as a change in product mix due to the supply agreement with Sara Lee Branded Apparel. The gross profit for the polyester segment decreased by $4.2 million due to the delay in passing increased polyester fiber prices to customers during the first half of fiscal year 2005 and the reduction of cost saving benefits from the DuPont alliance and the subsequent acquisition of the Kinston facility. We recognized, as a reduction of cost of sales, cost savings and other benefits from our alliance with DuPont at the Kinston facility of $8.4 million in fiscal year 2005 compared to $38.2 million in fiscal year 2004. In addition, we sold off inventory during the fourth quarter of fiscal year 2005 that was slow moving at below cost in order to reduce our inventories and improve our working capital position, which resulted in a $3.1 million loss in fiscal year 2005.

Selling, general and administrative expenses decreased by 8.2% or $3.8 million for fiscal year 2005. The decrease in selling, general, and administrative expenses was due to the downsizing of our corporate departments and reducing their related costs. During fiscal year 2005, we incurred approximately $1.1 million in professional fees associated with our efforts to become compliant with the Sarbanes-Oxley Act.

For fiscal year 2005, we recorded a $13.2 million provision for bad debts, compared to $2.4 million recorded in fiscal year 2004. The increase relates to our domestic operations and is primarily due to the write-off of debts of one customer who filed for bankruptcy in May 2005, resulting in $8.2 million in additional bad debt expense. Fiscal year 2005 continued to be a challenging year for the U.S. textile industry, particularly in the apparel sector. The financial viability of certain customers continued to require close management scrutiny. Management believes that the reserve for uncollectible accounts receivable is adequate.

Interest expense increased from $18.7 million in fiscal year 2004 to $20.6 million in fiscal year 2005. The increase in interest expense was primarily due to the interest payable on the notes we issued to the seller in the Kinston acquisition. We had no outstanding borrowings under our old revolving credit facility at June 26, 2005 and June 27, 2004, and have had no borrowings under this facility since October 3, 2002. The weighted average interest rate of our debt outstanding at June 26, 2005 and June 27, 2004 was 6.7% and 6.4%, respectively. Interest income remained at $2.2 million in fiscal year 2004 and $2.2 million in fiscal year 2005.

Other (income) expense decreased from $2.6 million of income in fiscal year 2004 to $2.3 million of income in fiscal year 2005. Fiscal year 2004 income included net gains from the sale of property and equipment

of $3.2 million, offset by other expenses of $0.7 million. Fiscal year 2005 income includes net gains from the sale of property and equipment of $1.8 million and net unrealized gains on hedging contracts of $1.7 million, offset by charges relating to currency translations and other expenses of $0.9 million.

Equity in the net income of our equity affiliates, PAL, USTF and UNF, totaled $6.9 million in fiscal year 2005 compared to equity in net loss of our equity affiliates of $6.9 million in fiscal year 2004. Our share of PAL's earnings improved from a $6.9 million loss in fiscal year 2004 to $6.4 million of income in fiscal year 2005. The increase in earnings is primarily attributable to PAL's higher operating profit due primarily to lower cotton prices and realized net gains on cotton futures contracts. PAL realized gains on future contracts of $1.4 million in fiscal year 2005 compared to net losses of $4.7 million on future contracts for cotton purchases in fiscal year 2004. PAL reported net income of $8.2 million in calendar year 2005 as compared to a net loss of $9.8 million in calendar year 2004. As a result of this financial improvement, we expect to continue to receive cash distributions from PAL.

We recorded minority interest income of $0.5 million for fiscal year 2005 compared to minority interest income of $6.4 million in fiscal year 2004. Minority interest recorded in our consolidated statements of operations primarily relates to the minority owner's share of the earnings of UTP. See "—Joint Ventures and Other Equity Investments."

In the fourth quarter of fiscal year 2005, our nylon segment recorded a $0.6 million charge to write down to fair value less cost to sell 166 textile machines that are held for sale.

We have established a valuation allowance against our deferred tax assets relating primarily to North Carolina income tax credits. The valuation allowance decreased $2.2 million in fiscal year 2005 compared to an increase of $2.6 million in fiscal year 2004. The gross decrease of $3.0 million in fiscal year 2005 consisted of the expiration of unused North Carolina income tax credits of $2.2 million and the expiration of a long-term capital loss carry forward of $0.8 million. Due to lower estimates of future state taxable income, the portion of the valuation allowance that relates to North Carolina income tax credits increased $0.8 million and $2.6 million in fiscal years 2005 and 2004, respectively. In fiscal year 2004, the increase to the reserve also included $0.8 million that related to a long-term capital loss carry forward that we did not expect to utilize before it was scheduled to expire in fiscal year 2005. The net impact of changes in the valuation allowance to the effective tax rate reconciliation for fiscal years 2005 and 2004 were 2.5% and 5.7%, respectively. The percentage decrease from fiscal year 2005 to fiscal year 2004 is primarily attributable to the stabilization of forecasted state taxable income.

We recognized an income tax benefit in fiscal year 2005 at a 40.6% effective tax rate compared to an income tax benefit at a 36.3% effective tax rate in fiscal year 2004. Fiscal year 2005 effective rate was positively impacted by a reduction in the change to the valuation allowance, an increase in the utilization of state tax losses and a change in the tax status of a subsidiary. Fiscal year 2005 effective rate was also positively impacted by the recording of a deferred tax asset for a foreign subsidiary that should have been previously recognized. We recorded this deferred tax asset of $1.2 million in the fourth quarter of fiscal year 2005. We evaluated the effect of the adjustment and determined that the differences were not material for any of the periods presented in our consolidated financial statements. The fiscal year 2005 effective tax rate was negatively impacted by the accrual required by management's decision to repatriate approximately $15.0 million from controlled foreign corporations under the provisions of the AJCA.

The following summarizes the results of the above and the prior year after restatements for discontinued operations (See "—Corporate Restructuring"):

	Fiscal Year 2005	Fiscal Year 2004
	(in thousands, except per share data)	
Loss from continuing operations before extraordinary item	$ (19,738)	$ (44,149)
Loss from discontinued operations, net of tax	(22,644)	(25,644)
Loss before extraordinary item	(42,382)	(69,793)
Extraordinary gain—net of taxes of $0	1,157	—
Net loss	$ (41,225)	$ (69,793)
Income (losses) per common share (basic and diluted):		
Loss from continuing operations before extraordinary item	$ (0.38)	$ (0.85)
Loss from discontinued operations, net of tax	(0.43)	(0.49)
Extraordinary gain—net of taxes of $0	0.02	—
Net loss per common share	$ (0.79)	$ (1.34)

Polyester Operations

The following table sets forth the segment operating loss components for our polyester segment for fiscal year 2005 and fiscal year 2004. The table also sets forth the percent to net sales and the percentage increase or decrease over the prior year:

	Fiscal Year 2005		Fiscal Year 2004		
		% to Net Sales		% to Net Sales	% Inc. (Dec.)
	(in thousands, except percentages)				
Net sales	$587,008	100.0	$481,847	100.0	21.8
Cost of sales	558,498	95.1	449,121	93.2	24.4
Selling, general and administrative expenses	30,291	5.2	34,835	7.2	(13.0)
Restructuring charges (recovery)	(212)	—	7,591	1.6	(102.8)
Arbitration costs and expenses	—	—	182	—	—
Alliance plant closure costs (recovery)	—	—	(206)	—	—
Write down of long-lived assets	—	—	25,241	5.2	—
Goodwill impairment	—	—	13,461	2.8	—
Segment operating loss	$ (1,569)	(0.3)	$ (48,378)	(10.0)	(96.8)

Fiscal year 2005 polyester net sales increased $105.2 million, or 21.8%, compared to fiscal year 2004. Our segment sales volumes and average unit prices increased approximately 21.3% and 0.5%, respectively. The increase was due mainly to the Kinston acquisition on September 30, 2004, which contributed $77.9 million of net sales that were realized in the second half of fiscal year 2005.

Domestically, our polyester sales volumes increased 28.3% while average unit prices declined approximately 4.5%. Sales from our Brazilian texturing operation, on a local currency basis, increased 3.7% over fiscal year 2004 due primarily to sales price adjustments for changes in the inflation index which were significant during fiscal year 2005. The impact on net sales from this operation on a U.S. dollar basis as a result of the change in currency exchange rate was an increase of $6.1 million.

Gross profit on sales for our polyester operations decreased $4.2 million, or 12.9%, over fiscal year 2004, while gross margin (gross profit as a percentage of net sales) declined from 6.8% in fiscal year 2004 to 4.9% in fiscal year 2005. These decreases were primarily attributable to an increase in fixed and variable manufacturing costs which were 38.4% of net sales in fiscal year 2005 compared to 37.5% of net sales in fiscal year 2004. In

addition, fiber cost increased as a percent of net sales from 52.6% in fiscal year 2004 to 54.8% in fiscal year 2005. We also recognized, as a reduction of cost of sales, cost savings and other benefits from our alliance with DuPont of $8.4 million and $38.2 million for fiscal years 2005 and 2004, respectively. Following the Kinston acquisition, the benefits to us from our alliance with DuPont ended.

Selling, general and administrative expenses for this segment decreased $4.5 million from fiscal year 2004 to fiscal year 2005. While the methodology to allocate domestic selling, general and administrative costs remains consistent between fiscal year 2004 and fiscal year 2005, the percentage of such costs allocated to each segment is determined at the beginning of every year based on specific cost drivers. The polyester segment's share of these costs for fiscal year 2005 was lower compared to fiscal year 2004 due to increases in the nylon segment's share of these cost drivers.

The polyester segment net sales, gross profit and selling, general and administrative expenses for fiscal year 2005 were 73.9%, 91.7% and 71.8%, respectively, of consolidated amounts compared to 72.3%, 81.0% and 75.8%, respectively, for fiscal year 2004.

Restructuring charges of $7.6 million in fiscal year 2004 were primarily caused by relocation of the air jet texturing business from Altamahaw, North Carolina, to Yadkinville, North Carolina, which resulted in an accrual for future lease obligations. During the third quarter of fiscal year 2004, management performed impairment testing for the domestic textured polyester business due to the continued challenging business conditions and reduction in volume and gross profit in the preceding quarter. As a result, management determined that our plant, property and equipment were impaired, and we recorded a $25.2 million write down of the assets. As a result of the testing, we also recorded a goodwill impairment charge of $13.5 million in the third quarter of fiscal year 2004 to eliminate the polyester segment's goodwill.

Our international polyester pre-tax results of operations for the polyester segment's Brazilian location declined $4.6 million in fiscal year 2005 compared to fiscal year 2004. This decline is primarily due to a 4.8% increase in the cost of fiber, a 4.5% decrease in volume and a $0.5 million increase in selling, general and administrative costs.

Nylon Operations

The following table sets forth the segment operating loss components for our nylon segment for fiscal year 2005 and fiscal year 2004. The table also sets forth the percent to net sales and the percentage increase or decrease over the prior year:

	Fiscal Year 2005		Fiscal Year 2004		
		% to Net Sales		% to Net Sales	% Inc. (Dec.)
	(in thousands, except percentages)				
Net sales	$206,788	100.0	$184,536	100.0	12.1
Cost of sales	204,219	98.8	176,862	95.8	15.5
Selling, general and administrative expenses	11,920	5.8	11,128	6.0	7.1
Restructuring charges (recovery)	(129)	(0.1)	638	0.4	(120.2)
Write down of long-lived assets	603	0.3	—	—	—
Segment operating loss	$ (9,825)	(4.8)	$ (4,092)	(2.2)	140.1

Fiscal year 2005 nylon net sales increased $22.3 million, or 12.1%, compared to fiscal year 2004. Unit volumes for fiscal year 2005 increased 5.9% while the average selling price increased 6.2%. We acquired the Sara Lee hosiery yarn business for $2.6 million and completed the integration of its operations and sales volume during 2004. We entered into a five-year branded apparel supply agreement with Sara Lee in April 2004. The increase in sales volume and price is primarily attributable to higher sales resulting from the Sara Lee agreement.

These incremental sales were offset by erosion in our U.S. customer base due primarily to an increase in the importation of socks into the domestic market and a decline in domestic demand for sheer hosiery products.

Gross profit for our nylon operations decreased $5.1 million, or 66.5%, over fiscal year 2004 while gross margin decreased from 4.2% in fiscal year 2004 to 1.2% in fiscal year 2005. These decreases are primarily attributable to reductions in per unit sales prices in excess of reduced unit costs for raw materials. Fiber costs increased from 62.0% of net sales in fiscal year 2004 to 64.5% of net sales in fiscal year 2005 due to the incremental change in product mix driven by the Sara Lee agreement. Fixed and variable manufacturing costs decreased as a percentage of sales from 30.9% in fiscal year 2004 to 30.6% in fiscal year 2005.

Selling, general and administrative expense for our nylon segment increased $0.8 million in fiscal year 2005. This increase is due to a significantly larger allocation of selling, general and administrative expenses based on cost drivers which were affected by increased sales volumes directly related to the Sara Lee agreement. The increase in volumes attributable to the Sara Lee agreement more than offset the overall reduction of selling, general and administrative expense that we realized.

The nylon segment net sales, gross profit and selling, general and administrative expenses for fiscal year 2005 were 26.1%, 8.3% and 28.2%, respectively, of consolidated amounts compared to 27.7%, 19.0% and 24.2%, respectively, for fiscal year 2004.

Restructuring expenses of $0.6 million in fiscal year 2004 were related to severance. In June 2005, we entered into a contract to sell 166 machines held by the nylon segment. As a result, a $0.6 million impairment of long-lived assets was recorded to write the assets down to their fair value less cost to sell.

Liquidity and Capital Resources

Cash Provided by Continuing Operations

While we had a net loss in fiscal year 2006, we generated $30.1 million of cash from continuing operations in fiscal year 2006 primarily due to depreciation and amortization of $49.9 million, a decrease in accounts receivables of $10.6 million, an impairment charge of $2.4 million, loss from unconsolidated equity affiliates of $1.9 million, non-cash charges for the early extinguishment of debt of $1.8 million, a provision for bad debt of $1.3 million, other amounts of $1.8 million and income taxes of $0.6 million, as compared to $28.8 million for fiscal year 2005. Cash uses from continuing operations included net loss from continuing operations of $14.4 million, reductions in accounts payable and accrued expenses of $8.5 million, decreases in deferred taxes of $7.7 million, higher inventories of $5.8 million, gains from the sale of capital assets of $1.8 million, increases in other current assets of $1.3 million, income from discontinued operations of $0.4 million and recoveries of restructuring charges of $0.3 million. The primary items affecting deferred taxes were depreciation in excess of federal tax depreciation, decreases in investments in equity affiliates, decreases in reserves for accounts receivable and severance, and increases in net operating losses which reduced the deferred tax obligation by $10.8 million, $3.6 million, $4.0 million and $2.7 million, respectively.

While we had a net loss in fiscal year 2005, we generated $28.8 million of cash from continuing operations in fiscal year 2005 primarily due to depreciation and amortization of $52.9 million, lower inventories of $20.6 million, a provision for bad debt of $13.2 million that was increased by the write-off of Collins & Aikman receivables, asset impairment charges of $0.6 million and income taxes of $0.2 million, as compared to $11.4 million for fiscal year 2004. Cash uses from continuing operations included net loss from continuing operations of $41.2 million, decreases in deferred taxes of $19.1 million, reductions in accounts payable and accrued expenses of $10.9 million, income from unconsolidated equity affiliates of $2.3 million, other amounts of $2.1 million, gains from the sale of capital assets of $1.8 million, increases in accounts receivable of $1.5 million and recoveries of restructuring charges of $0.3 million. The primary items affecting deferred taxes were depreciation in excess of federal tax depreciation, increases in reserves for accounts receivable and

severance and increases in net operating losses which reduced the deferred tax obligation by $10.0 million, $3.6 million and $4.1 million, respectively. The decrease in inventories was primarily the result of our inventory reduction program in the fourth quarter of fiscal year 2005.

Cash provided by continuing operations was $11.4 million for fiscal year 2004 based on a net loss of $69.8 million. Non-cash components of the net loss were depreciation and amortization of $57.6 million, write downs of long-lived assets of $25.2 million, goodwill impairment charges of $13.5 million, losses of unconsolidated equity affiliates of $8.7 million, non-cash restructuring charges of $7.2 million and the provision for bad debt of $2.4 million. Cash uses from continuing operations included a reduction of deferred taxes of $28.2 million, decreases in accounts payable and accrued expenses of $13.5 million, increases in accounts receivable of $9.0 million, other items of $3.8 million, gain on sales of assets $3.2 million, decreased inventories of $0.8 million and decreases in other current assets of $0.7 million. The accounts payable decrease includes $25.0 million representing a delayed billing payment resulting from a vendor's inability to invoice us for an extended period of time due to technical issues associated with the vendor's software system. The decrease in deferred taxes primarily relates to a goodwill impairment write down of $13.5 million, long-lived asset write downs totaling $25.2 million and book depreciation in excess of federal tax depreciation of $30.5 million.

Working capital changes have been adjusted to exclude the effects of acquisitions and currency translation for all years presented, where applicable. Net working capital at June 25, 2006 was $179.5 million.

Cash Used in Investing Activities

We utilized $29.2 million for net investing activities and $90.2 million in net financing activities during fiscal year 2006 compared to $4.7 million and $0.1 million, respectively, for fiscal year 2005. The primary cash expenditures during fiscal year 2006 included $248.7 million to retire the 2008 notes, $30.6 million for our investment in YUFI, $24.4 million for early payment of note payable in connection with the Kinston acquisition, $12.0 million for capital expenditures and $8.0 million for issuance and debt refinancing costs, offset by $190.0 million in proceeds from the issuance of the initial notes, proceeds from the sale of capital assets of $10.1 million, decreased restricted cash of $2.7 million, other financing activities of $1.0 million, and other investing activities of $0.5 million.

We utilized net cash of $4.7 million for investing activities in fiscal year 2005, which included $9.4 million for capital expenditures, $2.7 million for a deposit of restricted cash, and $1.4 million for acquisition related costs. These amounts were offset by $6.1 million for return of capital on investments from equity affiliates, $2.3 million of proceeds from sales of capital assets and $0.4 million, net of other investing activities. Net cash provided by financing activities increased by $0.1 million in fiscal year 2005 due to the issuance of common stock under the exercise of stock options.

We utilized $5.8 million for net investing activities and $8.5 million for net financing activities during fiscal year 2004. Significant expenditures during this period included $11.1 million for capital expenditures which included the $2.6 million purchase of the Sara Lee assets, and $3.6 million in capitalized software costs. Additionally, $8.4 million was expended for repurchasing our stock.

Long-Term Debt

Concurrent with the closing of the issuance of the initial notes, we also entered into the amended revolving credit facility. We used the net proceeds of the issuance of the initial notes, borrowings under our amended revolving credit facility and cash on hand to pay the consideration for the 2008 notes tendered in the tender offer.

Tender Offer for the 2008 Notes. On April 28, 2006, we commenced a tender offer for all of our then outstanding $250.0 million in aggregate principal amount of 2008 notes, simultaneously with a consent solicitation from the holders of the 2008 notes to remove substantially all of the restrictive covenants and certain

events of default under the indenture governing the 2008 notes. The tender offer expired on May 25, 2006, and $248.7 million in aggregate principal amount of 2008 notes were tendered in the tender offer, representing 99.5% of the then outstanding aggregate principal amount of 2008 notes. The $1.3 million in aggregate principal amount of 2008 notes that were not tendered and purchased in the tender offer remain outstanding in accordance with their amended terms. We funded the purchase price in the tender offer with available cash, borrowings under our amended revolving credit facility and proceeds from the initial notes offering. As a result of the tender offer and the initial notes offering, we expect that our interest expense will increase by approximately $5.6 million per year.

Senior Secured Notes. The notes will mature in 2014 and bear interest at the rate set forth on the cover of this prospectus. The notes are secured as described in "Description of the Notes." The indenture contains customary restrictive covenants. See "Description of the Notes—Certain Covenants."

Amended Revolving Credit Facility. Concurrently with the closing of the initial notes offering, we amended our old revolving credit facility to extend its maturity to 2011, permit the initial notes offering and this exchange offer, give us the ability to request that the borrowing capacity be increased up to $150.0 million under certain circumstances and revise some of its other terms and covenants. The amended revolving credit facility matures in 2011. The borrowings under the amended revolving credit facility are collateralized by first-priority liens, subject to permitted liens, in among other things, our inventory, accounts receivable, general intangibles (other than uncertificated capital stock of subsidiaries and other persons), investment property (other than capital stock of subsidiaries and other persons), chattel paper, documents, instruments, letter of credit rights, deposit accounts and other related personal property and all proceeds relating to any of the above and by second-priority liens, subject to permitted liens, on our and our subsidiary guarantors' assets that secure the notes and guarantees on a first-priority basis, in each case, other than certain excluded assets. Our ability to borrow under our amended revolving credit facility is limited to a borrowing base equal to specified percentages of eligible accounts receivable and inventory and is subject to other conditions and limitations. As of June 25, 2006, there were no amounts outstanding under our amended revolving credit facility, and based on our calculation as of that date, $94.2 million was available for borrowing under the borrowing base of this facility (net of $5.8 million to support outstanding letters of credit). See "Description of Other Indebtedness—Amended Revolving Credit Facility."

Liquidity Assessment

In addition to our normal operating cash and working capital requirements and service of our indebtedness, we will also require cash to fund capital expenditures and enable cost reductions through restructuring projects as follows:

- *Capital Expenditures*. We estimate our fiscal year 2007 capital expenditures will be in the range of $12.0 million to $15.0 million. Our capital expenditures primarily relate to maintenance of existing assets and equipment and technology upgrades. Management continuously evaluates opportunities to further reduce production costs, and we may incur additional capital expenditures from time to time as we pursue new opportunities for further cost reductions.
- *Restructuring/Cost Reductions*. On April 20, 2006, we reorganized our domestic business operations, and recorded a restructuring charge for severance of approximately $0.8 million in the fourth quarter of fiscal year 2006. Approximately 45 management level salaried employees were affected by the reorganization. In connection with our acquisition strategy, we may incur additional restructuring charges, including severance payments and other related expenses.
- *Joint Venture Investments*. We may from time to time increase our interest in our joint ventures, sell our interest in our joint ventures, invest in new joint ventures or transfer idle equipment to our joint ventures.

We believe that, based on current levels of operations and anticipated growth, cash flow from operations, together with other available sources of funds, including borrowings under our amended revolving credit facility,

will be adequate to fund anticipated capital and other expenditures and to satisfy our working capital requirements for at least the next 12 months.

Our ability to meet our debt service obligations and reduce our total debt will depend upon our ability to generate cash in the future which, in turn, will be subject to general economic, financial, business, competitive, legislative, regulatory and other conditions, many of which are beyond our control. We may not be able to generate sufficient cash flow from operations and future borrowings may not be available to us under our amended revolving credit facility in an amount sufficient to enable us to repay our debt, including the notes, or to fund our other liquidity needs. If our future cash flow from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to reduce or delay our business activities and capital expenditures, sell assets, obtain additional debt or equity capital or restructure or refinance all or a portion of our debt on or before maturity. We may not be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of our existing and future indebtedness, including the notes and our amended revolving credit facility, may limit our ability to pursue any of these alternatives. See “Risk Factors—Risks Related to The Notes and This Offering—We will require a significant amount of cash to service our indebtedness, and our ability to generate cash depends on many factors beyond our control.” Some risks that could adversely affect our ability to meet our debt service obligations include, but are not limited to, intense domestic and foreign competition in our industry, general domestic and international economic conditions, changes in currency exchange rates, interest and inflation rates, the financial condition or our customers and the operating performance of joint ventures, alliances and other equity investments.

Other Factors Affecting Liquidity

Stock Repurchase Program. Effective July 26, 2000, our Board of Directors increased the remaining authorization to repurchase up to 10.0 million shares of our common stock. We purchased 1.4 million shares in fiscal year 2001 for a total of $16.6 million. There were no significant stock repurchases in fiscal year 2002. Effective April 24, 2003, the Board of Directors re-instituted the stock repurchase program. Accordingly, we purchased 0.5 million shares in fiscal year 2003 and 1.3 million shares in fiscal year 2004. At June 25, 2006, we had remaining authority to repurchase approximately 6.8 million shares of our common stock under the repurchase plan. The repurchase program was suspended in November 2003, and we have no immediate plans to reinstitute the program.

Acquisitions. On September 30, 2004, we completed the Kinston acquisition, including inventories, for a purchase price of approximately $24.4 million which was financed with a seller note. The acquisition resulted in the termination of our alliance agreement with Invista. As part of the Kinston acquisition and upon finalizing the quantities and value of the acquired inventory, Unifi Kinston, LLC, our subsidiary, entered into a $24.4 million five-year loan agreement. The loan, which calls for interest only payments for the first two years, bore interest at 10% per annum and was payable in arrears each quarter commencing December 31, 2004 until paid in full. Quarterly principal payments of approximately $2.0 million were due beginning December 31, 2006 with the final payment due September 30, 2009. The loan agreement contained customary covenants for asset based loans including a required minimum collateral value ratio of 1.0 to 1.0 and a pre-defined maximum leverage ratio. The loan was secured by all of the business assets held by Unifi Kinston, LLC. On July 25, 2005, we made a $24.4 million pre-payment, plus accrued interest, paying off the loan in full.

Environmental Liabilities. The land associated with the Kinston acquisition is leased under a 99 year ground lease with DuPont. Since 1993, DuPont has been investigating and cleaning up the Kinston site under the supervision of the EPA and the North Carolina Department of Environment and Natural Resources under the Resource Conservation and Recovery Act Corrective Action Program. The Corrective Action Program requires DuPont to identify all solid waste management units or areas of concern, assess the extent of contamination at the identified areas and clean them up to applicable regulatory standards. Under the terms of the ground lease, upon completion by DuPont of required remedial action, ownership of the Kinston site will pass to us. Thereafter, we

will have responsibility for future remediation requirements, if any, at the solid waste management units and areas of concern previously addressed by DuPont and at any other areas at the plant. At this time we have no basis to determine if and when we will have any responsibility or obligation with respect to the solid waste management units and areas of concern or the extent of any potential liability for the same. Accordingly, the possibility that we could face material clean-up costs in the future relating to the Kinston facility cannot be eliminated. In addition, we are evaluating several options with respect to the upgrade of our industrial boilers at the Kinston site. The estimated investment ranges from $0 to $2.0 million. No determination has been made with respect to which alternative to pursue, if any.

Joint Ventures. We have invested $30.0 million in cash in our Chinese joint venture, YUFI, for our 50% equity interest which we paid using the proceeds of capital asset sales relating to the closure of our European manufacturing operations.

Contractual Obligations

Our significant long-term debt obligations as of June 25, 2006 were as follows:

	Cash Payments Due by Period (in thousands)				
Description of Commitment	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
The notes(1)	$ 190,000	$ —	$ —	$ —	$ 190,000
2008 notes(2)	1,273	—	1,273	—	—
Interest on long-term debt(3)	175,704	22,554	44,795	44,598	63,757
Other long-term debt	19,028	10,766	7,148	785	329
Purchase obligations					
Nylon yarn procurement—U.S.(4)	41,070	20,535	20,535	—	—
Operating leases	9,795	3,460	6,019	316	—
	$ 436,870	$ 57,315	$ 79,770	$ 45,699	$ 254,086

(1) The notes will mature in 2014. For more information on the terms of the notes, see “Description of the Notes.”

(2) On April 28, 2006, we commenced a tender offer for all of our then outstanding $250.0 million in aggregate principal amount of 2008 notes, simultaneously with a consent solicitation from the holders of the 2008 notes to remove substantially all of the restrictive covenants and certain events of default under the indenture governing the 2008 notes. The tender offer expired on May 25, 2006, and $248.7 million in aggregate principal amount of 2008 notes were tendered in the tender offer, representing 99.5% of the then outstanding aggregate principal amount of 2008 notes. The $1.3 million in aggregate principal amount of 2008 notes that were not tendered and purchased in the tender offer remain outstanding in accordance with their amended terms.

(3) Consists of interest on the notes, the 2008 notes and on our amended revolving credit facility and interest on other long-term debt.

(4) Our nylon segment has a supply agreement with UNF, which expires in April 2008. We are obligated to purchase certain to be agreed upon quantities of yarn production from UNF. The agreement does not provide for a fixed or minimum amount of yarn purchases, therefore there is a degree of uncertainty associated with the obligation. Accordingly, we have estimated our obligation under the agreement based on past history and internal projections.

Off Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

Recent Accounting Pronouncements

In March 2005, the FASB issued FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations." This is an interpretation of SFAS No. 143, "Accounting for Asset Retirement Obligations," which applies to all entities and addresses the legal obligations with the retirement of tangible long-lived assets that result from the acquisition, construction, development or normal operation of a long-lived asset. SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. FIN 47 further clarifies the meaning of "conditional asset retirement obligation" with respect to recording the asset retirement obligation discussed in SFAS No. 143. The effective date is for fiscal years ending after December 15, 2005. During the fourth quarter of fiscal 2006, we performed a formal review of our asset retirement obligations in accordance with FIN 47. With respect to assets in which the retirement was measurable, the impact on our financial position and results of operations was immaterial. The fair value of the assets retirement obligations relating to our Kinston facility could not be reasonably estimated. See Note 19 to our audited consolidated financial statements included elsewhere in this prospectus.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," which is an interpretation of SFAS No. 109. The pronouncement creates a single model to address accounting for uncertainty in tax positions. FIN 48 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. We will adopt FIN 48 as of the first day of fiscal year 2008, and we do not expect that the adoption of this interpretation will have a significant impact on our financial position and results of operations.

Quantitative and Qualitative Disclosure About Market Risk

We are exposed to market risks associated with changes in interest rates and currency fluctuation rates, which may adversely affect our financial position, results of operations and cash flows. In addition, we are also exposed to other risks in the operation of our business.

Interest Rate Risk. We are exposed to interest rate risk through our borrowing activities, which are further described in Note 2 "Long Term Debt and Other Liabilities." The majority of our borrowings are in long-term fixed rate bonds. Therefore, the market rate risk associated with a 100 basis point change in interest rates would not be material to us at the present time.

Currency Exchange Rate Risk. We conduct our business in various foreign currencies. As a result, we are subject to the transaction exposure that arises from foreign exchange rate movements between the dates that foreign currency transactions are recorded (export sales and purchases commitments) and the dates they are consummated (cash receipts and cash disbursements in foreign currencies). We utilize some natural hedging to mitigate these transaction exposures. We also enter into foreign currency forward contracts for the purchase and sale of European and North American currencies to hedge balance sheet and income statement currency exposures. These contracts are principally entered into for the purchase of inventory and equipment and the sale of our products into export markets. Counter-parties for these instruments are major financial institutions. If the derivative is a hedge, changes in the fair value of derivatives are either offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings. We do not enter into derivative financial instruments for trading purposes nor are we a party to any leveraged financial instruments.

We use currency forward contracts to hedge exposure for sales in foreign currencies based on specific sales orders with customers or for anticipated sales activity for a future time period. Generally, 60-80% of the sales value of these orders is covered by forward contracts. Maturity dates of the forward contracts are intended to match anticipated receivable collections. We mark the outstanding accounts receivable and forward contracts to

market at month end and any realized and unrealized gains or losses are recorded as other income and expense. We also enter into currency forward contracts for committed or anticipated equipment and inventory purchases. Generally, 50-75% of the asset cost is covered by forward contracts, although 100% of the asset cost may be covered by contracts in certain instances. Effective February 14, 2005, we entered into a contract to sell our European facility in Ireland and received a $2.8 million non-refundable deposit from the purchaser. In addition to the deposit, the contract called for a partial payment of 16.0 million Euros on June 30, 2005 and a final payment of 2.1 million Euros on September 30, 2005. On February 22, 2005, we entered into a forward exchange contract for 15.0 million Euros. We were required by the financial institution to deposit $2.8 million in an interest bearing collateral account to secure the financial institution's maximum exposure on the hedge contract. This cash deposit has been reclassified as "restricted cash" and is recorded on our balance sheet as a current asset. On July 15, 2005, we settled the forward exchange contract for 15.0 million Euros. Forward contracts are matched with the anticipated date of delivery of the assets and gains and losses are recorded as a component of the asset cost for purchase transactions for which we are firmly committed. The maturity date for our two outstanding purchase and sales of foreign currency forward contracts are July 2006 and October 2006, respectively.

The dollar equivalent of these forward currency contracts and their related fair values are detailed below:

	June 25, 2006	June 26, 2005	June 27, 2004
		(in thousands)	
Foreign currency purchase contracts:			
Notional amount	$ 526	$ 168	$ 3,660
Fair value	535	159	3,642
Net (gain) loss	$ (9)	$ 9	$ 18
Foreign currency sales contracts:			
Notional amount	$ 833	$ 24,414	$ 18,833
Fair value	878	22,687	19,389
Net (gain) loss	$ 45	$ (1,727)	$ 556

The fair values of the foreign exchange forward contracts at the respective year end dates are based on discounted year end forward currency rates. The total impact of foreign currency related items that are reported on the line item "other (income) expense, net" in our consolidated statements of operations, including transactions that were hedged and those that were not hedged, was a pre-tax loss of $0.7 million for fiscal 2006, a pre-tax gain of $1.1 million for fiscal year 2005 and a pre-tax loss of $0.5 million for fiscal year 2004.

Inflation and Other Risks. The inflation rate in most countries we conduct business has been low in recent years and the impact on our cost structure has not been significant. We are also exposed to political risk, including changing laws and regulations governing international trade such as quotas and duties and tax laws. The degree of impact and the frequency of these events cannot be predicted.

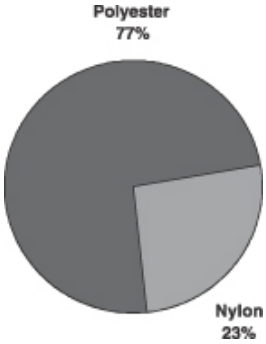
BUSINESS

Our Company

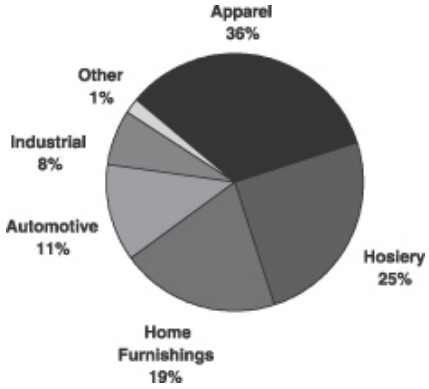
We are a diversified North American producer and processor of multi-filament polyester and nylon yarns, including specialty yarns with enhanced performance characteristics. We add value to the supply chain and enhance consumer demand for our products through the development and introduction of branded yarns that provide unique performance, comfort and aesthetic advantages. We manufacture partially oriented, textured, dyed, twisted and beamed polyester yarns as well as textured nylon and nylon covered spandex products. We sell our products to other yarn manufacturers, knitters and weavers that produce fabrics for the apparel, hosiery, home furnishings, automotive, industrial and other end-use markets. We maintain one of the industry's most comprehensive product offerings and emphasize quality, style and performance in all of our products. Our net sales, net loss and EBITDA were $738.8 million, $14.4 million and $47.5 million, respectively, for fiscal year 2006. See footnote 1 to "Summary Historical Financial Data" for the definition of EBITDA and a reconciliation of EBITDA to net loss.

The following charts illustrate the percentage of our net sales for fiscal year 2006 based on product type and end-use market:

Net Sales by Product Type



Net Sales by End-Use Market



We work across the supply chain to develop and commercialize specialty yarns that provide performance, comfort, aesthetic and other advantages that enhance demand for our products. We have branded the premium portion of our specialty value-added yarns in order to distinguish our products in the marketplace. We currently have more than 20 premium value-added yarns in our portfolio, which we commercialize under several brand names, including Sorbtek®, A.M.Y.®, Mynx® UV, Reflexx®, MicroVista®, , aio® and Repreve®.

A significant number of our customers, particularly in the apparel market, produce finished goods that they seek to make eligible for duty-free treatment in the regions covered by the regional free-trade markets. When U.S.-origin POY is used to produce finished goods in these regional free-trade markets, and other origin criteria are met, then the finished goods are eligible for duty-free treatment.

We use advanced production processes to manufacture our high-quality yarns cost-effectively. We believe that our flexibility and experience in producing specialty yarns provides us with important development and commercialization advantages. We have state-of-the-art manufacturing operations in North and South America and participate in joint ventures in China, Israel and the United States.

Business Strengths

Leading Market Positions. We are a diversified producer and processor of multi-filament polyester and nylon yarns, and we are a leading North American producer and processor of polyester POY, polyester DTY, nylon DTY, twisted yarn, nylon covered yarn and dyed yarn. We have strong positions in nearly every other market in which we participate. We believe that our position as an industry leader stems from the high quality of our products, our product innovations, the efficiency of our operations and our customer service.

Our market leading position provides us with the following competitive advantages:

- we are able to realize significant economies of scale that enhance our productivity;
- we are able to service large customers due to the size and flexibility of our manufacturing facilities, distribution system and marketing staff; and
- we are an attractive strategic partner for retailers and companies with established brands.

Significant Expertise in Value-Added Product Development and Commercialization. We are a leader in the development, manufacturing and commercialization of innovative, value-added specialty yarns with enhanced performance characteristics such as moisture management, ultraviolet protection and anti-microbial and odor control properties. In addition, we have developed a line of products that are made from recycled materials in order to appeal to environmentally conscious consumers. Due to our reputation for delivering high-quality innovative products, we have developed strong customer relationships with a number of significant downstream customers, including Wal-Mart, Dick's Sporting Goods, Russell Athletic, Reebok and the U.S. military. We also have strong relationships with the largest regional fabric producers, enabling us to market to downstream customers in collaboration with those producers. Our expertise in developing and commercializing value-added performance products combined with our strong customer relationships allows us to enhance demand for our products.

Leading Supplier in the Regional Free-Trade Markets. We are the largest of only a few producers in the regional free-trade markets of polyester POY. When U.S.-origin POY is used to produce finished goods in these regional free-trade markets, and other origin criteria are met, then the finished goods are eligible for duty-free treatment. In the first half of fiscal year 2006, approximately 40% of sales from our U.S. polyester operations (approximately 80% of our polyester sales into the apparel market) and approximately 55% of sales from our U.S. nylon operations were to customers who purchase yarn from a signatory country to the NAFTA and CAFTA agreements or a beneficiary country to the CBI or ATPA programs to receive duty-free treatment for their finished goods. We estimate that the duty-free benefit of processing textiles and apparel under the terms of these regional free-trade agreements and duties preference programs typically represents a wholesale cost advantage of up to 30% on these finished goods. Our products, when incorporated by regional supply chain partners into finished goods that are eligible for duty-free treatment, are highly competitive in a number of product categories with imports from outside the applicable regions in terms of price and quality.

High-Quality Products and Flexible, Specification-Driven Production. We believe we are widely recognized by the industry as the leading producer of high-quality specification-driven products. Our operational expertise and state-of-the-art facilities allow us to efficiently produce high-quality yarns and specialty fibers with enhanced performance characteristics customized to fulfill our customers' specifications. We recently realigned our pricing by product and instituted innovative pricing terms for small lot and made-to-order purchases to better pass on the retooling and inventory costs associated with smaller and unique orders.

Diverse Customer Base in a Variety of End-Markets. Our yarns and brands are found in a variety of end products, such as apparel, hosiery, home furnishings, automotive and industrial products. We sell polyester yarns to approximately 900 customers and nylon yarns to approximately 200 customers in a variety of geographic markets. In fiscal year 2006, our nylon segment had sales of $76.4 million to Sara Lee Branded Apparel, now Hanesbrands Inc., which is our only customer in excess of 10% of our consolidated revenues.

Experienced Management Team. Our management team has been integral in establishing our reputation for quality and innovation, developing and maintaining strong relationships with our customers, successfully integrating acquisitions and adjusting our operational infrastructure to match market conditions. Our management team has an average of nearly 18 years of experience in the industry.

Business Strategy

Focus on Manufacturing Efficiencies, Cost Reductions and Profitability. We intend to continue our focus on achieving manufacturing efficiencies, lowering costs and increasing profit margins. We have targeted several initiatives to achieve these goals, including:

- continuing to leverage our leading market positions;
- improving our product mix through increased sales of higher margin products, such as branded premium value-added yarns;
- maximizing utilization rates and matching overhead costs with operating rates in order to produce high-quality products with greater manufacturing efficiencies;
- adjusting our pricing policies and terms to customer specifications and changing market conditions; and
- efficiently integrating the facilities of newly acquired businesses.

As a result of our investment of approximately $1.3 billion in our production facilities since 1992, we do not currently anticipate that we will require any significant additional capital expenditures to replace or expand our production facilities over the next five years.

Grow our Sales of Premium Value-Added Products and Promote our Brands. We intend to leverage our expertise in product innovation, manufacturing and commercialization to continue to grow our sales of premium value-added yarns, which typically generate higher margins. We have grown our net sales of these value-added products from approximately $5.0 million in fiscal year 2001 to approximately $41.0 million in fiscal year 2006. We have branded these products to better market them to our downstream customers. In addition, we intend to increase demand for our premium value-added products by continuing to work with fabric producers and downstream customers on the development of new or improved products that meet the demands of consumers. As a result, downstream customers such as Wal-Mart, Dick’s Sporting Goods, Russell Athletic, Reebok and the U.S. military have specified our products for use in their finished products.

Capitalize on Regional Free-Trade Markets. We are the largest of only a few producers in the regional free-trade markets of polyester POY. When U.S.-origin POY is used to produce finished goods in these regional free-trade markets, and other origin criteria are met, then the finished goods are eligible for duty-free treatment. We intend to continue to take advantage of our leading position in these markets to increase our market share with regional and domestic fabric producers who ship their products into the regional free-trade markets for further processing.

Expand Penetration of High-Growth Asian Markets. We intend to selectively increase our penetration of high-growth Asian markets such as China. China is currently one of the fastest growing consumers of specialty yarns, with a specialty yarn market almost as large as the entire U.S. yarn market. In addition, China currently imports approximately 30-35% of its specialty yarn needs. We have a 50/50 joint venture in China which combines our operational and marketing expertise with the customer base of a well-established, publicly-traded Chinese producer of fiber. This joint venture manufactures, processes and markets polyester filament yarn in China and provides us with an immediately accessible customer base in Asia at lower start-up costs and with fewer execution risks. Our joint venture allows us to pursue long-term, profitable revenue growth in Asia and service global brands and retailers who either produce or source from Asia.

Selectively Pursue Strategic Acquisitions. We believe that we are well-positioned to capitalize on the consolidation occurring in the North American synthetic yarn market due to our leading market position and our track record of successfully integrating acquisitions. Most of our competitors are smaller, privately-held companies which focus on only one or two of the markets we serve. We believe there are a number of acquisition opportunities in the North American market which can increase our profitability through the elimination of excess capacity and overhead costs. Accordingly, we plan to selectively pursue additional acquisitions that offer us the potential to strengthen our market position, increase our product offerings and/or achieve cost savings. For example, in 2005, we consolidated two of four recently acquired Kinston operating lines, reducing staffing levels from approximately 800 to approximately 260 employees and making the business profitable within twelve months.

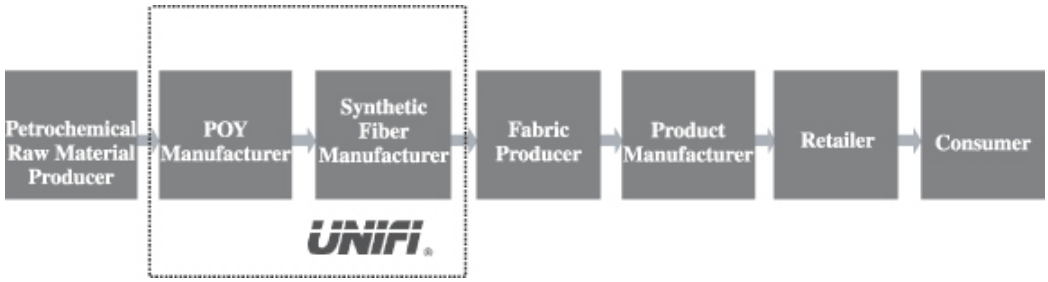
Industry Overview

The textile and apparel market consists of natural and synthetic fibers used for apparel and non-apparel applications. The industry is characterized by dependence upon a wide variety of end-markets which primarily include apparel, home textiles, industrial and consumer products, floor coverings, fiber fill and tires. The apparel and hosiery markets account for 25% of total production, the floor covering market accounts for 32%, the industrial and consumer markets account for 20%, the home textiles market accounts for 13% and other end-uses account for 10%.

According to independent industry sources, the size of the global polyester textile filament market in calendar 2005 was estimated to be 29.5 billion pounds. The North American share of production within this global market was 2%. United States consumption of polyester textured yarn in 2005 was approximately 500 million pounds. Imports from foreign producers accounted for 21% of this textured yarn consumption.

Textiles and apparel goods are made from natural fiber filament, such as cotton and wool, or synthetic fiber filament, such as polyester and nylon. Since 1980, global demand for polyester has grown steadily, and in 2003, polyester replaced cotton as the fiber with the largest percentage of sales worldwide. In 2005, polyester accounted for an estimated 40% of global fiber filament consumption and demand is projected to increase by 6% to 7% annually through 2009. The synthetic fiber sector accounts for approximately 55% of the U.S. textile and apparel market.

The synthetic filament industry includes petrochemical and raw material producers, fiber and yarn manufacturers (like Unifi), fabric and product producers, retailers and consumers. The following chart illustrates the supply chain in the synthetic filament industry:



Among synthetic filament yarn producers, pricing is highly competitive, with innovation, product quality and customer service being essential for differentiating the competitors within the industry. Both product innovation and product quality are particularly important, as product innovation gives customers competitive advantages and product quality provides for improved manufacturing efficiencies.

The North American synthetic yarn market has contracted since 1999, primarily as a result of intense foreign competition in finished goods on the basis of price. In addition, due to consumer preferences, demand for sheer hosiery products has declined in recent years, which negatively impacts nylon manufacturers. Despite this decline, U.S. retailers and other end-users have consistently expressed their need for a balanced procurement strategy with both global and regional production to satisfy their need for readily available production capacity, quick response times, specialized products, product changes based on customer feedback and more customized orders. As a result, the contraction in the U.S. synthetic yarn market continues, although we expect a lower rate of decline in the future as regional manufacturers continue to demand U.S. manufactured synthetic yarn. There has also been growing emphasis domestically towards premium value-added yarns as consumers, retailers and manufacturers demand products with enhanced performance characteristics. This emphasis on incorporating specialty synthetic yarn in finished goods has greatly increased domestic demand for value-added synthetic fibers.

The U.S. government has attempted to regulate the growth of certain textile and apparel imports by establishing quotas and duties on imports from countries that historically account for significant shares of U.S. imports. Under the January 1995 Agreement on Textiles and Clothing, the WTO began implementing a phased-in elimination of import quotas and a reduction of duties among its members, which culminated with the elimination of all remaining quotas for all members of WTO on January 1, 2005. After extensive negotiations, the United States and China entered into a bilateral agreement in November 2005, reinstating quotas on a number of categories of Chinese textile and apparel products. These quotas under this agreement will end on December 31, 2008. Nevertheless, duties on imported textile and apparel products, including textile and apparel products from China, remain in effect. We believe that duties are a more effective method than quotas in providing protection for the U.S. textile and apparel industry.

In the Americas region, regional free-trade agreements, such as NAFTA and CAFTA, and U.S. unilateral duties preference programs, such as ATPA and CBI, have a significant impact on the flow of goods among the region and the relative costs of production. The cost advantages offered by these regional free-trade agreements and duties preference programs on finished goods which incorporate U.S.-origin synthetic fiber and the desire for quick inventory turns have enabled regional synthetic yarn producers to effectively compete with imported finished goods from lower wage-based countries. We estimate that the duty-free benefit of processing synthetic textiles and apparel finished goods under the terms of these regional free-trade agreements and duties preference programs typically represents a wholesale cost advantage of up to 30% on these finished goods. As a result of such cost advantages, it is expected that these regions will continue to grow in their supply of textiles to the United States.

Products

We manufacture polyester POY and synthetic polyester and nylon yarns for a wide range of end-uses. We process and sell both high-volume and specialty yarns, domestically and internationally.

Polyester POY is used to make polyester yarn. Our polyester yarn products include textured, dyed, twisted and beamed yarns. We sell our polyester yarns to other yarn manufacturers, knitters and weavers that produce fabrics for the apparel, automotive and furniture upholstery, home furnishings, industrial, military, medical and other end-use markets. Our nylon products include textured nylon and covered spandex products, which we sell to other yarn manufacturers, knitters and weavers that produce fabrics for the apparel, hosiery, sock and other end-use markets.

In addition to producing high-volume yarns, we develop, manufacture and commercialize specialty yarns that provide performance, comfort, aesthetic and other advantages. For example, we have developed a line of products that are made from recycled materials in order to appeal to environmentally conscious consumers. We

have branded the premium portion of our specialty value-added yarns in order to distinguish our products in the marketplace. We currently have more than 20 premium value-added yarn products in our portfolio. Such branded yarn products include:

- Sorbtek®, a permanent moisture management yarn primarily used in performance base layer applications, compression apparel, athletic bras, sports apparel, socks and other non-apparel related items;
- A.M.Y.®, a yarn with permanent antimicrobial and odor control;
- Mynx®UV, an ultraviolet protective yarn;
- Reflexx®, a family of stretch yarns, that can be found in a wide array of end-use applications from home furnishings to performance wear and from hosiery and socks to workwear and denim;
- MicroVista®, a family of microfiber yarns;
- aio® all-in-one performance yarns, which combine multiple performance properties into a single yarn; and
- Repreve®, an eco-friendly yarn made from 100% recycled materials.

Sales and Marketing

We employed a sales force of approximately 30 persons as of June 25, 2006 operating out of sales offices in the United States, Brazil and Colombia. We rely on independent sales agents for sales in several other countries.

We seek to create strong customer relationships and continually seek ways to build and strengthen those relationships throughout the supply chain. Through frequent communications with customers, partnering with customers in product development and engaging key downstream retailers, we have created significant pull-through sales and brand recognition for our products. For example, based on an analysis of a retailer's product offerings, we develop proposals for a garment that fits within a brand or retailer's product line, using our premium value-added products to give the item special qualities, such as moisture wicking capability or anti-microbial properties. Together with our selected supply chain partner, we then make proposals to the retailer, who can modify the proposed product to suit its requirements. If the retailer decides to produce and market the item, we and our supply chain partner will be positioned to provide the necessary fabric. Examples of the success of this strategy include:

- Sorbtek®, which is used in many well-known apparel brands and retailers, including Wal-Mart, Reebok, the U.S. military, Dick's Sporting Goods, Duofold, Hind and Icy Hot. Today Sorbtek® can be found in over 2,500 Wal-Mart stores under the Athletic Works brand;
- A.M.Y.®, which can be found in many apparel brands, including Marmot, Eastern Mountain Sports, the U.S. military, Everlast, Duofold, Jerzees Socks and Russell Athletics;
- Mynx® UV, which can be found in Asics Running Apparel and Terry Cycling; and
- Reflexx®, which can be found in major brands, including VF Corporation's Wrangler and Red Kap, Dockers and Majestic Athletic (a maker of uniforms for several major league baseball teams, including the New York Yankees).

Customers

We sell our products to other yarn manufacturers, knitters and weavers that produce fabrics for the apparel, hosiery, sock, automotive upholstery, furniture upholstery, home furnishings, industrial, military, medical and

other end-use markets. We sell our polyester yarns to approximately 900 customers and our nylon yarns to approximately 200 customers in a variety of geographic markets. In fiscal year 2006, our nylon segment had sales to Sara Lee Branded Apparel, now Hanesbrands Inc., of $76.4 million, which were in excess of 10% of our consolidated revenues. The loss of this customer would have a material adverse effect on our nylon segment.

We generally sell our products on an order-by-order basis for both the polyester and nylon segments, even for our premium value-added yarn with enhanced performance characteristics. For substantially all customer orders, including those involving more customized yarns, we manufacture and ship yarn in accordance with firm orders received from customers specifying yarn type and delivery dates. We do not currently provide raw yarn consignment arrangement to any customers.

Customer payment terms are generally consistent for both the polyester and nylon reporting segments and are usually based on prevailing industry practices for the sale of yarn domestically or internationally. In certain cases, payment terms are subject to further negotiation between us and individual customers based on specific circumstances impacting the customer and may include the extension of payment terms or negotiation of situation specific payment plans. We do not believe that any such deviations from normal payment terms are significant to either of our reporting segments or the Company taken as a whole. See “Risk Factors—Risks Related to Our Business—Our business could be negatively impacted by the financial condition of our customers.”

Manufacturing

Polyester POY is made from petroleum-based chemicals such as TPA and MEG. The production of polyester POY consists of two primary processes, polymerization (performed at our Kinston facility) and spinning (performed at our Yadkinville and Kinston facilities). The polymerization process is the production of polymer by a chemical reaction involving TPA and MEG, which are combined to form chip. The spinning process involves the extrusion of molten polymer, directly from polymerization or using chip, into polyester POY. The molten polymer is extruded through spinnerettes to form continuous multi-filament raw yarn.

Our polyester and nylon yarns can be sold externally or further processed internally. Additional processing of our polyester products includes texturing, package dyeing, twisting and beaming. The texturing process, which is common to both polyester and nylon, involves the processing of POY, which is either natural or solution-dyed raw polyester or natural nylon filament fiber. Texturing polyester POY involves the use of high-speed machines to draw, heat and twist the polyester POY to produce yarn having various physical characteristics, depending on its ultimate end-use. This process gives the yarn greater bulk, strength, stretch, consistent dyeability and a softer feel, thereby making it suitable for use in knitting and weaving of fabrics.

Package dyeing allows us to match customer specific color requirements for yarns sold into the automotive, home furnishings and apparel markets. Twisting incorporates real twist into the filament yarns, which can be sold for such uses as sewing thread, home furnishings and apparel. Beaming places both textured and covered yarns on beams to be used by customers in knitting and weaving applications. Warp drawing converts polyester POY into flat yarn, also packaged on beams.

Additional processing of our nylon products mostly includes covering, which involves the wrapping or air entangling of filament or spun yarn around a core yarn. This process enhances a fabric’s ability to stretch, recover its original shape and resist wrinkles.

We work closely with our customers to develop premium value-added yarns that reflect current consumer preferences.

Suppliers

The primary raw material suppliers for our polyester segment are Nan Ya for chip, DAK Americas LLC for TPA and DuPont for MEG. The primary suppliers of nylon POY to our nylon segment are UNF, Invista

S.a.r.l, Sara Lee Nilit Fibers, Ltd. and Universal Premier Fibers, LLC (formerly known as Cookson Fibers, Inc.). UNF is our 50/50 joint venture with Nilit Ltd., located in Israel. The joint venture produces nylon POY at Nilit's manufacturing facility in Migdal Ha—Emek, Israel. The nylon POY production is being utilized in our domestic nylon texturing operations. We have entered into long-term supply agreements with each of Nan Ya, DAK, DuPont and UNF. Our agreement with Nan Ya will expire in October 2007 and may otherwise be terminated earlier upon six months prior notice. Our agreements with DAK can be terminated upon two years prior notice. Our agreement with DuPont will terminate on June 30, 2007 and our agreement with UNF will terminate in April 2008. Our supply agreements typically provide for formula-driven pricing. Although we do not generally expect having any significant difficulty in obtaining nylon POY or chemical and other raw materials used to manufacture polyester POY, we have in the past and may in the future experience interruptions or limitations in supply which could materially affect us. See "Risk Factors—Risks Related to Our Business—We depend upon limited sources for raw materials, and interruptions in supply could increase our costs of production and cause our operations to suffer."

Joint Ventures and Other Equity Investments

We participate in joint ventures in China, Israel and the United States. See "Management's Discussion and Analysis of Financial Condition and Results of Operation—Joint Ventures and Other Equity Investments" for a more detailed description of our joint ventures.

Competition

The industry in which we currently operate is highly competitive. We process and sell both high-volume commodity products and more specialized yarns both domestically and internationally into many end-use markets, including the apparel, automotive upholstery and home furnishing markets. We compete with a number of other foreign and domestic producers of polyester and nylon yarns as well as with imports of textile and apparel products.

Our major regional competitors in the polyester yarn segment are Nan Ya, Dillon, O'Mara, Inc., Spectrum, KOSA and AKRA, S.A. de C.V. Our major regional competitors in the nylon yarn segment are Sapona Manufacturing Company, Inc., McMichael Mills, Inc. and Worldtex, Inc.

We also compete against a number of foreign competitors that not only sell polyester and nylon yarns in the United States but also import foreign sourced fabric and apparel into the United States and other countries in which we do business, which adversely impacts the sale of our polyester and nylon yarns.

According to independent industry sources, the size of the global polyester textile filament market in calendar 2005 was estimated to be 29.5 billion pounds. The North American share of production within this global market was 2%. United States consumption of polyester textured yarn in 2005 was approximately 500 million pounds. Imports from foreign producers accounted for 21% of this textured yarn consumption.

Imports of all textile and apparel products represented approximately 70% of final consumer consumption in North America.

Our foreign competitors include yarn manufacturers located in the regional free-trade markets who also benefit from the NAFTA, CAFTA, CBI and ATPA trade agreements which provide for duty-free treatment of most apparel and textiles between the signatory (and qualifying) countries. The cost advantages offered by these trade agreements and the desire for quick inventory turns have enabled commodity yarn producers from these regions to effectively compete. As a result of such cost advantages, we expect that the CAFTA and ATPA regions will continue to grow in their supply to the United States. We are the largest of only a few significant producers of eligible yarn under these trade agreements. As a result, one of our business strategies is to leverage

our eligibility status to increase our share of business with regional fabric producers and domestic producers who ship their products into the region for further processing.

On a global basis, we compete not only as a yarn producer but also as part of a supply chain. As one of the many participants in the textile industry supply chain, our business and competitive position are directly impacted by the business and financial condition and competitive position of the several other participants in the supply chain in which we operate.

In the apparel market, a significant source of overseas competition comes from textile and apparel manufacturers that operate in lower labor and lower raw materials cost countries such as China. The primary competitive factors in the textile industry include price, quality, product styling and differentiation, flexibility of production and finishing, delivery time and customer service. The needs of particular customers and the characteristics of particular products determine the relative importance of these various factors. Several of our foreign competitors have significant competitive advantages over us, including lower wages, lower raw materials and energy costs and favorable currency exchange rates against the U.S. dollar, which could make our products less competitive and may cause our sales and profits to decrease. In addition, while traditionally these foreign competitors have focused on commodity production, they are now increasingly focused on premium value-added products where we continue to generate higher margins. In recent years, international imports of fabric and finished goods in the United States have significantly increased, resulting in a significant reduction in our customer base. The primary drivers for that growth are the reduction in equipment costs which have reduced barriers to entry in the market, the currency devaluation of Asian currencies following the Asian financial crisis, the entry of China into the free-trade markets and the staged elimination of all textile and apparel quotas. In May 2005, the U.S. government imposed safeguard quotas on various categories of Chinese-made products, citing “market disruption.” Following extensive negotiations, the United States and China entered into a bilateral agreement in November 2005 resulting in the imposition of annually decreasing quotas on a number of categories of Chinese textile and apparel products until December 31, 2008. We expect competitive pressures to intensify as a result of the gradual elimination of trade protections. See “—Trade Regulation.”

The U.S. automotive upholstery market has been less susceptible to import penetration because of the exacting specifications and quality requirements often imposed on manufacturers of automotive upholstery and the often short time frame for deliveries. Effective customer service and prompt response to customer feedback are logistically more difficult for an importer to provide. Nevertheless, to the extent the U.S. automotive industry itself faces competition from imports, the U.S. automotive upholstery industry is also affected by imports.

The nylon hosiery market has been experiencing a decline in recent years due to changing consumer preferences, but is expected to decline at a much lower rate compared to previous years. We supply the largest domestic ladies hosiery producer, Sara Lee Branded Apparel, now Hanesbrands Inc.

General economic conditions, such as raw material prices, interest rates, currency exchange rates and inflation rates that exist in different countries have a significant impact on our competitiveness, as do various country-to-country trade agreements and restrictions.

We believe that the continuing development and marketing of new and improved products, the growing need for quick response, speed to market, quick inventory turns and cost of capital will continue to require a sizable portion of the textile industry to remain based in North America. Our success will continue to be primarily based on our ability to improve the mix of product offerings to more premium value-added products, to implement cost saving strategies and to pass along raw material price increases, which will improve our financial results, and to strategically penetrate growth markets such as China.

See “Risk Factors—Risks Related to Our Business—We face intense competition from a number of domestic and foreign yarn producers and importers of textile and apparel products.”

Backlog and Seasonality

We generally sell our products on an order-by-order basis for both the polyester and nylon reporting segments, even for our premium value-added yarns. Changes in economic indicators and consumer confidence levels can have a significant impact on retail sales. Deviations between expected sales and actual consumer demand result in significant adjustments to desired inventory levels and, in turn, replenishment orders placed with suppliers. This changing demand ultimately works its way through the supply chain and impacts us. As a result, we do not track unfilled orders for purposes of determining backlog but rather to routinely reconfirm or update the status of potential orders. Consequently, backlog is generally not applicable to us, and we do not consider our products to be seasonal.

Intellectual Property

We have a limited number of patents and approximately 26 U.S. registered trademarks, 1 trademark application and several foreign trademark registrations, none of which is material to any of our reporting segments or our business taken as a whole. We license certain of our trademarks, including Dacron® and softec™ from Invista.

Employees

We employed approximately 3,300 employees as of June 25, 2006, of which approximately 3,275 are full-time and approximately 25 are part-time employees. Approximately 2,500 employees are employed in the polyester segment, approximately 700 employees are employed in the nylon segment and approximately 100 employees are employed in our corporate segment or other division. While employees of our foreign operations are generally unionized, none of our domestic employees are currently covered by collective bargaining agreements. We believe that our relations with our employees are good.

Properties

Following is a summary of the principal properties owned or leased by us as of June 25, 2006:

Location	Description	Size (ft.)	Lease/Own
Corporate Office Headquarters			
Greensboro, NC	One corporate office	98,700	Owned
Polyester Business Properties:			
Yadkinville, NC	Five plants and three warehouses	2,879,000	Owned
Kinston, NC	One plant and one warehouse	1,340,000	Owned(1)
Reidsville, NC	One plant	464,000	Owned
Mayodan, NC	One plant	232,000	Leased (exp. January 1, 2013)(2)
Staunton, VA	One plant and one warehouse(3)	168,000	Owned
	One warehouse	250,000	Leased (exp. May 25, 2007)(4)
Alfenas, Brazil	One plant and one warehouse	277,000	Owned
Sao Paulo, Brazil	One corporate office	—	Leased (exp. May 31, 2008)
Nylon Business Properties:			
Madison, NC	One plant(5)	947,000	Owned
Fort Payne, AL	One central distribution center	40,000	Owned
Bogota, Colombia	One plant	50,000	Owned

(1) We own the building and equipment and lease the warehouse. We have a 99-year lease on the land from DuPont. The land will be purchased for $1 at the completion of DuPont's environmental remediation work on the site. See "—Environmental Matters."
(2) Leased from Nationsbanc Leasing & R.E. Corporation under sale leaseback agreement dated May 20, 1997.
(3) We sold an idle manufacturing facility in Staunton, Virginia in May 2006.
(4) Leased from Morris Mill Rd Plant, LLC under sale leaseback agreement dated May 25, 2006.
(5) We sold a central distribution center in Madison, North Carolina in May 2006.

Our corporate administrative offices are located at 7201 West Friendly Ave. in Greensboro, North Carolina. Such property consists of a building of approximately 100,000 square feet located on a tract of land of approximately 9 acres. This property was purchased at fair market value from the Unifi, Inc. Retirement Savings Plan which we refer to as the Plan, in August 2002, prior to which, we leased this property from the Plan.

We also lease sales offices in the United States, Brazil and Colombia.

We believe all our properties are well maintained and in good condition. In fiscal year 2006, our manufacturing plants in the United States and South America operated below capacity. Accordingly, we do not perceive any capacity constraints in the foreseeable future.

We also lease two manufacturing facilities to other manufacturers, one of which is USTF, a joint venture in which we are a 50% owner.

Trade Regulation

Increases in capacity and imports of foreign-made textile and apparel products are a significant source of competition for us. The U.S. government attempts to regulate the growth of certain textile and apparel imports by establishing quotas and duties on imports from countries that historically account for significant shares of U.S. imports. Although imported apparel represents a significant portion of the U.S. apparel market, in recent years, a significant portion of import growth has been attributable to imports of apparel products manufactured outside the United States of (or using) domestic textile components. In addition, imports of certain textile products into the United States have increased in recent years as a result of significant depreciation of the currencies of other textile producing countries, particularly within Asia, against the U.S. dollar, and perhaps as a result of unfair trade practices.

The extent of import protection afforded by the U.S. government to domestic textile producers has been, and is likely to remain, subject to considerable domestic political deliberation and foreign considerations. In January 1995, a multilateral trade organization, the WTO, was formed by the members of the General Agreement on Tariffs and Trade, or GATT, to replace GATT. The WTO has set forth the mechanisms by which world trade in textiles and clothing will be progressively liberalized through the elimination of quotas and the reduction of duties. The implementation began in January 1995 with the phasing-out of quotas and the gradual reduction of duties to take place over a 10-year period. All textile and apparel quotas expired on January 1, 2005. In May 2005, however, the U.S. government imposed safeguard quotas on various categories of Chinese-made products, citing “market disruption.” Following extensive negotiations, the United States and China entered into a bilateral agreement in November 2005 resulting in the imposition of annually increasing quotas on a number of categories of Chinese textile and apparel products that will remain in effect until December 31, 2008.

NAFTA, which is a free trade agreement between the United States, Canada and Mexico that became effective on January 1, 1994, has created the world’s largest free-trade area. The agreement contains safeguards sought by the U.S. textile industry, including certain rules of origin for textile and apparel products that must be met for these products to receive benefits under NAFTA. Under these rules of origin, to receive NAFTA benefits, the textile and apparel products must be produced from yarn or fabric made in the NAFTA region, and all subsequent processing must occur in the NAFTA region. Thus, in general, not only must eligible apparel be made from North American fabric, but the fabric must be woven from North American spun yarn. Based on experience to date, NAFTA has had a favorable impact on our business.

In 2000, the United States passed the United States-Caribbean Basin Trade Partnership Act, which was amended by the Trade Act of 2002, and allows apparel products manufactured in the Caribbean region using yarns or fabrics produced in the United States to be imported into the United States duty and quota free. Also in 2000, the United States passed the African Growth and Opportunity Act, which was amended by the Trade Act of

2002, and allows apparel products manufactured in the sub-Saharan African region using yarns or fabrics produced in the United States to be imported to the United States duty and quota free.

On August 2, 2005, the United States passed CAFTA, which is a free trade agreement between seven signatory countries: the United States, the Dominican Republic, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. Qualifying textile and apparel products that are produced in any of the seven signatory countries from fabric, yarn or fibers that are also produced in any of the seven signatory countries may be imported into the United States duty-free.

The Andean Trade Promotion and Drug Eradication Act was passed on August 6, 2002 to renew and enhance the ATPA. Under the enhanced ATPA, apparel manufactured in Bolivia, Colombia, Ecuador and Peru using yarns and fabrics produced in the United States, or in these four Andean countries, may be imported into the United States duty and quota free through December 31, 2006. This legislation effectively granted these four countries the favorable trade terms afforded Mexico and the Caribbean region. A free trade agreement was recently completed with Peru and Colombia which follows, for the most part, the same yarn forward rules of origin as the ATPA. These agreements require congressional action which is expected by early 2007.

The Deficit Reduction Act of 2005, which was signed into law on February 8, 2006, contains statutory changes to the Step 2 cotton program and export credit guarantee programs to comply with parts of a WTO ruling against U.S. cotton subsidies. The legislative changes eliminate the Step 2 program, which provides for payments to U.S. cotton and textile producers. The measure, part of an agriculture budget reconciliation process, does away with the subsidy program as of August 1, 2006. PAL will no longer receive payments under the Step 2 program after August 2006. Measures such as additional quotas for foreign cotton are under discussion to help ease the transition.

Environmental Matters

We are subject to various federal, state and local environmental laws and regulations limiting the use, storage, handling, release, discharge and disposal of a variety of hazardous substances and wastes used in or resulting from our operations and potential remediation obligations thereunder, particularly the Federal Water Pollution Control Act, the Clean Air Act, the Resource Conservation and Recovery Act (including provisions relating to underground storage tanks) and the Comprehensive Environmental Response, Compensation, and Liability Act, commonly referred to as “Superfund” or “CERCLA” and various state counterparts. We have obtained, and are in compliance in all material respects with, all significant permits required to be issued by federal, state or local law in connection with the operation of our business as described in this prospectus.

Our operations are also governed by laws and regulations relating to workplace safety and worker health, principally the Occupational Safety and Health Act and regulations thereunder which, among other things, establish exposure standards regarding hazardous materials and noise standards, and regulate the use of hazardous chemicals in the workplace.

We believe that the operation of our production facilities and the disposal of waste materials are substantially in compliance with applicable federal, state and local laws and regulations and that there are no material ongoing or anticipated capital expenditures associated with environmental control facilities necessary to remain in compliance with such provisions. However, we are evaluating several options with respect to the upgrade of its industrial boilers at the Kinston site. The estimated investment ranges from $0 to $2.0 million. No determination has been made with respect to which alternative to pursue, if any. We incur normal operating costs associated with the discharge of materials into the environment but we do not believe that these costs are material or inconsistent with other domestic competitors.

The land associated with the Kinston site is leased under a 99 year ground lease with DuPont. Since 1993, DuPont has been investigating and cleaning up the Kinston site under the supervision of the EPA and the North

Carolina Department of Environment and Natural Resources under the Resource Conservation and Recovery Act Corrective Action Program. The Corrective Action Program requires DuPont to identify all potential areas of environmental concern, known as solid waste management units or areas of concern, assess the extent of contamination at the identified areas and clean them up to applicable regulatory standards. Under the terms of the ground lease, upon completion by DuPont of required remedial action, ownership of the Kinston site will pass to us. Thereafter, we will have responsibility for future remediation requirements, if any, at the solid waste management units and areas of concern previously addressed by DuPont and at any other areas at the plant. At this time we have no basis to determine if and when we will have any responsibility or obligation with respect to the solid waste management units and areas of concern or the extent of any potential liability for the same. Accordingly, the possibility that we could face material clean-up costs in the future relating to the Kinston facility cannot be eliminated.

Legal Proceedings

There are no pending legal proceedings, other than ordinary routine litigation incidental to our business, to which we are a party or of which any of our property is the subject.

MANAGEMENT

Information required under this section is set forth in our Proxy Statement under the headings “Directors’ Compensation,” “Compensation Committee Interlocks and Insider Participation in Compensation Decisions,” “Executive Officers and their Compensation” and “Employment and Termination Agreements” and such information is incorporated by reference in this prospectus.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required under this section is set forth in our Proxy Statement under the headings “Information Relating to Principal Security Holders” and “Beneficial Ownership of Common Stock by Directors and Executive Officers,” and such information is incorporated by reference in this prospectus.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Information required under this section is set forth in our Proxy Statement under the heading “Insider Transactions,” and such information is incorporated by reference in this prospectus.

DESCRIPTION OF OTHER INDEBTEDNESS

The following summary of certain provisions of the instruments evidencing our material indebtedness (other than the notes) that are outstanding does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the corresponding agreements, including the definitions of certain terms in such agreements that are not otherwise defined in this prospectus.

Amended Revolving Credit Facility

On May 26, 2006, we amended and restated our old revolving credit facility with Bank of America, N.A., or "BoA," as lender. Our amended revolving credit facility provides for a revolving credit facility in an amount of $100.0 million (with the ability of Unifi to request that the borrowing capacity be increased up to $150.0 million under certain circumstances) and matures on May 15, 2011.

The following is a summary of the principal terms of the amended revolving credit facility.

Structure

The amended revolving credit facility consists of a revolving borrowing base loan of up to $100.0 million, with the ability of Unifi to request that the borrowing capacity be increased up to $150.0 million under certain circumstances. We currently do not have commitments for the additional $50.0 million of availability. Availability under the amended revolving credit facility is based on the sum of:

(a) 90% of eligible accounts receivable due from factors; plus

(b) 85% of eligible domestic and Canadian accounts receivable; plus

(c) 80% of eligible foreign accounts receivable up to a maximum amount of $10.0 million; plus

(d) the lesser of:

  (i) 65% of total eligible inventory; or

  (ii) 85% of net orderly liquidation value (as defined) of total eligible inventory.

Availability under the amended revolving credit facility may be further reduced under certain circumstances, including the setting of such reserves as BoA establishes in its reasonable credit judgment. Customary conditions precedent must be satisfied prior to the funding of any loan, including a condition precedent to the funding of the initial loans that we have a minimum availability of at least $35.0 million.

As of June 25, 2006, there were no amounts outstanding under our amended revolving credit facility, and based on our calculation as of that date, $94.2 million was available for borrowing under the borrowing base of this facility (net of approximately $5.8 million to support outstanding letters of credit).

Interest and Fees

Borrowings under the amended revolving credit facility bear interest at rates selected periodically by us of LIBOR plus 1.50% to 2.25% and/or prime plus 0.00% to 0.50%. The interest rate matrix is based on our excess availability under the amended revolving credit facility. The amended revolving credit facility also includes a 0.25% LIBOR margin pricing reduction if our fixed charge coverage ratio is greater than 1.5 to 1.0.

We agreed to pay certain fees and expenses and to provide certain indemnities, all of which were customary for such financings. We also agreed to pay an unused line fee at the beginning of each month equal to the amount by which the Maximum Revolver Amount (as defined in the amended revolving credit facility) exceeds the sum of the average daily outstanding amount of revolving loans and the average daily undrawn face amount of outstanding letters of credit.

Term

The amended revolving credit facility has an initial term of five years, terminating on May 15, 2011.

Security and Guarantees

The borrowings under the amended revolving credit facility are collateralized by first-priority liens, subject to permitted liens, on substantially all of our and our subsidiary guarantors' inventory, accounts receivable, general intangibles (other than uncertificated capital stock of subsidiaries and other persons), investment property (other than capital stock of subsidiaries and other persons), chattel paper, documents, instruments, supporting obligations, letter of credit rights, deposit accounts and other related personal property and all proceeds relating to the above, other than certain excluded assets. The borrowings under the amended revolving credit facility are collateralized by second-priority liens, subject to permitted liens, on our and our subsidiary guarantors' assets that secure the notes and guarantees on a first-priority basis. Guarantors of the notes also act as co-borrowers under the amended revolving credit facility.

Covenants

The amended revolving credit facility contains affirmative and negative customary covenants for asset based loans that restrict future borrowings and capital spending. The covenants under the amended revolving credit facility are more restrictive than those in the indenture. The covenants include, without limitation, restrictions and limitations on:

- sales of assets,
- consolidation, merger, dissolution of us or any subsidiary guarantor and any domestic subsidiary,
- the issuance of our capital stock and that of our subsidiaries,
- encumbrances on our property and that of any subsidiary guarantor and any domestic subsidiary,
- the incurrence of indebtedness by us, any subsidiary guarantor or any domestic subsidiary,
- the making of loans or investments by us, any subsidiary guarantor or any domestic subsidiary,
- the declaration of dividends and redemptions by us or any subsidiary guarantor,
- transactions with affiliates by us or any subsidiary guarantor and
- the repurchase by us of the notes.

Under the amended revolving credit facility, if borrowing capacity is less than $25.0 million at any time during the quarter, covenants also include a required minimum fixed charge coverage ratio of 1.1 to 1.0. In addition, maximum capital expenditures are limited to $30.0 million per fiscal year (subject to pro forma availability greater than $25.0 million) with a 75% one-year unused carry forward. The amended revolving credit facility also permits us to make distributions, subject to standard criteria, as long as pro forma excess availability is greater than $25.0 million both before and after giving effect to such distributions, subject to certain exceptions. Under the amended revolving credit facility, acquisitions by us are subject to pro forma covenant compliance. In addition, under the amended revolving credit facility, receivables are subject to cash dominion if excess availability is below $25.0 million.

Events of Default

The amended revolving credit facility contains events of default customary for such financings, including, but not limited to, nonpayment of principal, interest, fees or other amounts when due; violation of covenants;

failure of any representation or warranty to be true in all material respects when made or deemed made; cross default; change in control; bankruptcy events; material judgments; assignments made for the benefit of creditors; and actual asserted invalidity of the loan documents. Such events of default allow for certain grace periods and materiality concepts.

Letter of Credit Facility

The amended revolving credit facility includes a letters of credit facility arranged through, or back stopped by, BoA, of up to an aggregate amount at any time outstanding of $20.0 million. Certain reserves against the revolving loan availability are required in connection with the letters of credit.

2008 Notes

The 2008 notes mature on February 1, 2008 and bear interest at the rate of 6 1/2%.

On April 28, 2006, we commenced a tender offer for the 2008 notes in which $248.7 million of 2008 notes, representing 99.5% of the then outstanding aggregate principal amount of 2008 notes, were tendered and purchased at a purchase price of 100.0% of their principal amount plus accrued but unpaid interest to, but not including, May 26, 2006. The $1.3 million in aggregate principal amount of 2008 notes that were not tendered in the tender offer remain outstanding in accordance with their amended terms. See “Prospectus Summary—The Refinancing Transactions—Tender Offer for 2008 Notes.”

Indebtedness of Unifi do Brasil

Our subsidiary, Unifi do Brasil, receives loans from the government of the State of Minas Gerais to finance 70% of the value added taxes due by Unifi do Brasil to the State of Minas Gerais. These loans were granted as part of a 24 month tax incentive to build a manufacturing facility in the State of Minas Gerais. The loans have a 2.5% origination fee and bear an effective interest rate equal to 50% of the Brazilian inflation rate, which currently is significantly lower than the Brazilian prime interest rate. The loans are collateralized by a performance bond letter issued by a Brazilian bank, which secures the performance by Unifi do Brasil of its obligations under the loans. In return for this performance bond letter, Unifi do Brasil makes certain cash deposits with the Brazilian bank. The deposits made by Unifi do Brasil earn interest at a rate equal to approximately 100% of the Brazilian prime interest rate. These tax incentives will end in September 2008.

THE EXCHANGE OFFER

Terms of the Exchange Offer

We are offering to exchange our exchange notes for a like aggregate principal amount of our initial notes.

The exchange notes that we propose to issue in this exchange offer will be substantially identical to our initial notes except that, unlike our initial notes, the exchange notes will have no transfer restrictions or registration rights. You should read the description of the exchange notes in the section in this prospectus entitled "Description of the Notes."

We reserve the right in our sole discretion to purchase or make offers for any initial notes that remain outstanding following the expiration or termination of this exchange offer and, to the extent permitted by applicable law, to purchase initial notes in the open market or privately negotiated transactions, one or more additional tender or exchange offers or otherwise. The terms and prices of these purchases or offers could differ significantly from the terms of this exchange offer.

Expiration Date; Extensions; Amendments; Termination

This exchange offer will expire at 5:00 p.m., New York City time, on , 2006, unless we extend it in our reasonable discretion. The expiration date of this exchange offer will be at least 20 business days after the commencement of the exchange offer in accordance with Rule 14e-1(a) under the Exchange Act.

We expressly reserve the right to delay acceptance of any initial notes, extend or terminate this exchange offer and not accept any initial notes that we have not previously accepted if any of the conditions described below under "—Conditions to the Exchange Offer" have not been satisfied or waived by us. We will notify the exchange agent of any extension by oral notice promptly confirmed in writing or by written notice. We will also notify the holders of the initial notes by a press release or other public announcement communicated before 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date unless applicable laws require us to do otherwise.

We also expressly reserve the right to amend the terms of this exchange offer in any manner. If we make any material change, we will promptly disclose this change in a manner reasonably calculated to inform the holders of our initial notes of the change including providing public announcement or giving oral or written notice to these holders. A material change in the terms of this exchange offer could include a change in the timing of the exchange offer, a change in the exchange agent and other similar changes in the terms of this exchange offer. If we make any material change to this exchange offer, we will disclose this change by means of a post-effective amendment to the registration statement which includes this prospectus and will distribute an amended or supplemented prospectus to each registered holder of initial notes. In addition, we will extend this exchange offer for an additional five to ten business days as required by the Exchange Act, depending on the significance of the amendment, if the exchange offer would otherwise expire during that period. We will promptly notify the exchange agent by oral notice, promptly confirmed in writing, or written notice of any delay in acceptance, extension, termination or amendment of this exchange offer.

Procedures for Tendering Initial Notes

Proper Execution and Delivery of Letters of Transmittal

To tender your initial notes in this exchange offer, you must use one of the three alternative procedures described below:

(1) *Regular delivery procedure*: Complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal. Have the signatures on the letter of transmittal guaranteed if required by the letter of transmittal.

Mail or otherwise deliver the letter of transmittal or the facsimile together with the certificates representing the initial notes being tendered and any other required documents to the exchange agent on or before 5:00 p.m., New York City time, on the expiration date.

(2) *Book-entry delivery procedure*: Send a timely confirmation of a book-entry transfer of your initial notes, if this procedure is available, into the exchange agent's account at The Depository Trust Company in accordance with the procedures for book-entry transfer described under "—Book-Entry Delivery Procedure" below, on or before 5:00 p.m., New York City time, on the expiration date.

(3) *Guaranteed delivery procedure*: If time will not permit you to complete your tender by using the procedures described in (1) or (2) above before the expiration date and this procedure is available, comply with the guaranteed delivery procedures described under "—Guaranteed Delivery Procedure" below.

The method of delivery of the initial notes, the letter of transmittal and all other required documents is at your election and risk. Instead of delivery by mail, we recommend that you use an overnight or hand-delivery service. If you choose the mail, we recommend that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. You should not send any letters of transmittal or initial notes to us. You must deliver all documents to the exchange agent at its address provided below. You may also request your broker, dealer, commercial bank, trust company or nominee to tender your initial notes on your behalf.

Only a holder of initial notes may tender initial notes in this exchange offer. A holder is any person in whose name initial notes are registered on our books or any other person who has obtained a properly completed bond power from the registered holder.

If you are the beneficial owner of initial notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your notes, you must contact that registered holder promptly and instruct that registered holder to tender your notes on your behalf. If you wish to tender your initial notes on your own behalf, you must, before completing and executing the letter of transmittal and delivering your initial notes, either make appropriate arrangements to register the ownership of these notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

You must have any signatures on a letter of transmittal or a notice of withdrawal guaranteed by:

(1) a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc.,

(2) a commercial bank or trust company having an office or correspondent in the United States, or

(3) an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act, unless the initial notes are tendered:

(1) by a registered holder or by a participant in The Depository Trust Company ("DTC") whose name appears on a security position listing as the owner, who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal and only if the exchange notes are being issued directly to this registered holder or deposited into this participant's account at The Depository Trust Company, or

(2) for the account of a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act.

If the letter of transmittal or any bond powers are signed by:

(1) the recordholder(s) of the initial notes tendered: the signature must correspond with the name(s) written on the face of the initial notes without alteration, enlargement or any change whatsoever.

(2) a participant in DTC: the signature must correspond with the name as it appears on the security position listing as the holder of the initial notes.

(3) a person other than the registered holder of any initial notes: these initial notes must be endorsed or accompanied by bond powers and a proxy that authorize this person to tender the initial notes on behalf of the registered holder, in satisfactory form to us as determined in our sole discretion, in each case, as the name of the registered holder or holders appears on the initial notes.

(4) trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity: these persons should so indicate when signing. Unless waived by us, evidence satisfactory to us of their authority to so act must also be submitted with the letter of transmittal.

To tender your initial notes in this exchange offer, you must make the following representations:

(1) you are authorized to tender, sell, assign and transfer the initial notes tendered and to acquire exchange notes issuable upon the exchange of such tendered initial notes, and we will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim when the same are accepted by us,

(2) any exchange notes acquired by you under the exchange offer are being acquired in the ordinary course of business, whether or not you are the holder,

(3) you or any other person who receives exchange notes, whether or not such person is the holder of the exchange notes, has an arrangement or understanding with any person to participate in a distribution of such exchange notes within the meaning of the Securities Act and is not participating in, and does not intend to participate in, the distribution of such exchange notes within the meaning of the Securities Act,

(4) you or such other person who receives exchange notes, whether or not such person is the holder of the exchange notes, is not an “affiliate,” as defined in Rule 405 of the Securities Act, of ours, or if you or such other person is an affiliate, you or such other person will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable,

(5) if you are not a broker-dealer, you represent that you are not engaging in, and do not intend to engage in, a distribution of exchange notes, and

(6) if you are a broker-dealer that will receive exchange notes for your own account in exchange for initial notes, you represent that the initial notes to be exchanged for the exchange notes were acquired by you as a result of market-making or other trading activities and acknowledge that you will deliver a prospectus in connection with any resale, offer to resell or other transfer of such exchange notes.

You must also warrant that the acceptance of any tendered initial notes by the issuer and the issuance of exchange notes in exchange for the tendered initial notes shall constitute performance in full by the issuer of its obligations under the registration rights agreement relating to the initial notes.

To effectively tender notes through The Depository Trust Company, the financial institution that is a participant in The Depository Trust Company will electronically transmit its acceptance through the Automatic Tender Offer Program. The Depository Trust Company will then edit and verify the acceptance and send an agent’s message to the exchange agent for its acceptance. An agent’s message is a message transmitted by The

Depository Trust Company to the exchange agent stating that The Depository Trust Company has received an express acknowledgment from the participant in The Depository Trust Company tendering the notes that this participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce this agreement against this participant.

Book-Entry Delivery Procedure

Any financial institution that is a participant in The Depository Trust Company's systems may make book-entry deliveries of initial notes by causing The Depository Trust Company to transfer these initial notes into the exchange agent's account at The Depository Trust Company in accordance with The Depository Trust Company's procedures for transfer. To effectively tender notes through The Depository Trust Company, the financial institution that is a participant in The Depository Trust Company will electronically transmit its acceptance through the Automatic Tender Offer Program. The Depository Trust Company will then edit and verify the acceptance and send an agent's message to the exchange agent for its acceptance. An agent's message is a message transmitted by The Depository Trust Company to the exchange agent stating that The Depository Trust Company has received an express acknowledgment from the participant in The Depository Trust Company tendering the notes that this participation has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce this agreement against this participant. The exchange agent will make a request to establish an account for the initial notes at The Depository Trust Company for purposes of the exchange offer within two business days after the date of this prospectus.

A delivery of initial notes through a book-entry transfer into the exchange agent's account at The Depository Trust Company will only be effective if an agent's message or the letter of transmittal or a facsimile of the letter of transmittal with any required signature guarantees and any other required documents is transmitted to and received by the exchange agent at the address indicated below under "—Exchange Agent" on or before the expiration date unless the guaranteed delivery procedures described below are complied with. **Delivery of documents to The Depository Trust Company does not constitute delivery to the exchange agent.**

Guaranteed Delivery Procedure

If you are a registered holder of initial notes and desire to tender your notes, and (1) these notes are not immediately available, (2) time will not permit your notes or other required documents to reach the exchange agent before the expiration date or (3) the procedures for book-entry transfer cannot be completed on a timely basis and an agent's message delivered, you may still tender in this exchange offer if:

(1) you tender through a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States, or an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act,

(2) on or before the expiration date, the exchange agent receives a properly completed and duly executed letter of transmittal or facsimile of the letter of transmittal, and a notice of guaranteed delivery, substantially in the form provided by us, with your name and address as holder of the initial notes and the amount of notes tendered, stating that the tender is being made by that letter and notice and guaranteeing that within three New York Stock Exchange trading days after the expiration date the certificates for all the initial notes tendered, in proper form for transfer, or a book-entry confirmation with an agent's message, as the case may be, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent, and

(3) the certificates for all your tendered initial notes in proper form for transfer or a book-entry confirmation as the case may be, and all other documents required by the letter of transmittal are received by the exchange agent within three New York Stock Exchange trading days after the expiration date.

Acceptance of Initial Notes for Exchange; Delivery of Exchange Notes

Your tender of initial notes will constitute an agreement between you and us governed by the terms and conditions provided in this prospectus and in the related letter of transmittal.

We will be deemed to have received your tender as of the date when your duly signed letter of transmittal accompanied by your initial notes tendered, or a timely confirmation of a book-entry transfer of these notes into the exchange agent's account at The Depository Trust Company with an agent's message, or a notice of guaranteed delivery from an eligible institution is received by the exchange agent.

All questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of tenders will be determined by us in our sole discretion. Our determination will be final and binding.

We reserve the absolute right to reject any and all initial notes not properly tendered or any initial notes which, if accepted, would, in our opinion or our counsel's opinion, be unlawful. We also reserve the absolute right to waive any conditions of this exchange offer or irregularities or defects in tender as to particular notes with the exception of conditions to this exchange offer relating to the obligations of broker dealers, which we will not waive. If we waive a condition to this exchange offer, the waiver will be applied equally to all note holders. Our interpretation of the terms and conditions of this exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of initial notes must be cured within such time as we shall determine. We, the exchange agent or any other person will be under no duty to give notification of defects or irregularities with respect to tenders of initial notes. We and the exchange agent or any other person will incur no liability for any failure to give notification of these defects or irregularities. Tenders of initial notes will not be deemed to have been made until such irregularities have been cured or waived. The exchange agent will return without cost to their holders any initial notes that are not properly tendered and as to which the defects or irregularities have not been cured or waived promptly following the expiration date.

If all the conditions to the exchange offer are satisfied or waived on the expiration date, we will accept all initial notes properly tendered and will issue the exchange notes promptly thereafter. Please refer to the section of this prospectus entitled "—Conditions to the Exchange Offer" below. For purposes of this exchange offer, initial notes will be deemed to have been accepted as validly tendered for exchange when, as and if we give oral or written notice of acceptance to the exchange agent.

We will issue the exchange notes in exchange for the initial notes tendered under a notice of guaranteed delivery by an eligible institution only against delivery to the exchange agent of the letter of transmittal, the tendered initial notes and any other required documents, or the receipt by the exchange agent of a timely confirmation of a book-entry transfer of initial notes into the exchange agent's account at The Depository Trust Company with an agent's message, in each case, in form satisfactory to us and the exchange agent.

If any tendered initial notes are not accepted for any reason provided by the terms and conditions of this exchange offer or if initial notes are submitted for a greater principal amount than the holder desires to exchange, the unaccepted or non-exchanged initial notes will be returned without expense to the tendering holder, or, in the case of initial notes tendered by book-entry transfer procedures described above, will be credited to an account maintained with the book-entry transfer facility, promptly after withdrawal, rejection of tender or the expiration or termination of the exchange offer.

By tendering into this exchange offer, you will irrevocably appoint our designees as your attorney-in-fact and proxy with full power of substitution and resubstitution to the full extent of your rights on the notes tendered. This proxy will be considered coupled with an interest in the tendered notes. This appointment will be effective only when, and to the extent that we accept your notes in this exchange offer. All prior proxies on these notes will then be revoked and you will not be entitled to give any subsequent proxy. Any proxy that you may give

subsequently will not be deemed effective. Our designees will be empowered to exercise all voting and other rights of the holders as they may deem proper at any meeting of note holders or otherwise. The initial notes will be validly tendered only if we are able to exercise full voting rights on the notes, including voting at any meeting of the note holders, and full rights to consent to any action taken by the note holders.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, you may withdraw tenders of initial notes at any time before 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, you must send a written or facsimile transmission notice of withdrawal to the exchange agent before 5:00 p.m., New York City time, on the expiration date at the address provided below under "—Exchange Agent" and before acceptance of your tendered notes for exchange by us.

Any notice of withdrawal must:

(1) specify the name of the person having tendered the initial notes to be withdrawn,

(2) identify the notes to be withdrawn, including, if applicable, the registration number or numbers and total principal amount of these notes,

(3) be signed by the person having tendered the initial notes to be withdrawn in the same manner as the original signature on the letter of transmittal by which these notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer sufficient to permit the trustee for the initial notes to register the transfer of these notes into the name of the person having made the original tender and withdrawing the tender,

(4) specify the name in which any of these initial notes are to be registered, if this name is different from that of the person having tendered the initial notes to be withdrawn, and

(5) if applicable because the initial notes have been tendered through the book-entry procedure, specify the name and number of the participant's account at The Depository Trust Company to be credited, if different than that of the person having tendered the initial notes to be withdrawn.

We will determine all questions as to the validity, form and eligibility, including time of receipt, of all notices of withdrawal and our determination will be final and binding on all parties. Initial notes that are withdrawn will be deemed not to have been validly tendered for exchange in this exchange offer.

The exchange agent will return without cost to their holders all initial notes that have been tendered for exchange and are not exchanged for any reason, promptly after withdrawal, rejection of tender or expiration or termination of this exchange offer.

You may retender properly withdrawn initial notes in this exchange offer by following one of the procedures described under "—Procedures for Tendering Initial Notes" above at any time on or before the expiration date.

Conditions to the Exchange Offer

We will complete this exchange offer only if:

(1) there is no change in the laws and regulations which would reasonably be expected to impair our ability to proceed with this exchange offer,

(2) there is no change in the current interpretation of the staff of the SEC which permits resales of the exchange notes,

(3) there is no stop order issued by the SEC or any state securities authority suspending the effectiveness of the registration statement which includes this prospectus or the qualification of the indenture for our exchange notes under the Trust Indenture Act of 1939 and there are no proceedings initiated or, to our knowledge, threatened for that purpose,

(4) there is no action or proceeding instituted or threatened in any court or before any governmental agency or body that would reasonably be expected to prohibit, prevent or otherwise impair our ability to proceed with this exchange offer, and

(5) we obtain all governmental approvals that we deem in our sole discretion necessary to complete this exchange offer.

These conditions are for our sole benefit. We may assert any one of these conditions regardless of the circumstances giving rise to it and may also waive any one of them, in whole or in part, at any time and from time to time, if we determine in our reasonable discretion that it has not been satisfied, subject to applicable law. Notwithstanding the foregoing, all conditions to the exchange offer must be satisfied or waived before the expiration of this exchange offer. If we waive a condition to this exchange offer, the waiver will be applied equally to all note holders. We will not be deemed to have waived our rights to assert or waive these conditions if we fail at any time to exercise any of them. Each of these rights will be deemed an ongoing right which we may assert at any time and from time to time.

If we determine that we may terminate this exchange offer because any of these conditions is not satisfied, we may:

(1) refuse to accept and return to their holders any initial notes that have been tendered,

(2) extend the exchange offer and retain all notes tendered before the expiration date, subject to the rights of the holders of these notes to withdraw their tenders, or

(3) waive any condition that has not been satisfied and accept all properly tendered notes that have not been withdrawn or otherwise amend the terms of this exchange offer in any respect as provided under the section in this prospectus entitled “—Expiration Date; Extensions; Amendments; Termination.”

Accounting Treatment

We will record the exchange notes at the same carrying value as the initial notes as reflected in our accounting records on the date of the exchange. Accordingly, we will not recognize any gain or loss for accounting purposes. We will amortize the costs of the exchange offer and the unamortized expenses related to the issuance of the exchange notes over the term of the exchange notes.

Exchange Agent

We have appointed U.S. Bank National Association as exchange agent for this exchange offer. You should direct all questions and requests for assistance on the procedures for tendering and all requests for additional copies of this prospectus or the letter of transmittal to the exchange agent as follows:

U.S. Bank National Association
EP-MN-WSZN
60 Livingston Avenue
St. Paul, MN 55107
Facsimile Transmission: U.S. Bank National Association
(651) 495-8158
Confirm by Telephone: (800) 924-6802
Attention: Specialized Finance Department

Fees and Expenses

We will bear the expenses of soliciting tenders in this exchange offer, including fees and expenses of the exchange agent and trustee and accounting, legal, printing and related fees and expenses.

We will not make any payments to brokers, dealers or other persons soliciting acceptances of this exchange offer. However, we will pay the exchange agent reasonable and customary fees for its services and will reimburse the exchange agent for its reasonable out-of-pocket expenses in connection with this exchange offer. We will also pay brokerage houses and other custodians, nominees and fiduciaries their reasonable out-of-pocket expenses for forwarding copies of the prospectus, letters of transmittal and related documents to the beneficial owners of the initial notes and for handling or forwarding tenders for exchange to their customers.

We will pay all transfer taxes, if any, applicable to the exchange of initial notes in accordance with this exchange offer. However, tendering holders will pay the amount of any transfer taxes, whether imposed on the registered holder or any other persons, if:

(1) certificates representing exchange notes or initial notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the notes tendered,

(2) tendered initial notes are registered in the name of any person other than the person signing the letter of transmittal, or

(3) a transfer tax is payable for any reason other than the exchange of the initial notes in this exchange offer.

If you do not submit satisfactory evidence of the payment of any of these taxes or of any exemption from this payment with the letter of transmittal, we will bill you directly the amount of these transfer taxes.

Your Failure to Participate in the Exchange Offer Will Have Adverse Consequences

The initial notes were not registered under the Securities Act or under the securities laws of any state and you may not resell them, offer them for resale or otherwise transfer them unless they are subsequently registered or resold under an exemption from the registration requirements of the Securities Act and applicable state securities laws. If you do not exchange your initial notes for exchange notes in accordance with this exchange offer, or if you do not properly tender your initial notes in this exchange offer, you will not be able to resell, offer to resell or otherwise transfer the initial notes unless they are registered under the Securities Act or unless you resell them, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act.

In addition, except as set forth in this paragraph, you will not be able to obligate us to register the initial notes under the Securities Act. You will not be able to require us to register your initial notes under the Securities Act unless you notify us prior to 20 business days following the completion of the exchange offer that:

(1) you were prohibited by law or SEC policy from participating in the exchange offer;

(2) you may not resell the exchange notes you acquired in the exchange offer to the public without delivering a prospectus and the prospectus contained in the exchange offer registration statement is not appropriate or available for such resales by you; or

(3) you are a broker-dealer and hold initial notes acquired directly from us or any of our affiliates.

In these cases, the registration rights agreement requires us to file a registration statement for a continuous offering in accordance with Rule 415 under the Securities Act for the benefit of the holders of the initial notes

described in this sentence. We do not currently anticipate that we will register under the Securities Act any notes that remain outstanding after completion of the exchange offer.

Delivery of Prospectus

Each broker-dealer that receives exchange notes for its own account in exchange for initial notes, where such initial notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See “Plan of Distribution.”

DESCRIPTION OF THE NOTES

Unifi, Inc. issued the initial notes and will issue the exchange notes under an indenture among itself, the Guarantors and U.S. Bank National Association, as trustee. You can find the definitions of certain terms used in this description below under "—Certain Definitions." Certain defined terms used in this description but not defined below under "—Certain Definitions" have the meanings assigned to them in the indenture. Copies of the indenture, the registration rights agreement, the Collateral Documents and the Intercreditor Agreement are available as set forth below under "—Additional Information." In this description, the term "Unifi" refers only to Unifi, Inc. and not to any of its subsidiaries. The term "notes" refers to Unifi's initial notes and exchange notes. The terms of the notes will include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the notes, the indenture, the registration rights agreement, the Collateral Documents and the Intercreditor Agreement. It does not restate any such agreement or instrument in its entirety. We urge you to read the notes, the indenture, the registration rights agreement, the Collateral Documents and the Intercreditor Agreement because they, and not this description, define your rights as holders of the notes.

The registered holder of a note will be treated as its owner for all purposes. Only registered holders will have rights under the indenture.

Brief Description of the Notes and the Subsidiary Guarantees

The Notes. The exchange notes will be:

- senior obligations of Unifi;
- secured by first-priority Liens and security interests, subject to Permitted Liens, in substantially all of the assets (other than inventory, accounts receivable, general intangibles (other than any uncertificated securities representing Capital Stock of any Subsidiary of Unifi or the Guarantors and each Person in which Unifi or a Guarantor has a direct interest), investment property (other than Capital Stock of any Subsidiary of Unifi or the Guarantors and each Person in which Unifi or a Guarantor has a direct interest), chattel paper, documents, instruments, supporting obligations, letter of credit rights, deposit accounts and other personal property, and all proceeds relating to any of the above, which secure the Credit Agreement on a first-priority basis) of Unifi and the Guarantors, including, but not limited to, the real property, fixtures, equipment, general intangibles with respect to any uncertificated securities representing the Capital Stock of any Subsidiary of Unifi or the Guarantors and any Person in which Unifi or a Guarantor has a direct interest, and investment property consisting of the Capital Stock of each Subsidiary of Unifi or the Guarantors and each other Person in which Unifi or a Guarantor has a direct interest, now owned or hereafter acquired by Unifi and the Guarantors, in each case, other than Excluded Assets and as further described under "Security—Assets Pledged as Collateral;"
- secured by second-priority Liens and security interests, subject to Permitted Liens, in the inventory, accounts receivable, general intangibles (other than any uncertificated securities representing Capital Stock of any Subsidiary of Unifi or the Guarantors and each Person in which Unifi or a Guarantor has a direct interest), investment property (other than Capital Stock of any Subsidiary of Unifi or the Guarantors and each Person in which Unifi or a Guarantor has a direct interest), chattel paper, documents, instruments, supporting obligations, letter of credit rights, deposit accounts and other personal property, and all proceeds relating to any of the above, which secure the Credit Agreement on a first-priority basis, now owned or hereafter acquired by Unifi and the Guarantors, in each case, other than Excluded Assets and as further described under "Security—Assets Pledged as Collateral;"
- *pari passu* in right of payment with all existing and future senior Indebtedness of Unifi;
- senior in right of payment to any future subordinated Indebtedness of Unifi;

- effectively subordinated to Unifi's obligations under the Credit Agreement to the extent the Second Priority Collateral secures such obligations on a first-priority basis;
- effectively senior to all of Unifi's existing and future Indebtedness to the extent the First Priority Collateral secures the obligations under the notes on a first-priority basis;
- unconditionally guaranteed by the Guarantors on a senior secured basis; and
- effectively subordinated to all Indebtedness and other liabilities, including trade payables, of Unifi's non-guarantor Subsidiaries (other than Indebtedness and other liabilities owed to Unifi or a Guarantor).

The Subsidiary Guarantees. The exchange notes will be guaranteed by each of Unifi's current and future Domestic Subsidiaries.

Each Subsidiary Guarantee will be:

- the senior obligation of the Guarantor;
- secured by first-priority Liens and security interests, subject to Permitted Liens, in the First Priority Collateral now owned or hereafter acquired by the Guarantor;
- secured by second-priority Liens and security interests, subject to Permitted Liens, in the Second Priority Collateral now owned or hereafter acquired by the Guarantor;
- *pari passu* in right of payment with all existing and future senior Indebtedness of such Guarantor;
- senior in right of payment to any existing and future subordinated Indebtedness of such Guarantor;
- effectively subordinated to the Guarantor's obligations under the Credit Agreement to the extent the Second Priority Collateral secures such obligations on a first-priority basis; and
- effectively senior to all of the Guarantor's existing and future Indebtedness to the extent the First Priority Collateral secures the obligations under the Subsidiary Guarantee on a first-priority basis.

As of June 25, 2006, Unifi and the Guarantors had total indebtedness of approximately $208.4 million, including $190.0 million outstanding under the initial notes, and $1.3 million outstanding under the 2008 notes.

Subject to certain limitations, the indenture permits Unifi and its Restricted Subsidiaries to incur additional Indebtedness.

As of June 25, 2006, the notes were effectively subordinated to $19.9 million of indebtedness and other liabilities of our non-guarantor subsidiaries, and our non-guarantor subsidiaries and we had assets of $32.4 million and $190.2 million, respectively, in equity investees. See "Risk Factors—Risks Related to The Notes and This Offering—The notes are effectively subordinated to the liabilities and preferred stock, if any, of our non-guarantor subsidiaries and our equity investees."

In the event of a bankruptcy, liquidation or reorganization of any of the non-guarantor Subsidiaries, such non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to Unifi or the Guarantors. The Guarantors generated 85.7% of our consolidated revenues in fiscal year 2006. See note 21 to our audited consolidated financial statements included in this prospectus for more detail about the division of our consolidated revenues and assets between our guarantor and non-guarantor Subsidiaries.

All of our Subsidiaries are "Restricted Subsidiaries." However, under the circumstances described below under the caption "—Certain Covenants—Designation of Unrestricted Subsidiaries," we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries." Our Unrestricted Subsidiaries will not be

subject to many of the restrictive covenants set forth in the indenture. Our Unrestricted Subsidiaries will not guarantee the notes.

Principal, Maturity and Interest

Unifi issued initial notes in the aggregate principal amount of $190.0 million on the Issue Date and will issue exchange notes with an initial maximum aggregate principal amount of up to $190.0 million. Unifi may issue additional notes under the indenture from time to time after this offering; *provided*, *however*, that the net cash proceeds from any such issuance of additional notes shall be deposited into the First Priority Collateral Account and invested by Unifi in Additional Assets; provided, further, that at least 95% of such net cash proceeds shall be used to acquire or invest in Additional Assets which are assets of the type that would constitute First Priority Collateral and which upon their acquisition shall constitute First Priority Collateral in accordance with the provisions of the Intercreditor Agreement. Any issuance of additional notes is subject to all of the covenants in the indenture, including the covenant described below under the caption "—Certain Covenants—Incurrence of Indebtedness." The notes and any additional notes subsequently issued under the indenture will have the same terms (except as to issue date, issue price and first interest payment date) and will be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. Unifi will issue notes in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The notes will mature on May 15, 2014.

Interest on the notes accrues at the rate of 11.50% per annum and will be payable semi-annually in arrears on May 15 and November 15, commencing on November 15, 2006. Unifi will make each interest payment to the holders of record on the immediately preceding May 1 and November 1.

Interest on the notes accrues from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.

Methods of Receiving Payments on the Notes

If a holder of notes has given wire transfer instructions to Unifi, Unifi will pay all principal, interest and premium and Additional Interest, if any, on such holder's notes in accordance with those instructions. All other payments on the notes will be made at the office or agency of the paying agent and registrar within the City and State of New York unless Unifi elects to make interest payments by check mailed to the noteholders at their address set forth in the register of holders.

Unifi will pay principal, interest and premium and Additional Interest, if any, on each note in global form registered in the name of or held by DTC or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global note.

Paying Agent and Registrar for the Notes

The trustee acts as paying agent and registrar. Unifi may change the paying agent or registrar without prior notice to the holders of the notes, and Unifi or any of its Subsidiaries may act as paying agent or registrar.

Transfer and Exchange

A holder may transfer or exchange notes in accordance with the provisions of the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. Holders will be required to pay all taxes due on transfer. Unifi will not be required to transfer or exchange any note selected for redemption. Also, Unifi will not be required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

Subsidiary Guarantees

Unifi's obligations under the notes and the indenture are guaranteed on a senior basis by each of Unifi's current and future Domestic Subsidiaries. These Subsidiary Guarantees are joint and several obligations of the Guarantors. Each Subsidiary Guarantee is secured by the portion of the Collateral, if any, owned by such Guarantor. The obligations of each Guarantor under its Subsidiary Guarantee are limited as necessary to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance or transfer under applicable law. See "Risk Factors—Risks Related to the Notes and This Offering—We and the guarantors may be subject to laws relating to fraudulent conveyance."

A Guarantor may not sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of its properties or assets to, or consolidate or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than Unifi or another Guarantor, unless:

(1) immediately after giving effect to such transaction, no Default or Event of Default exists; and

(2) either:

(a) the Person acquiring the property in any such sale, disposition or other transfer or the Person formed by or surviving any such consolidation or merger assumes all the obligations of such Guarantor under the indenture (including its Subsidiary Guarantee), the registration rights agreement, the Collateral Documents to which such Guarantor is a party and the Intercreditor Agreement pursuant to agreements reasonably satisfactory to the trustee and the Collateral Agent; or

(b) the sale, disposition or other transfer is made in compliance with the applicable provisions of the indenture.

The Subsidiary Guarantee of a Guarantor will be automatically released:

(1) in connection with any sale, disposition or other transfer (including through merger, consolidation or spin-off) of Equity Interests of such Guarantor, following which such Guarantor is no longer a Subsidiary of Unifi, to a Person that is not (after giving effect to such transaction) Unifi or a Restricted Subsidiary of Unifi, if such sale, disposition or other transfer is not prohibited by the applicable provisions of the indenture;

(2) with respect to any Foreign Subsidiary, the Guarantee which resulted in the creation of the Subsidiary Guarantee is released or discharged, except a discharge or release by or as a result of payment by such Foreign Subsidiary under such Guarantee;

(3) if Unifi designates such Guarantor as an Unrestricted Subsidiary in accordance with the applicable provisions of the indenture; or

(4) upon the Legal Defeasance, Covenant Defeasance or satisfaction and discharge of the notes and the Subsidiary Guarantees as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge."

Optional Redemption

At any time prior to May 15, 2009, Unifi may, on any one or more occasions, redeem up to 35% of the aggregate principal amount of notes (without duplication for Exchange Notes issued in exchange for other notes issued under the indenture) issued under the indenture (including additional notes) at a redemption price of 111.50% of the principal amount thereof, plus accrued and unpaid interest and Additional Interest, if any, to, but excluding, the redemption date, with the net cash proceeds of one or more Equity Offerings, *provided* that:

(1) at least 65% of the aggregate principal amount of notes (without duplication for Exchange Notes issued in exchange for other notes issued under the indenture) issued under the indenture (excluding notes held by Unifi

and its Subsidiaries but including additional notes) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

Except pursuant to the preceding paragraph, the notes will not be redeemable at Unifi's option prior to May 15, 2010.

On and after May 15, 2010, Unifi may redeem all or a part of the notes upon not less than 30 nor more than 60 days' notice except as otherwise provided under "—Selection and Notice" below, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Interest, if any, on the notes redeemed, to, but excluding, the applicable redemption date, if redeemed during the twelve-month period beginning on May 15 of the years indicated below:

Year	Percentage
2010	105.750%
2011	102.875%
2012 and thereafter	100.000%

Unless Unifi defaults in the payment of the redemption price, interest will cease to accrue on the notes or portions thereof called for redemption on the applicable redemption date. If the redemption date is on or after an interest payment record date and on or before the related interest payment date, the accrued and unpaid interest and Additional Interest, if any, will be paid to the holder in whose name the note is registered at the close of business on such record date, and no additional interest or Additional Interest, if any, will be payable to holders whose notes will be subject to redemption by Unifi.

Selection and Notice

If less than all of the notes are to be redeemed at any time, the trustee will select notes for redemption as follows:

(1) if the notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or

(2) if the notes are not listed on any national securities exchange, on a pro rata basis, by lot or by such method as the trustee deems fair and appropriate.

No notes of $2,000 or less shall be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture. Notices of redemption may not be conditional.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note that is to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder thereof upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on notes or portions of notes called for redemption.

Mandatory Redemption

Unifi is not required to make mandatory redemption or sinking fund payments with respect to the notes.

Security

Assets Pledged as Collateral

The notes and Subsidiary Guarantees and all Obligations of Unifi and the Guarantors thereunder and under the Indenture are secured by:

- first-priority Liens and security interests, subject to Permitted Liens, in substantially all of the assets (other than inventory, accounts receivable, general intangibles (other than any uncertificated securities representing Capital Stock of any Subsidiary of Unifi or the Guarantors and each Person in which Unifi or a Guarantor has a direct interest), investment property (other than Capital Stock of any Subsidiary of Unifi or the Guarantors and each Person in which Unifi or a Guarantor has a direct interest), chattel paper, documents, instruments, supporting obligations, letter of credit rights, deposit accounts and other personal property, and all proceeds relating to any of the above, which secure the Credit Agreement on a first-priority basis) of Unifi and the Guarantors, including, but not limited to, the real property, fixtures, equipment, general intangibles with respect to any uncertificated securities representing the Capital Stock of any Subsidiary of Unifi or the Guarantors and any Person in which Unifi or a Guarantor has a direct interest, and investment property consisting of the Capital Stock of each Subsidiary of Unifi or the Guarantors and each other Person in which Unifi or a Guarantor has a direct interest, now owned or hereafter acquired by Unifi and the Guarantors, in each case, other than Excluded Assets and as further described below; and
- second-priority Liens and security interests, subject to Permitted Liens, in the inventory, accounts receivable, general intangibles (other than any uncertificated securities representing Capital Stock of any Subsidiary of Unifi or the Guarantors and each Person in which Unifi or a Guarantor has a direct interest), investment property (other than Capital Stock of any Subsidiary of Unifi or the Guarantors and each Person in which Unifi or a Guarantor has a direct interest), chattel paper, documents, instruments, supporting obligations, letter of credit rights, deposit accounts and other personal property, and all proceeds relating to any of the above, which secure the Credit Agreement on a first-priority basis, now owned or hereafter acquired by Unifi and the Guarantors, in each case, other than Excluded Assets and as further described below.

The First Priority Collateral will include any improvements or additions to the real property, fixtures and equipment that currently form part of the First Priority Collateral and any additional First Priority Collateral acquired with the proceeds of any issuance of additional notes, as described in “Principal, Maturity and Interest.” In addition, Unifi and the Guarantors are required to pledge as First Priority Collateral any additional real property or related fixtures and equipment acquired after the date hereof, including property or related fixtures and equipment acquired with the proceeds from certain specified transactions as described below under “—Certain Covenants with respect to the Collateral—After-acquired property,” in each case, other than those assets that constitute Excluded Assets.

The lenders under our Credit Agreement have a first-priority security interest in the Second Priority Collateral and a second-priority security interest in the First-Priority Collateral. The priority of the security interests are governed by the Intercreditor Agreement, which is described below under “—Intercreditor Arrangements.”

The Collateral will not include any of the following assets (the “Excluded Assets”):

(1) any property or assets owned by any Subsidiary of Unifi which is not a Guarantor,

(2) any rights or interest of Unifi or any Guarantor in, to or under any agreement, contract, license, instrument, document or other general intangible (referred to solely for purposes of this definition as a “Contract”) (i) to the extent that such Contract by the express terms of a valid and enforceable restriction in favor of a Person who is not Unifi or any Restricted Subsidiary, or any requirement of law, prohibits, or requires any consent or establishes any other condition for, an assignment thereof or a grant of a security interest therein by

Unifi or a Guarantor and (ii) which, if in existence or the subject of rights in favor of Unifi or any Guarantor as of the Issue Date and with respect to which a contravention or other violation caused or arising by its inclusion as Collateral has occurred, is listed and designated as such on a schedule to any such party's perfection certificate required by the Collateral Documents or individually or collectively is not material to the conduct of the business of Unifi or such Guarantor; provided that: (i) rights to payment under any such Contract otherwise excluded from the Collateral by virtue of this definition shall be included in the Collateral to the extent permitted thereby or by Section 9-406 or Section 9-408 of the Uniform Commercial Code and (ii) all proceeds paid or payable to Unifi or any Guarantor from any sale, transfer or assignment of such Contract and all rights to receive such proceeds shall be included in the Collateral;

(3) any equipment of Unifi or any Guarantor which is subject to, or secured by, a Capital Lease Obligation or Purchase Money Indebtedness if and to the extent that (i) the express terms of a valid and enforceable restriction in favor of a Person who is not Unifi or a Restricted Subsidiary contained in the agreements or documents granting or governing such Capital Lease Obligation or Purchase Money Indebtedness prohibits, or requires any consent or establishes any other conditions for, an assignment thereof, or a grant of a security interest therein, by Unifi or any Guarantor and (ii) such restriction relates only to the asset or assets acquired by Unifi or any Guarantor with the proceeds of such Capital Lease Obligation or Purchase Money Indebtedness and attachments thereto or substitutions therefor; provided that all proceeds paid or payable to any of Unifi or any Guarantor from any sale, transfer or assignment or other voluntary or involuntary disposition of such equipment and all rights to receive such proceeds shall be included in the Collateral to the extent not otherwise required to be paid to the holder of the Capital Lease Obligation or Purchase Money Indebtedness secured by such equipment;

(4) any Voting Stock that is issued by any Person not organized under the laws of the United States or any state of the United States or the District of Columbia and owned by Unifi or any Guarantor, if and to the extent that the inclusion of such Voting Stock in the Collateral would cause the Collateral pledged by Unifi or such Guarantor, as the case may be, to include in the aggregate more than 65% of the total combined voting power of all classes of Voting Stock of such Person;

(5) any Capital Stock and other securities ("Excluded Securities") of a Subsidiary to the extent that the pledge of such Capital Stock or other securities results in Unifi being required to file separate financial statements of such Subsidiary with the SEC, but only to the extent necessary to not be subject to such requirement. In addition, in the event that Rule 3-16 or Rule 3-10 of Regulation S-X under the Securities Act is amended, modified or interpreted by the SEC to require (or is replaced with another rule or regulation, or any other law, rule or regulation is adopted, which would require) the filing with the SEC (or any other governmental or other regulatory agency or stock exchange) of separate financial statements of any Subsidiary of Unifi due to the fact that such Subsidiary's Capital Stock or other securities secure the notes, then the Capital Stock and other securities of such Subsidiary shall automatically be deemed not to be part of the Collateral but only to the extent necessary to not be subject to such requirement. In such event, the Collateral Documents may be amended or modified, without the consent of any holder of notes, to the extent necessary to release the security interests in favor of the Collateral Agent on the shares of Capital Stock or other securities that are so deemed to no longer constitute part of the Collateral. In the event that Rule 3-16 and Rule 3-10 of Regulation S-X under the Securities Act are amended, modified or interpreted by the SEC to permit (or are replaced with another rule or regulation, or any other law, rule or regulation is adopted, which would permit) such Subsidiary's Capital Stock or other securities to secure the notes in excess of the amount then pledged without the filing with the SEC (or any other governmental or other regulatory agency or stock exchange) of separate financial statements of such Subsidiary, then the Capital Stock or other securities of such Subsidiary shall automatically be deemed to be a part of the Collateral but only to the extent permissible such that such subsidiary would not be subject to any such financial statement requirement; and

(6) proceeds and products from any and all of the foregoing excluded collateral described in clauses (1) through (5), unless such proceeds or products would otherwise constitute Collateral securing the notes.

Intercreditor Arrangements

The Collateral securing the notes and the Subsidiary Guarantees also serves as collateral to secure the obligations of Unifi and the Guarantors under the Credit Agreement. Unifi, the Guarantors, the Collateral Agent, on behalf of itself and the holders of the notes, and the agent under the Credit Agreement, on behalf of itself and the lenders, have entered into the Intercreditor Agreement. The Intercreditor Agreement will provide, among other things, that (1) Liens on the Second Priority Collateral securing the notes will be lower in priority than the Liens in favor of the agent under the Credit Agreement, and consequently, the lenders under the Credit Agreement will be entitled to receive the proceeds from the foreclosure of any such assets prior to the holders of the notes, (2) Liens on the First Priority Collateral securing the notes will be higher in priority than any security interest in favor of the agent under the Credit Agreement, and consequently, the holders of the notes will be entitled to receive proceeds from the foreclosure of any such assets prior to the lenders under the Credit Agreement, (3) during any insolvency proceedings, the agent under the Credit Agreement and the Collateral Agent will be subject to provisions intended to give effect to the relative priority of their security interests in the Collateral, (4) certain procedures for enforcing the Liens on the Collateral be followed and (5) the agent under the Credit Agreement will be granted a right of access with respect to real property mortgaged to the holders of notes and use of personal property in the possession or control of the Collateral Agent. The indenture and the Collateral Agreements will be subject to the terms of the Intercreditor Agreement.

Sufficiency of Collateral

The fair market value of the Collateral is subject to fluctuations based on factors that include, among others, the condition of the textile industry, the ability to sell or otherwise dispose of the Collateral in an orderly manner, general economic conditions, applicable restrictions on the sale of the Collateral imposed by laws regarding fraudulent conveyance and transfer, the availability of buyers of the Collateral and similar factors. The amount received upon a sale of the Collateral will also be dependent on numerous factors, including, but not limited, to the actual fair market value of the Collateral at such time and the timing and the manner of the sale. By its nature, portions of the Collateral may be illiquid and may have no readily ascertainable market value. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the Collateral may not be sold in a timely or orderly manner and the proceeds from any sale or liquidation of this Collateral may not be sufficient to pay our obligations under the notes. See “Risk Factors—Risks Related to the Notes and This Offering—The value of the collateral securing the notes may not be sufficient to satisfy our obligations under the notes.”

Certain Covenants with respect to the Collateral

The Collateral is pledged pursuant to the Collateral Documents, which contain provisions relating to the administration, preservation and disposition of the Collateral. The following is a summary of some of the covenants and provisions set forth in the Collateral Documents and the indenture as they relate to the Collateral.

Use and maintenance of Collateral. The Collateral Documents provide that Unifi and the Guarantors shall maintain the Collateral in good, safe and insurable operating order, condition and repair and do all other acts as may be reasonably necessary or appropriate to maintain and preserve the value of the Collateral. The Collateral Documents also provide that Unifi and the Guarantors shall pay all real estate and other taxes, and maintain in full force and effect all material permits and certain insurance coverages. Subject to and in accordance with the provisions of the Collateral Documents, the indenture and the Credit Agreement, so long as the Collateral Agent or other lenders have not exercised their rights with respect to the Collateral upon the occurrence and during the continuance of an Event of Default, Unifi and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral, to operate the Collateral, to alter or repair the Collateral and to collect, invest and dispose of any income therefrom.

Certain proceeds. The Collateral Documents and the indenture provide that net cash proceeds from the condemnation or destruction of the First Priority Collateral or from eminent domain proceedings relating to First

Priority Collateral shall be deposited into the First Priority Collateral Account. Any such proceeds shall be applied in accordance with "Repurchase at the Option of Holders—Asset Sales" below.

As described above, the net cash proceeds from any issuance of additional notes shall be deposited in the First Priority Collateral Account and used or invested as described under "—Principal, Maturity and Interest" above.

As more fully described below under "—Repurchase at the Option of Holders—Asset Sales," Unifi must pledge the non-cash proceeds from any sale of First Priority Collateral as First Priority Collateral for the notes and, subject to certain exceptions, use the cash proceeds from any such sale of First Priority Collateral to purchase Additional Assets.

After-acquired property. The Collateral Documents and the indenture provide that upon the acquisition by Unifi or any Guarantor after the Issue Date of (1) any assets other than Excluded Assets, including, but not limited to, any after-acquired real property with a value greater than $1.0 million or any equipment or fixtures which constitute accretions, additions or technological upgrades to the equipment or fixtures that form part of the First Priority Collateral or Second Priority Collateral, as applicable, or (2) any Additional Assets out of the net cash proceeds from any issuance of additional notes or in compliance with the covenant described under "—Repurchase at the Option of Holders—Asset Sales," Unifi or such Guarantor shall, subject to the Intercreditor Agreement, execute and deliver such mortgages, deeds of trust, security instruments, financing statements, certificates and opinions of counsel as may be necessary to vest in the Collateral Agent a perfected security interest, subject only to Permitted Liens, in such after-acquired property and to have such after-acquired property added to the Collateral, and thereupon all provisions of the indenture and the Intercreditor Agreement relating to the Collateral shall be deemed to relate to such after-acquired property to the same extent and with the same force and effect. Notwithstanding anything herein to the contrary, if granting or perfecting any Lien to secure the notes on any Collateral that consists of rights that are licensed or leased from a third-party requires the consent of such third party pursuant to the terms of an applicable license or lease agreement, and such terms are enforceable under applicable law, Unifi or the relevant Guarantor, as the case may be, shall use all commercially reasonable efforts to obtain such consent with respect to the granting or perfecting of such Lien, but if the third party does not consent to the granting or perfecting of such Lien after the use of commercially reasonable efforts, none of Unifi or the Guarantors will be required to do so.

Further assurances. The Collateral Documents and the indenture provide that Unifi and the Guarantors shall, at their sole expense, do all acts which may be reasonably necessary to confirm that the Collateral Agent holds, for the benefit of the holders of the notes and the trustee, duly created, enforceable and perfected first- or second-priority Liens and security interests, as applicable, in the Collateral (subject to Permitted Liens).

As necessary, or upon request of the trustee, Unifi and the Guarantors shall, subject to the Intercreditor Agreement, at their sole expense, execute, acknowledge and deliver such documents and instruments and take such other actions, which may be necessary to assure, perfect, transfer and confirm the property and rights conveyed by the Collateral Documents, including with respect to after acquired Collateral, to the extent permitted by applicable law, rule or regulation.

The indenture provides that Unifi will comply with the applicable provisions of the Trust Indenture Act as they relate to the Collateral.

To the extent applicable, Unifi will cause Section 313(b) of the Trust Indenture Act, relating to reports, and Section 314(d) of the Trust Indenture Act, relating to the release of property and to the substitution therefor of any property to be pledged as collateral for the notes, to be complied with. Any certificate or opinion required by Section 314(d) of the Trust Indenture Act may be made by an Officer of Unifi except in cases where Section 314(d) requires that such certificate or opinion be made by an independent engineer, appraiser or other expert, who shall be reasonably satisfactory to the trustee. Notwithstanding anything to the contrary in this

paragraph, Unifi will not be required to comply with all or any portion of Section 314(d) of the Trust Indenture Act if it determines, in good faith based on advice of counsel, that under the terms of Section 314(d) and/or any interpretation or guidance as to the meaning thereof of the SEC and its staff, including "no action" letters or exemptive orders, all or any portion of Section 314(d) is inapplicable. As described under "—Release," below, Collateral may be released without complying with the requirements of Section 314(d) of the Trust Indenture Act.

Impairment of security interest. The Collateral Documents provide that neither Unifi nor any of its Restricted Subsidiaries will take nor will Unifi nor any Guarantor omit to take any action which would materially adversely affect or impair the Liens in favor of the Collateral Agent and the holders of the notes with respect to the Collateral. Neither Unifi nor any of the Guarantors shall grant to any Person, or permit any Person to retain (other than the Collateral Agent), any interest whatsoever in the Collateral, other than Permitted Liens. Neither Unifi nor any of the Guarantors will enter into any agreement that requires the proceeds received from any sale of Collateral to be applied to repay, redeem, defease or otherwise acquire or retire any Indebtedness of any Person, other than as permitted by the indenture, the notes, the Collateral Documents and the Intercreditor Agreement.

Real estate mortgages and filings. With respect to any fee or ground lease interest in any real property located in the United States (individually and collectively, the "Premises") owned by Unifi or a Guarantor on the Issue Date or acquired by Unifi or a Guarantor after the Issue Date (if such acquired real property exceeds $1.0 million in fair market value):

(1) Unifi shall deliver to the Collateral Agent, as mortgagee or beneficiary, as applicable, fully executed counterparts of Mortgages, each dated as of the Issue Date or the date of acquisition of such property, as the case may be, duly executed by Unifi or the applicable Guarantor, together with evidence of the completion (or satisfactory arrangements for the completion) of all recordings and filings of such Mortgages (and payment of any taxes or fees in connection therewith) as may be necessary to create a valid, perfected Lien, subject to Permitted Liens, against the properties purported to be covered thereby;

(2) the Collateral Agent shall have received mortgagee's title insurance policies in favor of the Collateral Agent, as mortgagee for the ratable benefit of itself and the holders of the notes in the amounts and in the form necessary, with respect to the property purported to be covered by such Mortgage, to ensure that title to such property is marketable and that the interests created by the Mortgage constitute valid Liens thereon free and clear of all Liens, defects and encumbrances, other than Permitted Liens, and such policies shall also include, to the extent available, such other necessary endorsements and shall be accompanied by evidence of the payment in full of all premiums thereon; provided that any such title insurance policies may be delivered up to 30 days after the date on which the surveys described in clause (3) below are delivered; and

(3) Unifi shall, or shall cause its Guarantors to, deliver to the Collateral Agent (x) with respect to each of the covered Premises owned on the Issue Date, such filings, surveys (or any updates or affidavits that the title company may reasonably require in connection therewith), local counsel opinions and fixture filings, along with such other documents, instruments, certificates and agreements, as the initial purchasers and their counsel shall reasonably request; *provided* that any survey requested on or prior to the Issue Date may be delivered up to 60 days after the Issue Date, and (y) with respect to each of the covered Premises acquired after the Issue Date, such filings, surveys, instruments, certificates, agreements and/or other documents necessary to comply with clauses (1) and (2) above and to perfect the Collateral Agent's security interest in such acquired covered Premises, together with such local counsel opinions as the Collateral Agent and its counsel shall reasonably request.

Negative pledge. The indenture provides that Unifi and its Restricted Subsidiaries will not further pledge the Collateral as security or otherwise, subject to Permitted Liens. Unifi, however, subject to compliance by Unifi with the "Incurrence of Indebtedness" covenant, has the ability to issue an unlimited aggregate principal amount of additional notes having identical terms and conditions as the notes, all of which may be secured by the

Collateral; *provided, however,* that the net cash proceeds from any such issuance of additional notes shall be deposited and invested as set forth above under "— Principal, Maturity and Interest."

Foreclosure

Upon the occurrence and during the continuance of an Event of Default, the Collateral Documents provide for (among other available remedies) the foreclosure upon and sale of the applicable Collateral by the Collateral Agent and the distribution of the net proceeds of any such sale to the holders of the notes, subject to any prior Liens on the Collateral and the provisions of the Intercreditor Agreement and applicable laws, rules and regulations. The Intercreditor Agreement provides, among other things, that (1) Liens on Second Priority Collateral securing the notes will be junior to the Liens in favor of the agent under the Credit Agreement, and consequently, the lenders under the Credit Agreement will be entitled to receive the proceeds from the foreclosure of any such assets prior to the holders of the notes, (2) Liens on the First Priority Collateral securing the notes will be senior to any security interest in favor of the agent under the Credit Agreement, and consequently, the holders of the notes will be entitled to receive proceeds from the foreclosure of any such assets prior to the lenders under the Credit Agreement, (3) during any insolvency proceedings, the agent under the Credit Agreement and the Collateral Agent will be subject to provisions intended to give effect to the relative priority of their security interests in the Collateral, (4) certain procedures for enforcing the Liens on the Collateral be followed and (5) the agent under the Credit Agreement will be granted a right of access with respect to real property mortgaged to the holders of notes and use of personal property in possession or control of the Collateral Agent. In the event of foreclosure on the Collateral, the proceeds from the sale of the Collateral may not be sufficient to satisfy in full Unifi's obligations under the notes.

Restrictions on Enforcement of Liens on Second Priority Collateral

Whether or not an insolvency or liquidation proceeding has been commenced by or against Unifi or any Guarantor, the Collateral Agent, the trustee and the holders of notes:

- will not exercise or seek to exercise any rights or remedies with respect to any Liens on the Second Priority Collateral or institute any action or proceeding with respect to such rights or remedies (including any action of foreclosure); *provided, however,* that the Collateral Agent may exercise any or all such rights or remedies after the passage of a period of at least 180 days has elapsed since the date on which the Collateral Agent first declares the existence of an Event of Default and the agent under the Credit Agreement has received notice from the Collateral Agent of such declaration of an Event of Default (the "Standstill Period"); *provided, further, however,* that in no event shall the Collateral Agent or any noteholder exercise any rights or remedies with respect to the Lien on such Second Priority Collateral if, notwithstanding the expiration of the Standstill Period, any agent under the Credit Agreement shall have commenced and be diligently pursuing the exercise of their rights or remedies with respect to all or any material portion of such Second Priority Collateral (prompt notice of such exercise to be given to the Collateral Agent);
- will not contest, protest object to or hinder any foreclosure proceeding or action brought by any agent under the Credit Agreement or any other exercise by any agent under the Credit Agreement of any rights and remedies relating to such Second Priority Collateral; and
- subject to their rights under first paragraph above and except as may be otherwise permitted by the Intercreditor Agreement, will not object to the forbearance by any agent under the Credit Agreement from bringing or pursuing any enforcement;

provided, however, that, in the case of the three paragraphs above, the Liens granted to secure the notes, the Subsidiary Guarantees and the Obligations of Unifi and the Guarantors thereunder and under the Indenture shall attach to any proceeds resulting from actions taken by any agent under the Credit Agreement in accordance with the Intercreditor Agreement.

Upon a foreclosure and sale of the interests of Unifi and the Guarantors in PAL, Parkdale Mills Incorporated, our joint venture partner, shall have the right to purchase all of Unifi and the Guarantors' interest in PAL at fair market value, upon the terms and provisions set forth in the operating agreement of PAL.

Certain Bankruptcy Limitations

The right of the trustee to repossess and dispose of the Collateral upon the occurrence of an Event of Default would be significantly impaired by applicable bankruptcy law in the event that a bankruptcy case were to be commenced by or against Unifi or any Guarantor prior to the trustee having repossessed and disposed of the Collateral. Upon the commencement of a case for relief under Title 11 of the United States Code, as amended (the "Bankruptcy Code"), a secured creditor such as the trustee is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from the debtor, without bankruptcy court approval.

In view of the broad equitable powers of a U.S. bankruptcy court, it is impossible to predict how long payments under the notes could be delayed following commencement of a bankruptcy case, whether or when the trustee could repossess or dispose of the Collateral, the value of the Collateral at the time of the bankruptcy petition or whether or to what extent holders of the notes would be compensated for any delay in payment or loss of value of the Collateral. The Bankruptcy Code permits only the payment and/or accrual of post-petition interest, costs and attorneys' fees to a secured creditor during a debtor's bankruptcy case to the extent the value of the Collateral is determined by the bankruptcy court to exceed the aggregate outstanding principal amount of the obligations secured by the Collateral.

Furthermore, in the event a bankruptcy court determines that the value of the Collateral is not sufficient to repay all amounts due on the notes, the holders of the notes would hold secured claims to the extent of the value of the Collateral to which the holders of the notes are entitled, and unsecured claims with respect to such shortfall.

In addition, because a portion of the Collateral may in the future consist of pledges of a portion of the Capital Stock of certain of our Foreign Subsidiaries, the validity of those pledges under applicable foreign law, and the ability of the holders of the notes to realize upon that Collateral under applicable foreign law, may be limited by such law, which limitations may or may not affect such Liens.

Release

The Liens on the Collateral will be released with respect to the notes:

(1) in whole, upon payment in full of the principal of, accrued and unpaid interest and premium, if any, on the notes;

(2) in whole, upon satisfaction and discharge of the indenture as set forth under the caption "—Satisfaction and Discharge;"

(3) in whole, upon a Legal Defeasance or Covenant Defeasance as set forth under the caption "—Legal Defeasance and Covenant Defeasance;"

(4) in part, as to any property constituting Collateral (A) that is sold or otherwise disposed of by Unifi or any of its Restricted Subsidiaries in a transaction permitted by "Repurchase at the Option of Holders—Asset Sales" or by the Collateral Documents, to the extent of the interest sold or disposed of, (B) that is cash or Net Proceeds withdrawn from the Collateral Account for any one or more purposes permitted by subsection (a) of "—Repurchase at the Option of Holders—Asset Sales" or by the provisions under "—Principal, Maturity and Interest"; (C) that is of the nature described in clause (1), clause (5), clause (7), clause (8), or clauses (9) through

(15) of the second paragraph in the definition of "Asset Sale," and is subject to a disposition as therein provided, (D) that constitutes Excess Collateral Proceeds that remain unexpended after the conclusion of a Collateral Sale Offer conducted in accordance with the indenture, (E) that is owned or at any time acquired by a Subsidiary of Unifi that has been released from its Subsidiary Guarantee in accordance with the indenture, concurrently with the release thereof, (F) that is or becomes Excluded Assets or Excluded Securities, (G) that is Capital Stock, upon the dissolution of the issuer of such Capital Stock in accordance with the terms of the indenture; or (H) otherwise in accordance with, and as expressly provided for under, the indenture;

(5) with the consent of the holders of at least 75% of the aggregate principal amount of the notes affected thereby (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, notes);

(6) on any of the Second Priority Collateral, upon any release thereof by the agent under the Credit Agreement (or the requisite lenders thereunder) or as otherwise authorized or directed by such agent or lenders (other than in connection with the expiration or termination of the Credit Agreement); *provided, however*, that if there is reinstated a Lien securing Credit Agreement obligation on any or all of the Second Priority Collateral upon which the Lien securing the notes has been released pursuant to this clause (6) then the Lien securing the notes on such Second Priority Collateral will also be deemed reinstated on a second priority basis;

provided, that, in the case of any release in whole pursuant to clauses (1), (2), (3), (5) and (6) above, all amounts owing to the trustee under the indenture, the notes, the Subsidiary Guarantees, the registration rights agreement, the Collateral Documents and the Intercreditor Agreement have been paid.

To the extent required, Unifi will furnish to the trustee, prior to each proposed release of Collateral pursuant to the Collateral Documents and the indenture:

- an Officers' Certificate and opinion of counsel and such other documentation as required by the indenture; and
- all documents required by §314(d) of the Trust Indenture Act, the Collateral Documents, the Intercreditor Agreement and the indenture.

Upon compliance by Unifi or the Guarantors, as the case may be, with the conditions precedent set forth above, and upon delivery by Unifi or such Guarantor to the trustee of an Opinion of Counsel to the effect that such conditions precedent have been complied with, the trustee or the Collateral Agent shall promptly cause to be released and reconveyed to Unifi, or its Guarantors, as the case may be, the released Collateral.

Notwithstanding anything to the contrary herein, Unifi and its Subsidiaries will not be required to comply with all or any portion of Section 314(d) of the Trust Indenture Act if they determine, in good faith based on advice of counsel, that under the terms of that section and/or any interpretation or guidance as to the meaning thereof of the Commission and its staff, including "no action" letters or exemptive orders, all or any portion of Section 314(d) of the Trust Indenture Act is inapplicable to the released Collateral.

Without limiting the generality of the foregoing, certain no-action letters issued by the Commission have permitted an indenture qualified under the Trust Indenture Act to contain provisions permitting the release of collateral from Liens under such indenture in the ordinary course of the issuer's business without requiring the issuer to provide certificates and other documents under Section 314(d) of the Trust Indenture Act. Unifi and the Guarantors may, among other things, without any release or consent by the Trustee, conduct ordinary course activities with respect to Collateral, including, without limitation, (i) selling or otherwise disposing of, in any transaction or series of related transactions, any property subject to the Lien of the Collateral Documents which has become worn out, defective or obsolete or not used or useful in the business; (ii) abandoning, terminating, canceling, releasing or making alterations in or substitutions of any leases or contracts subject to the Lien of the Indenture or any of the Collateral Documents; (iii) surrendering or modifying any franchise, license or permit

subject to the Lien of the Indenture or any of the Collateral Documents which it may own or under which it may be operating; altering, repairing, replacing, changing the location or position of and adding to its structures, machinery, systems, equipment, fixtures and appurtenances; (iv) granting a license of any intellectual property; (v) selling, transferring or otherwise disposing of inventory in the ordinary course of business; (vi) collecting accounts receivable in the ordinary course of business or selling, liquidating, factoring or otherwise disposing of accounts receivable in the ordinary course of business as permitted by the covenant described under "—Repurchase at the Option of Holders—Asset Sales"; (vii) making cash payments (including for the repayment of Indebtedness or interest) from cash that is at any time part of the Collateral in the ordinary course of business that are not otherwise prohibited by the Indenture and the Collateral Documents; and (viii) abandoning any intellectual property which is no longer used or useful in Unifi's business. Unifi must deliver to the Collateral Agent, within 30 calendar days following the end of each six-month period beginning on May 15 and November 15 of any year, an officers' certificate to the effect that all releases and withdrawals during the preceding six-month period (or since the Issue Date, in the case of the first such certificate) in which no release or consent of the Collateral Agent was obtained in the ordinary course of Unifi's and the Guarantors' business were not prohibited by the Indenture.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, Unifi will be required to make an offer (a "Change of Control Offer") to each holder of notes to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of that holder's notes on the terms set forth in the indenture. In the Change of Control Offer, Unifi will offer a payment in cash (the "Change of Control Payment") equal to 101% of the aggregate principal amount of notes repurchased, plus accrued and unpaid interest and Additional Interest, if any, on the notes repurchased, to, but excluding, the date of purchase (the "Change of Control Payment Date"). No later than 20 days following any Change of Control, Unifi will mail a notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the indenture and described in such notice.

Unifi will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the indenture, Unifi will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the indenture by virtue of such compliance.

On the Change of Control Payment Date, Unifi will, to the extent lawful:

(1) accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

(3) deliver or cause to be delivered to the trustee the notes properly accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions of notes being purchased by Unifi.

The paying agent will promptly mail to each holder of notes properly tendered the Change of Control Payment for such notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; *provided* that each new note will be in a minimum principal amount of $2,000 or an integral multiple of

$1,000 in excess thereof. Unifi will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

If the Change of Control Payment Date is on or after an interest payment record date and on or before the related interest payment date, any accrued and unpaid interest and Additional Interest, if any, will be paid to the holder in whose name a note is registered at the close of business on such record date, and no other interest or Additional Interest, if any, will be payable to holders who tender pursuant to the Change of Control Offer.

The provisions described above that require Unifi to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the indenture are applicable. Except as described above with respect to a Change of Control, the indenture does not contain provisions that permit the holders of the notes to require that Unifi repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

Unifi will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by Unifi and purchases all notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to the indenture as described above under the caption "—Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

If a Change of Control Offer is made, there can be no assurance that Unifi will have available funds sufficient to pay the Change of Control Payment for all the notes that might be delivered by holders seeking to accept the Change of Control Offer. In the event that Unifi is required to purchase outstanding notes pursuant to a Change of Control Offer, Unifi expects it would seek third party financing to the extent it does not have available funds to meet its purchase obligations. However, there can be no assurance that Unifi would be able to obtain such financing or that the terms of the indenture would permit the incurrence of such financing.

The Change of Control provisions described above may deter certain mergers, tender offers and other takeover attempts involving Unifi by increasing the capital required to effectuate such transactions. The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of Unifi and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of Unifi and its Restricted Subsidiaries taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether a holder of notes may require Unifi to make a Change of Control Offer.

Asset Sales

(a) Unifi will not, and will not permit any of the Guarantors to, consummate an Asset Sale of Collateral unless:

(1) Unifi or such Guarantor, as the case may be, receives consideration at least equal to the fair market value of the Collateral sold or otherwise disposed of (such fair market value to be determined on the date of contractually agreeing to such Asset Sale);

(2) the fair market value is determined (i) by Unifi's Chief Executive Officer or Chief Financial Officer and set forth in an Officers' Certificate delivered to the trustee or (ii) for assets with a fair market value in excess of $5.0 million, by Unifi's Board of Directors and evidenced by a resolution of such Board of Directors set forth in an Officers' Certificate delivered to the trustee;

(3) at least 75% of the consideration received in the Asset Sale by Unifi or such Guarantor is in the form of cash or Cash Equivalents and 100% of the Net Proceeds therefrom (other than any consideration

that is deemed to be cash pursuant to paragraph (f)(3) below) is deposited directly by Unifi into the applicable Collateral Account, in each case, in accordance with the Intercreditor Agreement; provided that at any time prior to the termination of the Credit Agreement such Net Proceeds with respect to Second Priority Collateral shall be deposited in accordance with the provisions of the Credit Agreement and the Intercreditor Agreement; and

(4) the remaining consideration from such Asset Sale that is not in the form of cash or Cash Equivalents (including any consideration that is deemed to be cash pursuant to paragraph (f) (3) below) is thereupon with its acquisition pledged as First Priority Collateral to secure the notes, in the case of an Asset Sale of First Priority Collateral, or as Second Priority Collateral, in the case of an Asset Sale of Second Priority Collateral in accordance with the Intercreditor Agreement.

For purposes of determining whether an Asset Sale of Collateral constitutes an Asset Sale of First Priority Collateral or an Asset Sale of Second Priority Collateral, the consideration received from the sale of Equity Interests in a Guarantor shall be allocated among the assets of such Person.

In the case of an Asset Sale of Second Priority Collateral, any Net Proceeds will be deposited and applied in accordance with the Intercreditor Agreement.

Within 360 days after the deposit into the First Priority Collateral Account of any Net Proceeds from an Asset Sale of First Priority Collateral or Recovery Events (as described below) with respect to First Priority Collateral, Unifi or any of its Restricted Subsidiaries may apply such Net Proceeds to invest in Additional Assets; provided, that at least 95% of such Net Proceeds shall be used to invest in Additional Assets which are assets of the type that would constitute First Priority Collateral and which upon their acquisition shall constitute the First Priority Collateral in accordance with the provisions of the Intercreditor Agreement. Any Net Proceeds from an Asset Sale of Collateral that are deemed to be cash pursuant to paragraph (f) (3) below shall be deemed to have been invested in Additional Assets at the time of such Asset Sale of Collateral for purposes of the preceding sentence.

All of the Net Proceeds received by Unifi or the Guarantors, as the case may be, from any Recovery Event with respect to First Priority Collateral shall be deposited directly into the First Priority Collateral Account and may be withdrawn by Unifi or such Guarantor to be invested in Additional Assets (which may include performance of a Restoration of the affected First Priority Collateral) in accordance with the preceding paragraph within 360 days after the deposit into the First Priority Collateral Account of any such Net Proceeds. Any Net Proceeds from a Recovery Event with respect to Second Priority Collateral will be deposited and applied in accordance with the Intercreditor Agreement.

Any Net Proceeds from Asset Sales of Collateral or Recovery Events that are not applied or invested as provided in this subsection (a) or in accordance with the Collateral Documents will constitute “Excess Collateral Proceeds.” No later than the 365th day after the Asset Sale of Collateral or the deposit into the applicable Collateral Account of the Net Proceeds from a Recovery Event pursuant to this subsection (a) (or, at Unifi’s option, such earlier date as it may choose), if the aggregate amount of Excess Collateral Proceeds exceeds $10.0 million, Unifi will make an offer (a “Collateral Sale Offer”) to all holders of notes to purchase the maximum principal amount of notes to which the Collateral Sale Offer applies that may be purchased out of the Excess Collateral Proceeds. The offer price in any Collateral Sale Offer will be equal to 100% of the principal amount of the notes, plus accrued and unpaid interest and Additional Interest, if any, to, but excluding, the date of purchase, and will be payable in cash, in each case, in integral multiples of $1,000; *provided*, *however*, that to the extent the Excess Collateral Proceeds relate to Asset Sales of Second Priority Collateral, Unifi may, prior to making a Collateral Sale Offer, make a prepayment with respect to Indebtedness that is secured by such Second Priority Collateral on a first-priority basis that may be prepaid out of such Excess Collateral Proceeds, at a price in cash in an amount equal to 100% of the principal amount of such Indebtedness, plus accrued and unpaid interest to the date of prepayment, with any Excess Collateral Proceeds not used to prepay such Indebtedness

offered to holders of notes in accordance with this paragraph. If any Excess Collateral Proceeds remain after consummation of a Collateral Sale Offer, Unifi may use those Excess Collateral Proceeds for any purpose not otherwise prohibited by the indenture. If the aggregate principal amount of notes tendered in such Collateral Sale Offer exceeds the amount of Excess Collateral Proceeds, the portion of each note to be purchased will be determined by the trustee on a pro rata basis among the holders of such notes with appropriate adjustments such that the notes may only be purchased in integral multiples of $1,000. Upon completion of each Collateral Sale Offer or the application of Excess Collateral Proceeds pursuant to the second sentence of this paragraph, the amount of Excess Proceeds will be reset at zero.

(b) Unifi will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale (other than an Asset Sale of Collateral) unless:

(1) Unifi or such Restricted Subsidiary, as the case may be, receives consideration at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of (such fair market value to be determined on the date of contractually agreeing to such Asset Sale);

(2) the fair market value is determined (i) by Unifi's Chief Executive Officer or Chief Financial Officer and set forth in an Officers' Certificate delivered to the trustee or (ii) for assets with a fair market value in excess of $5.0 million, by Unifi's Board of Directors and evidenced by a resolution of such Board of Directors set forth in an Officers' Certificate delivered to the trustee; and

(3) at least 75% of the consideration received in the Asset Sale by Unifi or such Restricted Subsidiary is in the form of cash or Cash Equivalents.

Within 360 days after the receipt of any Net Proceeds from an Asset Sale (other than an Asset Sale of Collateral), Unifi or any of its Restricted Subsidiaries may apply such Net Proceeds at its option to:

(A) repay, purchase or otherwise retire the notes;

(B) repay, purchase, or otherwise retire other Indebtedness of Unifi or a Guarantor (and to correspondingly reduce commitments with respect thereto) that is *pari passu* with the notes; *provided* that Unifi shall also equally and ratably reduce Obligations under the notes by making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all holders of notes to purchase the pro rata principal amount of notes at a purchase price equal to 100% of the principal amount thereof, plus the amount of accrued but unpaid interest and Additional Interest, if any, to the repurchase date (subject to the right of the holders of record on the relevant record date to receive interest due on the relevant interest payment date);

(C) repay or repurchase Indebtedness of a Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to Unifi or another of its Restricted Subsidiaries; or

(D) acquire or invest in Additional Assets.

Any Net Proceeds from an Asset Sale that are deemed to be cash pursuant to paragraph (f) (3) below shall be deemed to have been invested in Additional Assets at the time of such Asset Sale for purposes of the preceding sentence. Pending the final application of any Net Proceeds, Unifi and its Restricted Subsidiaries may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the indenture.

Any Net Proceeds from Asset Sales (other than Asset Sales of Collateral) that are not applied or invested as provided in the second preceding paragraph will constitute "Excess Proceeds." No later than the 365th day after the Asset Sale (or, at Unifi's option, such earlier date as it may choose), if the aggregate amount of Excess Proceeds exceeds $10.0 million, Unifi will make an offer (an "Asset Sale Offer") to all holders of notes and all holders of other Indebtedness that is *pari passu* in right of payment with the notes containing provisions similar to those set forth in the indenture with respect to offers to purchase or redeem with the proceeds of sales of assets

to purchase the maximum principal amount of notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount (or accreted value, as applicable) of the notes and such other *pari passu* Indebtedness, plus accrued and unpaid interest and Additional Interest (or its equivalent with respect to any such *pari passu* Indebtedness), if any, to, but excluding, the date of purchase, and will be payable in cash, in each case, in integral multiples of $1,000. If any Excess Proceeds remain after consummation of an Asset Sale Offer, Unifi may use those Excess Proceeds for any purpose not otherwise prohibited by the indenture. If the aggregate principal amount of notes and other *pari passu* Indebtedness tendered in such Asset Sale Offer exceeds the amount of Excess Proceeds, the Excess Proceeds will be allocated by Unifi to the notes and such other *pari passu* Indebtedness on a pro rata basis (based upon the respective principal amounts (or accreted value, if applicable) of the notes and such other *pari passu* Indebtedness tendered in such Asset Sale Offer) and the portion of each note to be purchased will thereafter be determined by the trustee on a pro rata basis among the holders of such notes with appropriate adjustments such that the notes may only be purchased in integral multiples of $1,000. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

(c) If the Asset Sale purchase date is on or after an interest payment record date and on or before the related interest payment date, any accrued and unpaid interest and Additional Interest, if any, will be paid to the holder in whose name a note is registered at the close of business on such record date, and no interest or Additional Interest, if any, will be payable to holders who tender notes pursuant to the Collateral Sale Offer or Asset Sale Offer.

(d) Unifi will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of notes pursuant to a Collateral Sale Offer or an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the indenture, Unifi will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the indenture by virtue of such compliance.

(e) For purposes of this section, Unifi, a Guarantor or a Restricted Subsidiary shall be deemed to have applied Net Proceeds within such 360-day period if, within such 360-day period, it has entered into a binding commitment or agreement to invest such Net Proceeds and continues to use all reasonable efforts to so apply such Net Proceeds as soon as practicable thereafter and that investment is substantially completed within 395 days after the date of such Asset Sale. Upon any abandonment or termination of such commitment or agreement or upon the failure to substantially complete such investment within such 395 day period, the Net Proceeds not applied will constitute Excess Collateral Proceeds or Excess Proceeds, as applicable.

(f) For purposes of this section, each of the following shall be deemed to be cash:

(1) the amount of any liabilities, as shown on Unifi's most recent consolidated balance sheet or in the notes thereto, of Unifi or such Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated in right of payment to the notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases Unifi or such Restricted Subsidiary from further liability;

(2) any securities, notes or other obligations received by Unifi or any such Restricted Subsidiary from such transferee that are within 20 Business Days following consummation of the Asset Sale, subject to normal settlement periods, converted by Unifi or such Restricted Subsidiary into cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received in that conversion); and

(3) any stock or assets received as consideration for such Asset Sale that would otherwise constitute a permitted application of Net Proceeds (or other cash in such amount) under clauses (1), (2) or (4) of the definition of "Additional Assets."

Unifi's Credit Agreement prohibits Unifi from purchasing any notes, and also provide that certain change of control or asset sale events with respect to Unifi would constitute a default or require repayment of the

Indebtedness under such agreements. Any future credit agreements or other agreements relating to Indebtedness to which Unifi becomes a party may contain similar restrictions and provisions. In the event a Change of Control or Asset Sale occurs at a time when Unifi is prohibited from purchasing notes, Unifi could seek the consent of its lenders to purchase the notes or could attempt to refinance the borrowings that contain such prohibition. If Unifi does not obtain such a consent or repay such borrowings, Unifi will remain prohibited from purchasing notes. In such case, Unifi's failure to purchase tendered notes would constitute an Event of Default under the indenture, which would, in turn, constitute a default under such Indebtedness.

Certain Covenants

The indenture includes covenants including, among others, the following:

Restricted Payments

Unifi will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of Unifi's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving Unifi or any of its Restricted Subsidiaries) or to the direct or indirect holders of Unifi's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of Unifi and other than dividends or distributions payable to Unifi or a Restricted Subsidiary of Unifi);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving Unifi) any Equity Interests of Unifi or any direct or indirect parent of Unifi;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of Unifi or any Guarantor that is contractually subordinated to the notes or to any Subsidiary Guarantee, except a payment of interest or principal at the Stated Maturity thereof or a payment of principal within 90 days of Stated Maturity thereof; or

(4) make any Restricted Investment (all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(2) Unifi would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "—Incurrence of Indebtedness;" and

(3) such Restricted Payment, together with the aggregate amount, without duplication, of all other Restricted Payments declared or made by Unifi and its Restricted Subsidiaries after the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (6), (7), (9), (11) and (12) of the next succeeding paragraph), is less than the sum, without duplication, of:

(a) 50% of the Consolidated Net Income of Unifi for the period (taken as one accounting period) from the first fiscal quarter beginning after the Issue Date to the end of Unifi's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), plus

(b) 100% of the aggregate net cash proceeds received by Unifi since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests (other than Disqualified Stock) of

Unifi or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of Unifi that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of Unifi or an employee stock ownership plan, option plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or guaranteed by Unifi or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination), plus

(c) to the extent that any Restricted Investment that was made after the Issue Date is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment; *provided* that no amount will be included under this clause (c) to the extent it is already included in Consolidated Net Income, *plus*

(d) to the extent that any Unrestricted Subsidiary of Unifi designated as such after the Issue Date is redesignated as a Restricted Subsidiary after the Issue Date, the lesser of (i) the fair market value of Unifi's Investment in such Subsidiary as of the date of such redesignation and (ii) such fair market value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after the Issue Date; *plus*

(e) 50% of any dividends or other distributions received by Unifi or a Restricted Subsidiary of Unifi that is a Guarantor after the Issue Date from an Unrestricted Subsidiary of Unifi, to the extent that such dividends or other distributions were not otherwise included in the Consolidated Net Income of Unifi for such period.

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice the dividend or redemption payment would have been permitted by the provisions of the indenture;

(2) the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the sale within 60 days of such Restricted Payment (other than to a Subsidiary of Unifi) of, Equity Interests of Unifi (other than Disqualified Stock and other than Equity Interests issued or sold to an employee stock ownership plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or guaranteed by Unifi or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination) or from the contribution of common equity capital to Unifi within 60 days of such Restricted Payment; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (3)(b) of the preceding paragraph;

(3) the defeasance, satisfaction and discharge, redemption, repurchase or other acquisition or retirement for value of Indebtedness of Unifi or any Guarantor that is Subordinated Indebtedness in exchange for, or out of the net cash proceeds of the incurrence within 60 days of such defeasance, satisfaction and discharge, redemption, repurchase or other acquisition or retirement of, Permitted Refinancing Indebtedness;

(4) the payment of any dividend or distribution by a Restricted Subsidiary of Unifi to the holders of its Equity Interests on a pro rata basis;

(5) so long as no Default or Event of Default has occurred and is continuing, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of Unifi or any Restricted Subsidiary of Unifi or any direct or indirect parent of Unifi held by any current or former officer, director or employee of Unifi or any of its Restricted Subsidiaries or their estates or heirs pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such Equity Interests repurchased, redeemed, acquired or retired pursuant to this clause may not exceed $1.0 million

in the aggregate in any twelve month period; *provided*, *however*, that amounts available pursuant to this clause (5) to be utilized for any Restricted Payments described in this clause (5) during any twelve month period may be carried forward and utilized in any subsequent twelve month period, up to a maximum of $2.0 million in any twelve month period;

(6) repurchases of Equity Interests deemed to occur upon the exercise of stock options, warrants or other convertible securities to the extent such Equity Interests represent a portion of the exercise price thereof;

(7) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of Unifi or any Restricted Subsidiary of Unifi issued on or after the Issue Date in accordance with the Fixed Charge Coverage Ratio test described below under the caption "—Incurrence of Indebtedness;"

(8) the declaration and payment of dividends by Unifi to, or the making of loans to, any direct or indirect parent in amounts required for any direct or indirect parent to pay:

(a) franchise taxes and other fees, taxes and expenses required to maintain their corporate existence,

(b) federal, state and local income taxes, to the extent such income taxes are attributable to the income of Unifi and its Restricted Subsidiaries and, to the extent of the amount actually received from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries,

(c) reasonable salary, bonus and other benefits payable to directors, officers and employees of any direct or indirect parent company of Unifi to the extent such salaries, bonuses and other benefits are attributable to the ownership or operation of Unifi and its Restricted Subsidiaries, and

(d) general corporate overhead expenses of any direct or indirect parent company of Unifi to the extent such expenses are attributable to the ownership or operation of Unifi and its Restricted Subsidiaries;

(9) the purchase of fractional shares by Unifi upon conversion of any securities of Unifi into Equity Interests of Unifi;

(10) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Indebtedness subordinated to the notes (i) at a purchase price not greater than 101% of the principal amount of such Indebtedness in the event of a change of control as defined under such Indebtedness in accordance with provisions similar to the "Change of Control" covenant or (ii) at a purchase price not greater than 100% of the principal amount thereof in accordance with provisions similar to the "Asset Sale" covenant; *provided* that, prior to or simultaneously with such purchase, repurchase, redemption, defeasance or acquisition or retirement, Unifi has made the Change of Control Offer, Collateral Sale Offer or Asset Sale Offer, as applicable, as provided in such covenant with respect to the Sale and has completed, if applicable, the repurchase or redemption of all notes validly tendered for payment in connection with such Change of Control Offer, Collateral Sale Offer or Asset Sale Offer;

(11) payments of intercompany Subordinated Indebtedness the incurrence of which was permitted under the covenant under "—Incurrence of Indebtedness;" and

(12) other Restricted Payments in an aggregate amount since the Issue Date not to exceed $10.0 million.

The amount of all Restricted Payments (other than cash) will be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by Unifi or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any non-cash Restricted Payment that is required to be valued by this covenant shall be determined by the Board of Directors of Unifi acting in good faith, whose resolution with respect thereto will be delivered to the trustee. The Board of

Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of national standing if the fair market value exceeds $25.0 million.

For purposes of determining compliance with this covenant, in the event that a proposed Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Restricted Payments described in clauses (1) through (12) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, Unifi will be entitled to classify such Restricted Payment (or portion thereof) on the date of its payment in any manner that complies with this covenant, and such Restricted Payment will be treated as having been made pursuant to only such clause or clauses or the first paragraph of this covenant.

Incurrence of Indebtedness

Unifi will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt); *provided*, *however*, that Unifi and any Guarantor may incur Indebtedness (including Acquired Debt) if the Fixed Charge Coverage Ratio for Unifi's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred would have been at least 2.0 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit:

(1) the incurrence by Unifi and any Guarantor of additional Indebtedness and letters of credit under one or more Credit Agreements in an aggregate principal amount at any one time outstanding under this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of Unifi and its Restricted Subsidiaries thereunder) not to exceed the greater of (x) $100.0 million and (y) the Borrowing Base, *less* the aggregate amount of all Net Proceeds of Asset Sales applied by Unifi or any of its Restricted Subsidiaries since the Issue Date to repay any term Indebtedness under a Credit Agreement or to repay any revolving credit Indebtedness under a Credit Agreement and effect a corresponding commitment reduction thereunder pursuant to the covenant described above under "—Repurchase at the Option of Holders—Asset Sales;"

(2) the incurrence by Unifi and its Restricted Subsidiaries of the Existing Indebtedness;

(3) the incurrence by Unifi and the Guarantors of Indebtedness represented by the initial notes and the related Subsidiary Guarantees issued on the Issue Date and the Exchange Notes and the related Subsidiary Guarantees to be issued in exchange therefor pursuant to the registration rights agreement;

(4) the incurrence by Unifi or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings, purchase money or other similar obligations with respect to assets other than Capital Stock or other Investments, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, use, installation or improvement of property, plant or equipment used in a Permitted Business, and Attributable Debt, in an aggregate principal amount not to exceed the greater of (x) $7.5 million and (y) 1.0% of Unifi's Consolidated Net Tangible Assets;

(5) the incurrence by Unifi or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, discharge, defease or replace Indebtedness (other than intercompany Indebtedness) that was permitted by the indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (4), (5) or (12) of this paragraph;

(6) the incurrence by Unifi or any of its Restricted Subsidiaries of intercompany Indebtedness between or among Unifi and any of its Restricted Subsidiaries; *provided*, *however*, that:

(a) if Unifi or any Guarantor is the obligor on such Indebtedness and the payee is not Unifi or a Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations with respect to the notes, in the case of Unifi, or such Subsidiary Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests or any other event that results in any such Indebtedness being beneficially held by a Person other than Unifi or a Restricted Subsidiary of Unifi, (ii) any sale or other transfer of any such Indebtedness to a Person that is neither Unifi or a Restricted Subsidiary of Unifi or (iii) the designation of a Restricted Subsidiary which holds Indebtedness as an Unrestricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by Unifi or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the incurrence by Unifi or any of its Restricted Subsidiaries of Hedging Obligations;

(8) the Guarantee by Unifi or any of the Guarantors of Indebtedness of Unifi or a Restricted Subsidiary of Unifi that was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is (a) *pari passu* in right of payment to the notes or any Subsidiary Guarantee, then the related Guarantee shall rank equally in right of payment to the notes or such Subsidiary Guarantee, as the case may be, or (b) subordinated in right of payment to the notes or any Subsidiary Guarantee, then the related Guarantee shall be subordinated in right of payment to the same extent to the notes or such Subsidiary Guarantee, as the case may be;

(9) the incurrence of Indebtedness by Unifi or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) in the ordinary course of business inadvertently drawn against insufficient funds, *provided*, *however*, that such Indebtedness is extinguished within five Business Days after incurrence;

(10) the incurrence of Indebtedness by Unifi or any of its Restricted Subsidiaries incurred in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances, performance, standby letters of credit, statutory clauses of lessors, licensees, contractors, franchisees or customers, surety and similar bonds and completion guarantees provided by Unifi or any of its Restricted Subsidiaries, in each case, in the ordinary course of business;

(11) the incurrence of Indebtedness by Unifi or any of its Restricted Subsidiaries arising from any agreement of Unifi or any Restricted Subsidiary providing for indemnities, guarantees, purchase price adjustments, earn-outs, letters of credit, surety bonds, performance bonds, holdbacks, contingency payment obligations based on the performance of the acquired or disposed assets or similar obligations (other than guarantees of Indebtedness) incurred by any Person in connection with the disposition of assets of Unifi or any Restricted Subsidiary, including, without limitation, any Capital Stock of any Restricted Subsidiary of Unifi;

(12) the incurrence by Unifi or any of its Restricted Subsidiaries of Acquired Debt related to the acquisition of a Permitted Business or an asset used in a Permitted Business if the Fixed Charge Coverage Ratio for Unifi's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of such incurrence of Acquired Debt (the "Relevant Fixed Charge Coverage Ratio") determined immediately after giving effect to such incurrence and the related acquisition (including through a merger, consolidation or otherwise) is equal to or greater than the Fixed Charge Coverage Ratio of Unifi determined immediately before giving effect to such incurrence and the related acquisition;

(13) Indebtedness of (i) Foreign Subsidiaries of Unifi incurred not to exceed at any one time outstanding and together with any other Indebtedness incurred under this clause (13) the greater of (x) $5.0 million and (y) 1.0% of the Consolidated Net Tangible Assets of Unifi and (ii) Indebtedness of Unifi do Brasil, Ltda in an aggregate principal amount at any time outstanding not to exceed $12.0 million, which Indebtedness is secured by certain cash deposits of Unifi do Brasil, Ltda with a Brazilian bank;

(14) the incurrence by Unifi or any of its Restricted Subsidiaries of Indebtedness arising in connection with endorsement of instruments for deposit in the ordinary course of business;

(15) the incurrence by Unifi or any of its Restricted Subsidiaries of Indebtedness to the extent the net proceeds thereof are promptly deposited to defease the notes or satisfy the satisfaction and discharge of the Indenture as described below under "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge;" and

(16) the incurrence by Unifi or any Guarantor of additional Indebtedness, together with all other Indebtedness incurred pursuant to this clause (16) that is at the time outstanding, in an aggregate principal amount (or accreted value, as applicable) at any time outstanding not to exceed $15.0 million.

Unifi will not permit any of its Unrestricted Subsidiaries to incur any Indebtedness other than Non-Recourse Debt. If any Non-Recourse Debt of an Unrestricted Subsidiary shall at any time cease to constitute Non-Recourse Debt or such Unrestricted Subsidiary shall be redesignated a Restricted Subsidiary, such event will be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary.

For purposes of determining compliance with this covenant:

(1) in the event that any Indebtedness meets the criteria of more than one of the categories described in clauses (1) through (16) above or is entitled to be incurred pursuant to the first paragraph of this covenant, Unifi, in its sole discretion, will be permitted to classify (or later reclassify in whole or in part) such item of Indebtedness in any manner that complies with this covenant; *provided* that Indebtedness under the Credit Agreement outstanding on the Issue Date will initially be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the second paragraph of this covenant;

(2) the accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same, or less onerous, terms, the reclassification of preferred stock of Unifi or any Guarantor as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock or preferred stock in the form of additional shares of the same class of Disqualified Stock or preferred stock, the accrual of dividends on Disqualified Stock or preferred stock and the accretion of the liquidation preference of Disqualified Stock or preferred stock will not be deemed to be an incurrence of Indebtedness for purposes of this covenant; *provided*, in each such case, that the amount thereof shall be included in the Fixed Charges of Unifi;

(3) if obligations in respect of letters of credit are incurred pursuant to a Credit Agreement and are being treated as incurred pursuant to clause (1) of the second paragraph above and the letters of credit relate to other Indebtedness, then such other Indebtedness shall not be included;

(4) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness, but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(5) for the purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness denominated in a foreign currency, the dollar-equivalent principal amount of such Indebtedness incurred pursuant thereto shall be calculated based on the relevant currency exchange rate in effect on the earlier of the date that such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-dominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-dominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that Unifi or any of its Restricted Subsidiaries may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount

of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Upon any replacement or refinancing of any Credit Agreement or any portion thereof with a lender that does not become a party to the Intercreditor Agreement, the trustee shall enter into an intercreditor agreement with such lender with terms that are not materially different to the trustee or the Holders of notes than those contained in the Intercreditor Agreement.

Liens

Unifi will not and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness or trade payables (other than Permitted Liens) upon any of their property or assets, now owned or hereafter acquired.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

Unifi will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to Unifi or any of its Restricted Subsidiaries (it being understood that the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock) or pay any Indebtedness owed to Unifi or any of its Restricted Subsidiaries;

(2) make loans or advances to Unifi or any of its Restricted Subsidiaries (it being understood that the subordination of loans or advances made to Unifi or any of its Restricted Subsidiaries to other Indebtedness incurred by Unifi or any of its Restricted Subsidiaries shall not be deemed a restriction on the ability to make loans or advances); or

(3) sell, lease or transfer any of its properties or assets to Unifi or any of its Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness and the Credit Agreement as in effect on the Issue Date and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive in any material respect, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date as reasonably determined by Unifi;

(2) the indenture, the initial notes, the additional notes, the Exchange Notes, the related Subsidiary Guarantees, the Collateral Documents and the Intercreditor Agreement;

(3) applicable law or any applicable rule, regulation or order;

(4) any instrument governing Indebtedness or Capital Stock of a Person acquired by Unifi or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or

Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, including any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of any such agreements or instruments; *provided* that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive in any material respect, taken as a whole, than those contained in the agreements governing such original agreement or instrument, as reasonably determined by Unifi; *provided*, *further*, that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the indenture to be incurred;

(5) in the case of clause (3) of the first paragraph of this covenant:

(a) a lease, license or similar contract that restricts in a customary manner the subletting, assignment or transfer of any subject property or asset, or the assignment or transfer of any such lease, license or other contract;

(b) mortgages, pledges or other agreements or instruments permitted under the indenture securing Indebtedness of Unifi or any of its Restricted Subsidiaries to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other agreements or instruments; or

(c) reciprocal easement agreements of Unifi or any of its Restricted Subsidiaries containing customary provisions restricting dispositions of the subject real property interests;

(6) leases and other agreements containing net worth provisions entered into by Unifi or any Restricted Subsidiary in the ordinary course of business;

(7) purchase money obligations, mortgage financings, Capital Lease Obligations and other similar obligations permitted under the indenture that, in each case, impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of assets or Capital Stock of a Restricted Subsidiary permitted under the indenture that restricts the sale of assets, distributions, loans or other activities by that Restricted Subsidiary pending the consummation of such sale or other disposition;

(9) Permitted Refinancing Indebtedness, *provided* that the dividend and other payment restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive in any material respect, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced as reasonably determined by Unifi;

(10) agreements and other instruments evidencing Liens securing Indebtedness otherwise permitted to be incurred under the provisions of the covenant described above under the caption "—Liens" that limit the right of the debtor to dispose of the assets subject to such Liens, including Permitted Liens;

(11) provisions with respect to the disposition or distribution of assets or property in joint venture agreements and other similar agreements permitted by the indenture; *provided* that such restrictions apply only to the assets or property subject to such agreements;

(12) other Indebtedness of Foreign Subsidiaries permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "—Incurrence of Indebtedness;"

(13) restrictions on cash or other deposits or net worth under contracts or leases entered into in the ordinary course of business;

(14) any instrument governing any Indebtedness or Capital Stock of a Person that is an Unrestricted Subsidiary as in effect on the date that such Person becomes a Restricted Subsidiary, which encumbrance or

restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person who became a Restricted Subsidiary, or the property or assets of the Person who became a Restricted Subsidiary, including any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of any such agreements or instruments; *provided* that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive in any material respect, taken as a whole, than those contained in the agreements governing such original agreement or instrument, as reasonably determined by Unifi; *provided*, *further*, that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the indenture to be incurred;

(15) encumbrances or restrictions existing pursuant to the subordination provisions of any Indebtedness that is permitted to be incurred under the Indenture; and

(16) Indebtedness permitted to be incurred under clause (15) of the second paragraph of the covenant entitled "Incurrence of Indebtedness."

Merger, Consolidation or Sale of Assets

Unifi will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not Unifi is the surviving corporation); or (2) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of the properties or assets of Unifi and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) Unifi is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than Unifi) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made (the "Successor Person") is a corporation organized or existing under the laws of the United States, any state of the United States or the District of Columbia;

(2) the Successor Person (if other than Unifi) expressly assumes all the obligations of Unifi under the notes, the indenture, the registration rights agreement, the Collateral Documents (as applicable) and the Intercreditor Agreement pursuant to agreements reasonably satisfactory to the trustee and shall cause such amendments, supplements or other instruments to be executed, filed, and recorded in such jurisdictions as may be required by applicable law to preserve and protect the Lien on the Collateral owned by or transferred to the Successor Person, together with such financing statements or comparable documents as may be required to perfect any security interests in such Collateral that may be perfected by the filing of a financing statement or a similar document under the Uniform Commercial Code or other similar statute or regulation of the relevant states or jurisdictions;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) Unifi or the Successor Person (if other than Unifi) will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness;" and

(5) Unifi shall have delivered to the trustee an Officers' Certificate and an opinion of counsel, each stating that such consolidation, merger or transfer complies with the provisions of the indenture.

For purposes of this covenant, the sale, assignment, transfer, conveyance, lease or other disposition to a Person other than Unifi or another Restricted Subsidiary of all or substantially all of the properties and assets of one or more Restricted Subsidiaries of Unifi, which properties and assets, if held by Unifi instead of such Restricted Subsidiaries, would constitute all or substantially all of the properties and assets of Unifi on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of Unifi.

The Successor Person will succeed to, and be substituted for, and may exercise every right and power of, Unifi under the indenture and the Collateral Documents, but, in the case of a lease of all or substantially all its assets, Unifi will not be released from the obligation to pay the principal of, and interest on the notes.

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Without complying with the preceding clause (4), (i) any Restricted Subsidiary may consolidate with, merge into, sell, assign, convey, lease or otherwise transfer all or part of its properties and assets to Unifi or to any Guarantor, (ii) Unifi may merge with an Affiliate incorporated solely for the purpose of reincorporating Unifi in another jurisdiction and (iii) Unifi may merge with an Affiliate for the purpose of forming or collapsing a holding company structure; *provided* that any such holding company's only material asset is Equity Interests of Unifi and so long as the owners of the Voting Stock of Unifi immediately before giving effect to such transaction and the owners of the Voting Stock of such holding company immediately after giving effect to such transaction are substantially similar.

In addition, Unifi will not permit any Guarantor to consolidate with or merge with or into any Person (other than Unifi or another Guarantor) and will not permit the conveyance, transfer or lease of all or substantially all of the assets of any Guarantor unless:

(a) if such Person remains a Guarantor, the resulting, surviving or transferee Person will be a Person organized and existing under the laws of the United States, any state of the United States or the District of Columbia and such Person (if not Unifi or such Guarantor) will expressly assume, by supplemental indenture, executed and delivered to the trustee, all the obligations of such Guarantor under its Subsidiary Guarantee, the indenture, the registration rights agreement, the related Collateral Documents and the Intercreditor Agreement and shall cause such amendments, supplements or other instruments to be executed, filed, and recorded in such jurisdictions as may be required by applicable law to preserve and protect the Lien on the Collateral owned by or transferred to the surviving entity, together with such financing statements or comparable documents as may be required to perfect any security interests in such Collateral which may be perfected by the filing of a financing statement or a similar document under the Uniform Commercial Code or other similar statute or regulation of the relevant states or jurisdictions;

(b) immediately after giving effect to such transaction, no Default of Event of Default shall have occurred and be continuing; and

(c) Unifi will have delivered to the trustee an Officers' Certificate and an opinion of counsel, each stating that such consolidation, merger or transfer complies with the provisions of the indenture.

Transactions with Affiliates

Unifi will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of Unifi (each, an "Affiliate Transaction"), unless:

(1) the Affiliate Transaction is on terms that are no less favorable to Unifi or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction in arm's-length dealings by Unifi or such Restricted Subsidiary with a Person who is not an Affiliate; and

(2) Unifi delivers to the trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $5.0 million, a written resolution of the Board of Directors of Unifi set forth in an Officers' Certificate certifying that a majority of the disinterested members of the Board of Directors have approved such Affiliate Transaction and determined that such Affiliate Transaction complies with this covenant; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $15.0 million, a written opinion issued by an independent accounting, appraisal or investment banking firm of national standing to the effect that (a) the financial terms of such Affiliate Transaction are fair to Unifi of such Restricted Subsidiary from a financial point of view or (b) such Affiliate Transaction is not materially less favorable to Unifi or such Restricted Subsidiary than those that might reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the preceding paragraph:

(1) reasonable and customary (a) directors' fees and indemnification and similar arrangements, (b) consulting fees and agreements, (c) officers and employee salaries, bonuses and employment agreements (including indemnification arrangements), and (d) compensation or employee benefit arrangements and incentive arrangements with any officer, director, employee or consultant entered into in the ordinary course of business or approved by Unifi's Board of Directors (including customary benefits thereunder) and payments pursuant thereto;

(2) transactions between or among Unifi and/or its Restricted Subsidiaries and Guarantees issued by Unifi or any of its Restricted Subsidiaries for the benefit of Unifi or any of its Restricted Subsidiaries, as the case may be, in accordance with "—Incurrence of Indebtedness;"

(3) transactions with a Person (other than an Unrestricted Subsidiary of Unifi) that is an Affiliate of Unifi or any Restricted Subsidiary solely because Unifi or any Restricted Subsidiary owns an Equity Interest in, or controls, such Person;

(4) the pledge of Equity Interests of Unrestricted Subsidiaries to support the Indebtedness thereof;

(5) issuances and sales of Equity Interests (other than Disqualified Stock) of Unifi to Affiliates of Unifi and the granting of registration and other customary rights in connection therewith;

(6) Restricted Payments that are permitted by the provisions of the indenture described above under the caption "—Restricted Payments" and Permitted Investments (other than pursuant to clause (1), clause (3) or clause (15) of such definition);

(7) the performance of obligations of Unifi or any of its Restricted Subsidiaries under the terms of any agreement to which Unifi or any of its Restricted Subsidiaries is a party as of or on the Issue Date and on the material terms substantially as described in the Offering Memorandum, as these agreements may be amended, modified, supplemented, extended or renewed from time to time; *provided*, *however*, that any future amendment, modification, supplement, extension or renewal entered into after the Issue Date will be permitted to the extent that its terms as a whole are not more disadvantageous to the holders of the notes than the terms of the agreements in effect on the Issue Date as reasonably determined by Unifi;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services in each case in the ordinary course of business and otherwise in compliance with the terms of the indenture; provided that such transaction complies with the requirements of clause (1) of the first paragraph of this covenant;

(9) transactions pursuant to agreements or other arrangements as described in the Offering Memorandum in the section entitled "Certain Relationships and Related Party Transactions;" and

(10) agreements providing for the provision of administrative, treasury, accounting, management or other similar corporate services by Unifi or any Restricted Subsidiary to an Affiliate; provided that any such agreement shall comply with the requirements of clause (1) of the first paragraph of this covenant.

Designation of Unrestricted Subsidiaries

The Board of Directors of Unifi may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by Unifi and its Restricted Subsidiaries in the Subsidiary properly designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the first paragraph (or clause (12) of the second paragraph) of the covenant described above under the caption "—Restricted Payments" or under one or more clauses of the definition of Permitted Investments, as determined by Unifi. Such designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. If immediately prior to a Person being designated as an Unrestricted Subsidiary an Investment was made in such Person which resulted in such Person becoming a Subsidiary, only the amount of such Investment will further reduce the amount available for Restricted Payments under the first paragraph (or clause (12) of the second paragraph) of the covenant described above under the caption "—Restricted Payments" or under one or more clauses of the definition of Permitted Investments, as determined by Unifi. The Board of Directors of Unifi may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary at any time if the redesignation would not cause a Default or an Event of Default.

Any designation of a Subsidiary of Unifi as an Unrestricted Subsidiary will be evidenced to the trustee by filing with the trustee a certified copy of a resolution of the Board of Directors of Unifi giving effect to such designation and an Officers' Certificate certifying that such designation complies with the preceding conditions and is permitted by the covenant described above under "—Restricted Payments." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of Unifi as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under "—Incurrence of Indebtedness," Unifi will be in default of such covenant. The Board of Directors of Unifi may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of Unifi; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of Unifi of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under "—Incurrence of Indebtedness," calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence as a result of such designation.

All Subsidiaries of Unrestricted Subsidiaries shall be automatically deemed to be Unrestricted Subsidiaries. All designations of Subsidiaries as Unrestricted Subsidiaries and revocations thereof must be evidenced by filing with the trustee resolutions of the Board of Directors of Unifi and an Officers' Certificate certifying compliance with the foregoing provisions.

Additional Subsidiary Guarantees

If Unifi or any of its Restricted Subsidiaries acquires or creates another Domestic Subsidiary after the Issue Date, such Domestic Subsidiary shall on the date on which it was acquired or created become a Guarantor and execute a supplemental indenture pursuant to which such Domestic Subsidiary will guarantee, on a joint and

several basis, the full and prompt payment of the principal of, premium, if any, and interest and Additional Interest, if any, on the notes on a senior secured basis. In addition, if any of Unifi's Foreign Subsidiaries guarantees any Indebtedness of Unifi or any Guarantor, such Foreign Subsidiary shall simultaneously become a Guarantor and execute a supplemental indenture pursuant to which such Foreign Subsidiary will guarantee, on a joint and several basis, the full and prompt payment of the principal of, premium, if any, and interest and Additional Interest, if any, on the notes on a senior secured basis. In addition, Unifi will cause such Subsidiary to become a party to the Collateral Documents and the Intercreditor Agreement and take such actions necessary or advisable (to the extent permitted by applicable law, rule or regulation) to grant to the Collateral Agent, for the benefit of itself and the holders of the notes, a perfected security interest in any Collateral (other than Excluded Assets) held by such Subsidiary, subject to Permitted Liens and the Intercreditor Agreement. The foregoing provisions shall not apply to Subsidiaries that have been properly designated as Unrestricted Subsidiaries in accordance with the indenture for so long as they continue to constitute Unrestricted Subsidiaries.

Each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by that Restricted Subsidiary without rendering the Subsidiary Guarantee, as it relates to such Restricted Subsidiary, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

Business Activities

Unifi will not, and will not permit any Restricted Subsidiary to, engage in any business other than Permitted Businesses, except to such extent as would not be material to Unifi and its Subsidiaries taken as a whole.

Payments for Consent

Unifi will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the indenture, the notes, the Collateral Documents or the Intercreditor Agreement unless such consideration is offered to be paid to all holders of the notes and is paid to all holders of the notes or to all holders of the notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Reports

Whether or not required by the rules and regulations of the Commission, so long as any notes are outstanding, Unifi will furnish to the holders of notes or cause the trustee to furnish to the holders of notes, within the time periods specified in the Commission's rules and regulations:

(1) all quarterly and annual reports that would be required to be filed with the Commission on Forms 10-Q and 10-K if Unifi were required to file such reports, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by Unifi's certified independent accountants; and

(2) all current reports that would be required to be filed with the Commission on Form 8-K if Unifi were required to file such reports.

All such reports will be prepared in all material respects in accordance with the rules and regulations of the Commission applicable to such reports. Each annual report on Form 10-K will include a report on Unifi's consolidated financial statements by Unifi's registered independent accountants.

If Unifi has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either

on the face of the financial statements or in the footnotes thereto, or in "Management's Discussion and Analysis of Financial Condition and Results of Operations," of the financial condition and results of operations of Unifi and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of Unifi.

Whether or not required by the Commission, Unifi will file a copy of each of the reports referred to in clauses (1) and (2) above with the Commission for public availability within the time periods specified in the Commission's rules and regulations applicable to such reports (unless the Commission will not accept such a filing) and make such information available to securities analysts and prospective investors upon request. Unifi's reporting obligations with respect to clauses (1) and (2) above shall be deemed satisfied in the event Unifi files such reports with the Commission on EDGAR (or any successor system) and delivers a copy of such reports to the trustee.

If, at any time after consummation of the Exchange Offer contemplated by the registration rights agreement, Unifi is no longer subject to the periodic reporting requirements of the Exchange Act for any reason, Unifi will nevertheless continue filing the reports specified in the preceding paragraphs with the Commission within the time periods specified above unless the Commission will not accept such a filing. Unifi will not take any action for the sole purpose of causing the Commission not to accept any such filings. If, notwithstanding the foregoing, the Commission will not accept Unifi's filings for any reason, Unifi will post such reports on its web site within the time periods that would apply if Unifi was required to file those reports with the Commission.

In addition, Unifi has agreed that, for so long as any notes remain outstanding, if at any time it is not required to file with the Commission the reports required by the preceding paragraphs, it will furnish to the holders of notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d) (4) under the Securities Act.

If at any time the notes are Guaranteed by a direct or indirect parent of Unifi, and such company is subject to and has complied with the reporting requirements of Section 13 or 15(d) of the Exchange Act, if applicable, and has furnished the holders of notes, or filed electronically with the Commission on EDGAR (or any successor system), the reports described herein with respect to such company, as applicable (including any financial information required by Regulation S-X under the Securities Act), Unifi shall be deemed to be in compliance with the provisions of this covenant. Any information filed or furnished to the Commission via EDGAR (or any successor system) shall be deemed to have been made available to the registered holders of the notes. The subsequent filing or making available of any report required by this covenant shall be deemed automatically to cure any Default or Event of Default resulting from the failure to file or make available such report within the required time frame.

Events of Default and Remedies

Each of the following is an "Event of Default":

(1) default for 30 days in the payment when due of interest on, or Additional Interest, if any, with respect to, the notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the notes;

(3) failure by Unifi or any of its Restricted Subsidiaries to comply with the provision described under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets;"

(4) failure by Unifi or any of its Restricted Subsidiaries for 30 days after notice to Unifi by the trustee or the holder of at least 25% in aggregate principal amount of the notes then outstanding to comply with (a) the

provisions described under the caption "—Repurchase at the Option of Holders" or any of the other provisions under the caption "—Certain Covenants;" or (b) any of its obligations under the Collateral Documents;

(5) failure by Unifi or any of its Restricted Subsidiaries for 60 days after notice to Unifi by the trustee or the holder of at least 25% in aggregate principal amount of the notes then outstanding to comply with any of the other covenants or agreements in the indenture;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness of Unifi or any of its Restricted Subsidiaries (or the payment of which is guaranteed by Unifi or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists or is created after the Issue Date, if that default:

(a) is caused by a failure to pay principal of or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness (a "Payment Default"); or

(b) results in the acceleration of such Indebtedness prior to its Stated Maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $10.0 million or more;

(7) failure by Unifi or any of its Restricted Subsidiaries to pay final judgments entered by a court or courts of competent jurisdiction (not subject to appeal) aggregating in excess of $10.0 million (net of any amounts which are bonded or which a reputable and creditworthy insurance company has acknowledged liability for in writing), which judgments are not paid, discharged or stayed for a period of 60 days after the date on which the right to appeal has expired;

(8) except as permitted by the indenture, any Subsidiary Guarantee shall be held in any judicial proceeding before a court of competent jurisdiction to be unenforceable or invalid or shall cease for any reason to be in full force and effect, or Unifi or any Guarantor, or any Person acting on behalf of Unifi or any Guarantor, shall deny or disaffirm its obligations under its Subsidiary Guarantee to which it is a party;

(9) certain events of bankruptcy, insolvency or reorganization described in the indenture with respect to Unifi or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary; and

(10) with respect to any Collateral having a fair market value in excess of $10.0 million, individually or in the aggregate, (A) the security interest under the Collateral Documents, at any time, ceases to be in full force and effect for any reason other than in accordance with the terms of the indenture, the Collateral Documents or the Intercreditor Agreement, (B) any security interest created thereunder or under the indenture is declared invalid or unenforceable by a court of competent jurisdiction or (C) Unifi or any Guarantor asserts, in any pleading in any court of competent jurisdiction, that any such security interest is invalid or unenforceable.

In the case of an Event of Default arising from certain events of bankruptcy, insolvency or reorganization, with respect to Unifi or any Restricted Subsidiary of Unifi that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary, all outstanding notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the then outstanding notes, by notice in writing to the trustee and Unifi, may declare all the notes to be due and payable. Notwithstanding anything contained in the indenture or the notes to the contrary, upon such a declaration, the principal, premium, interest and Additional Interest, if any, on the notes will become immediately due and payable. In the event of a declaration of acceleration of the notes because an Event of Default described in clause (6) above has occurred and is continuing, the declaration of acceleration of the notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (6) shall

be remedied or cured by Unifi or a Restricted Subsidiary of Unifi or waived by the holders of the relevant Indebtedness within 20 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the notes that became due solely because of the acceleration of the notes, have been cured or waived.

The exercise of rights and remedies under the Indenture by the trustee and Holders of the notes may be limited or restricted by, and shall be subject to, the terms of the Collateral Documents and the Intercreditor Agreement.

Subject to the provisions of the indenture relating to the duties of the trustee or the Collateral Agent, in case an Event of Default shall occur and be continuing, the trustee or the Collateral Agent will be under no obligation to exercise any of its rights or powers under the indenture, the Collateral Documents or the Intercreditor Agreement at the request or direction of any of the holders of notes, unless such holders shall have offered to the trustee or the Collateral Agent reasonable indemnity against any loss, liability or expense. Subject to such provisions for the indemnification of the trustee, the holders of a majority in aggregate principal amount of the then outstanding notes may direct the trustee in its exercise of any trust or power. The trustee may withhold from holders of the notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, premium, interest or Additional Interest. Except to enforce the right to receive payment of principal, premium, if any, or interest or Additional Interest, if any, when due, no holder of a note may pursue any remedy with respect to the indenture, the notes, any Subsidiary Guarantee, the Collateral Documents or the Intercreditor Agreement unless:

(1) such holder has previously given the trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding notes have requested the trustee to pursue the remedy;

(3) such holders have offered the trustee reasonable security or indemnity against any loss, liability or expense;

(4) the trustee has not complied with such request within 60days after the receipt of the request and the offer of security or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding notes have not given the trustee a direction inconsistent with such request within such 60-day period.

The holders of a majority in aggregate principal amount of the notes then outstanding by notice to the trustee may, on behalf of the holders of all of the notes, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the indenture, except a continuing Default or Event of Default in the payment of principal of, or interest or premium or Additional Interest, if any, on the notes.

Unifi is required to deliver to the trustee annually, within 90 days after the end of its fiscal year, an Officers' Certificate regarding compliance by it with the indenture. Within 10 Business Days of becoming aware of any Default or Event of Default, Unifi is required to deliver to the trustee written notice specifying such Default or Event of Default, its status and what action Unifi is taking or proposing to take in respect thereof, unless such default shall have been previously cured or waived.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator, member, manager, general or limited partner or stockholder of Unifi or any Guarantor, as such, will have any liability for any obligations of Unifi or the Guarantors under the notes, the indenture, the Subsidiary Guarantees, the Collateral Documents, the registration rights agreement, the

Intercreditor Agreement or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Legal Defeasance and Covenant Defeasance

Unifi may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding notes, the indenture, the Collateral Documents and the Intercreditor Agreement and all obligations of the Guarantors discharged with respect to their Subsidiary Guarantees, the indenture, the Collateral Documents and the Intercreditor Agreement ("Legal Defeasance") except for:

(1) the rights of holders of outstanding notes to receive payments in respect of the principal of, or interest or premium and Additional Interest, if any, on such notes when such payments are due from the funds in the trust referred to below;

(2) Unifi's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the trustee, and Unifi's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the indenture.

In addition, Unifi may, at its option and at any time, elect to have the obligations of Unifi and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under "—Events of Default and Remedies" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) Unifi must irrevocably deposit with the trustee, in trust, for the benefit of the holders of the notes, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, to pay the principal of, or interest and premium and Additional Interest, if any, on, the outstanding notes on the Stated Maturity or on the applicable redemption date specified by Unifi, as the case may be, and Unifi must specify whether the notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, Unifi must deliver to the trustee an opinion of counsel reasonably acceptable to the trustee confirming that:

(a) Unifi has received from, or there has been published by, the Internal Revenue Service a ruling; or

(b) since the Issue Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, Unifi must deliver to the trustee an opinion of counsel reasonably acceptable to the trustee confirming that the holders of the outstanding notes will not recognize income, gain or

loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the indenture) to which Unifi or any of its Restricted Subsidiaries is a party or by which Unifi or any of its Restricted Subsidiaries is bound;

(6) Unifi must deliver to the trustee an Officers' Certificate stating that the deposit was not made by Unifi with the intent of preferring the holders of notes over the other creditors of Unifi with the intent of defeating, hindering, delaying or defrauding creditors of Unifi or others; and

(7) Unifi must deliver to the trustee an Officers' Certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided in the next four succeeding paragraphs, the indenture, the notes, the Subsidiary Guarantees, the Collateral Documents or the Intercreditor Agreement may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes), and any existing Default or Event of Default or compliance with any provision of the indenture or the notes or the Subsidiary Guarantees, the Collateral Documents or the Intercreditor Agreement may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes).

Without the consent of each holder of notes affected, an amendment, supplement or waiver may not (with respect to any notes held by a non-consenting holder):

(1) reduce the principal amount of notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of (or the premium on) or change the fixed maturity of any note or alter the provisions with respect to the redemption of the notes (other than provisions relating to the covenants described above under the caption "—Repurchase at the Option of Holders");

(3) reduce the rate of or change the time for payment of interest or Additional Interest on any note;

(4) waive a Default or Event of Default in the payment of principal of, or interest or premium or Additional Interest, if any, on, the notes (except a rescission of acceleration of the notes by the holders of at least a majority in aggregate principal amount of the then outstanding notes and a waiver of the payment default that resulted from such acceleration);

(5) make any note payable in a currency other than that stated in the notes;

(6) make any change in the provisions of the indenture relating to waivers of past Defaults or the rights of holders of notes to receive payments of principal of, or interest or premium or Additional Interest, if any, on, the notes or to institute suit for the enforcement of any payment on or with respect to such holder's notes;

(7) waive a redemption payment with respect to any note (other than a payment required by one of the covenants described above under the caption "—Repurchase at the Option of Holders");

(8) release any Guarantor from any of its obligations under its Subsidiary Guarantee or the indenture, except in accordance with the terms of the indenture; or

(9) make any change in the preceding amendment and waiver provisions.

In addition, without the consent of at least 75% in aggregate principal amount of notes then outstanding, an amendment, supplement or waiver may not:

(1) modify any Collateral Document or the provisions in the indenture dealing with Collateral Documents or application of trust moneys in any manner adverse to the holders of the notes or otherwise release any Collateral other than in accordance with the indenture, the Collateral Documents and the Intercreditor Agreement; or

(2) modify the Intercreditor Agreement in any manner adverse to the holders of the notes in any material respect other than in accordance with the terms of the indenture, the Collateral Documents and the Intercreditor Agreement.

Notwithstanding the preceding, without the consent of any holder of notes, Unifi, the Guarantors and the trustee may amend or supplement the indenture, the notes, the Subsidiary Guarantees, the Collateral Documents or the Intercreditor Agreement to:

(1) cure any ambiguity, defect or inconsistency;

(2) provide for uncertificated notes in addition to or in place of certificated notes;

(3) provide for the assumption of Unifi's or a Guarantor's obligations to holders of notes and Subsidiary Guarantees in the case of a merger or consolidation or sale of all or substantially all of Unifi's or such Guarantor's assets, as applicable;

(4) make any change that would provide any additional rights or benefits to the holders of notes or that does not adversely affect the legal rights of any such holder under the indenture, the notes, the Subsidiary Guarantees, the Collateral Documents or the Intercreditor Agreement;

(5) provide for the issuance of additional notes and Exchange Notes in accordance with the provisions set forth in the indenture;

(6) evidence and provide for the acceptance of an appointment of a successor trustee;

(7) conform the text of the indenture, the Subsidiary Guarantees, the notes, the Collateral Documents or the Intercreditor Agreement to any provision of this Description of the Notes to the extent that such provision in this Description of the Notes was intended to be a verbatim recitation of a provision of the indenture, the Subsidiary Guarantees, the notes, the Collateral Documents or the Intercreditor Agreement;

(8) release a Guarantor from its obligations under its Subsidiary Guarantee, the notes or the indenture in accordance with the applicable provisions of the indenture;

(9) add Subsidiary Guarantees with respect to the notes;

(10) add additional Collateral to secure the notes;

(11) release Liens in favor of the Collateral Agent in the Collateral as provided under "—Security—Release;"

(12) comply with requirements of the Commission in order to effect or maintain the qualification of the indenture under the Trust Indenture Act;

(13) to comply with the rules of any applicable securities depositary;

(14) to provide, in accordance with the provisions of the Intercreditor Agreement, for the amendment or supplement of the Collateral Documents or the Intercreditor Agreement with respect to Second Priority Collateral in order to reflect conforming amendments or supplements made to the security documents evidencing the Liens securing the Credit Agreement; or

(15) to provide for the accession or succession of any parties to the Collateral Documents or the Intercreditor Agreement (and other amendments that are administrative or ministerial in nature) in connection with an amendment, renewal, extension, substitution, refinancing, restructuring, replacement, supplementing or other modification from time to time of a Credit Agreement or any other agreement or action that is not prohibited by the Indenture.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the indenture by any holder of notes given in connection with a tender of such holder's notes will not be rendered invalid by such tender. After an amendment under the indenture becomes effective, Unifi is required to mail to the holders a notice briefly describing such amendment. However, the failure to give such notice to all the holders, or any defect in the notice will not impair or affect the validity of the amendment.

In addition, without the consent of any holder of notes, any amendment, waiver or consent agreed to by the Administrative Agent in accordance with the Intercreditor Agreement under any provision of the security documents granting the first-priority lien on any Second-Priority Collateral will automatically apply to the comparable provisions of the comparable Collateral Documents entered into in connection with the notes.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect as to all notes issued thereunder, when:

(1) either:

(a) all notes that have been authenticated, except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has been deposited in trust and thereafter repaid to Unifi, have been delivered to the trustee for cancellation; or

(b) all notes that have not been delivered to the trustee for cancellation (i) have become due and payable by reason of the mailing of a notice of redemption or otherwise or (ii) will become due and payable within one year or have been or will be called for redemption and Unifi or any Guarantor has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the notes not delivered to the trustee for cancellation for principal, premium and Additional Interest, if any, and accrued interest to, but excluding the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of the deposit or will occur as a result of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other material instrument to which Unifi or any Guarantor is a party or by which Unifi or any Guarantor is bound;

(3) Unifi or any Guarantor has paid or caused to be paid all sums payable by it under the indenture; and

(4) Unifi has delivered irrevocable instructions to the trustee under the indenture to apply the deposited money toward the payment of the notes at maturity or on the redemption date, as the case may be.

In addition, Unifi must deliver an Officers' Certificate and an opinion of counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Concerning the Trustee

If the trustee becomes a creditor of Unifi or any Guarantor, the indenture will limit the right of the trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the Commission for permission to continue as trustee (if the indenture has been qualified under the Trust Indenture Act) or resign.

The holders of a majority in aggregate principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee, subject to certain exceptions. The indenture will provide that in case an Event of Default occurs and is continuing, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holder of notes, unless such holder has offered to the trustee security and indemnity reasonably satisfactory to it against any loss, liability or expense.

Additional Information

Anyone who receives this prospectus may obtain a copy of the indenture, the registration rights agreement, the Collateral Documents and the Intercreditor Agreement without charge by writing to Unifi, Inc., P.O. Box 19109, Greensboro, North Carolina, USA, 27419-9109, Attention: Chief Financial Officer.

Book-Entry, Delivery and Form

Except as described below, we will initially issue the exchange notes in the form of one or more registered exchange notes in global form without coupons. We will deposit each global note on the date of the closing of this exchange offer with, or on behalf of, DTC in New York, New York, and register the exchange notes in the name of DTC or its nominee, or will leave these notes in the custody of the trustee.

Depository Trust Company Procedures

For your convenience, the following description of the operations and procedures of DTC, the Euroclear System and Clearstream Banking, S.A. are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. Unifi and its Restricted Subsidiaries are not responsible for these operations and procedures and urge investors to contact the system or its participants directly to discuss these matters.

DTC has advised Unifi that DTC is a limited-purpose trust company created to hold securities for its participating organizations and to facilitate the clearance and settlement of transactions in those securities between its participants through electronic book-entry changes in the accounts of these participants. These direct participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also indirectly available to other entities that clear through or maintain a direct or indirect, custodial relationship with a direct participant. DTC may hold securities beneficially owned by other persons only through its participants and the ownership interests and transfers of ownership interests of these other persons will be recorded only on the records of the participants and not on the records of DTC.

DTC has also advised Unifi that, in accordance with its procedures,

(1) upon deposit of the global notes, it will credit the accounts of the direct participants with an interest in the global notes, and

(2) it will maintain records of the ownership interests of these direct participants in the global notes and the transfer of ownership interests by and between direct participants.

DTC will not maintain records of the ownership interests of, or the transfer of ownership interests by and between, indirect participants or other owners of beneficial interests in the global notes. Both direct and indirect participants must maintain their own records of ownership interests of, and the transfer of ownership interests by and between, indirect participants and other owners of beneficial interests in the global notes.

Investors in the notes may hold their interests in the notes directly through DTC if they are direct participants in DTC or indirectly through organizations that are direct participants in DTC. Investors in the notes may also hold their interests in the notes through Euroclear and Clearstream if they are direct participants in those systems or indirectly through organizations that are participants in those systems. Euroclear and Clearstream will hold omnibus positions in the global notes on behalf of the Euroclear participants and the Clearstream participants, respectively, through customers' securities accounts in Euroclear's and Clearstream's names on the books of their respective depositories, which are Morgan Guaranty Trust Company of New York, Brussels office, as operator of Euroclear, and Citibank, N.A. and The Chase Manhattan Bank, N.A., as operators of Clearstream. These depositories, in turn, will hold these positions in their names on the books of DTC. All interests in a global note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of those systems.

The laws of some states require that some persons take physical delivery in definitive certificated form of the securities that they own. This may limit or curtail the ability to transfer beneficial interests in a global note to these persons. Because DTC can act only on behalf of direct participants, which in turn act on behalf of indirect participants and others, the ability of a person having a beneficial interest in a global note to pledge its interest to persons or entities that are not direct participants in DTC or to otherwise take actions in respect of its interest, may be affected by the lack of physical certificates evidencing the interests.

Except as described below, owners of interests in the global notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or holders of these notes under the indenture for any purpose.

Payments with respect to the principal of and interest on any notes represented by a global note registered in the name of DTC or its nominee on the applicable record date will be payable by the trustee to or at the direction of DTC or its nominee in its capacity as the registered holder of the global note representing these notes under the indenture. Under the terms of the indenture, Unifi and its Restricted Subsidiaries and the trustee will treat the person in whose names the notes are registered, including notes represented by global notes, as the owners of the notes for the purpose of receiving payments and for any and all other purposes whatsoever. Payments in respect of the principal and interest on global notes registered in the name of DTC or its nominee will be payable by the trustee to DTC or its nominee as the registered holder under the indenture. Consequently, none of Unifi, any Restricted Subsidiary, the trustee or any agents of Unifi, any Restricted Subsidiary, or the trustee has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any direct or indirect participant's records relating to, or payments made on account of, beneficial ownership interests in the global notes or for maintaining, supervising or reviewing any of DTC's records or any direct or indirect participant's records relating to the beneficial ownership interests in any global note; or

(2) any other matter relating to the actions and practices of DTC or any of its direct or indirect participants.

DTC has advised Unifi that its current practice, upon receipt of any payment in respect of securities such as the notes, including principal and interest, is to credit the accounts of the relevant participants with the payment on the payment date, in amounts proportionate to their respective holdings in the principal amount of beneficial interest in the security as shown on its records, unless it has reasons to believe that it will not receive payment on the payment date. Payments by the direct and indirect participants to the beneficial owners of interests in the global note will be governed by standing instructions and customary practice and will be the responsibility of the direct or indirect participants and will not be the responsibility of DTC, the trustee, Unifi or any of its Restricted Subsidiaries.

None of Unifi, any of its Restricted Subsidiaries or the trustee will be liable for any delay by DTC or any direct or indirect participant in identifying the beneficial owners of the notes and Unifi, its Restricted Subsidiaries and the trustee may conclusively rely on, and will be protected in relying on, instructions from DTC or its nominee for all purposes, including with respect to the registration and delivery, and the respective principal amounts, of the notes.

Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant global note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised Unifi that it will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account DTC has credited the interests in the global notes and only in respect of the portion of the aggregate principal amount of the notes as to which the participant or participants has or have given that direction. However, if there is an event of default with respect to the notes, DTC reserves the right to exchange the global notes for legended notes in certificated form and to distribute them to its participants.

Although DTC, Euroclear and Clearstream have agreed to these procedures to facilitate transfers of interests in the global notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform these procedures and may discontinue them at any time. None of Unifi, any of its Restricted Subsidiaries, the trustee or any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their direct or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A global note is exchangeable for definitive notes in registered certificated form if:

(1) DTC (a) notifies Unifi that it is unwilling or unable to continue as depositary for the Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, Unifi fails to appoint a successor depositary;

(2) Unifi, at its option, notifies the trustee in writing that they elect to cause the issuance of the Certificated Notes; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the trustee by or on behalf of DTC in accordance with the Indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures).

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes.

Same-Day Settlement

Unifi expects that the interests in the global notes will be eligible to trade in DTC's Same-Day Funds Settlement System. As a result, secondary market trading activity in these interests will settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its participants. Unifi expects that secondary trading in any certificated notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a global note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised Unifi that cash received in Euroclear or Clearstream as a result of sales of interests in a global note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Certain Definitions

Set forth below are certain defined terms used in the indenture. Reference is made to the indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Additional Assets*" means:

(1) all or substantially all of the assets of another Permitted Business;

(2) Capital Stock of a Person engaged in a Permitted Business if such Person is or, after giving effect to such acquisition, becomes a Restricted Subsidiary of Unifi; or

(3) capital expenditures relating to an asset used or useful in a Permitted Business; or

(4) other assets that are not classified as current assets under GAAP and that are used or useful in a Permitted Business.

"*Additional Interest*" means all additional interest then owing pursuant to the registration rights agreement.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Assets Held for Sale*" means the machinery and equipment held for sale by Unifi and its Restricted Subsidiaries as of the Issue Date, and identified on a schedule to the indenture, with an estimated appraisal value on the Issue Date not to exceed $17.0 million.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of Unifi and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the indenture described above under the caption "—Repurchase at the Option of Holders—Change of Control" and/or the provisions described above under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" and not by the provisions of the Asset Sale covenant; and

(2) the issuance of Equity Interests in any of Unifi's Restricted Subsidiaries or the sale of Equity Interests in any of its Restricted Subsidiaries.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a fair market value of less than $2.0 million;

(2) a transfer of assets between or among Unifi and the Guarantors; *provided* that in the case of a sale of Collateral, the transferee shall cause such amendments, supplements or other instruments to be executed, filed, and recorded in such jurisdictions as may be required by applicable law to preserve and protect the Lien on the Collateral owned by or transferred to the transferee, together with such financing statements or comparable documents as may be required to perfect any security interests in such Collateral which may be perfected by the filing of a financing statement or a similar document under the Uniform Commercial Code or other similar statute or regulation of the relevant states or jurisdictions;

(3) a transfer of assets between or among Restricted Subsidiaries that are not Guarantors or from a Restricted Subsidiary that is not a Guarantor to Unifi or a Guarantor;

(4) an issuance of Equity Interests by a Restricted Subsidiary of Unifi to Unifi or to another Restricted Subsidiary of Unifi;

(5) the sale, lease or other transfer or disposition of equipment, inventory or raw materials, products in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets in the ordinary course of business;

(6) the creation of Permitted Liens and dispositions in connection with Permitted Liens;

(7) the licensing or sublicensing of intellectual property or other general intangibles and licenses, leases or subleases of other property;

(8) foreclosure on assets;

(9) the sale or other disposition of cash or Cash Equivalents;

(10) a Restricted Payment that is permitted by the covenant described above under the caption "—Certain Covenants—Restricted Payments" or a Permitted Investment;

(11) any Recovery Event;

(12) any transfer of property or assets that is a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(13) a transfer or other disposition of Assets Held for Sale by Unifi and its Restricted Subsidiaries so long as such Assets Held for Sale or the proceeds therefrom are transferred to a Permitted Joint Venture or an Unrestricted Subsidiary engaged in a Permitted Business;

(14) the sale, conveyance, disposition or other transfer of Equity Interests in any Permitted Joint Venture in existence on the Issue Date, which sale, conveyance, disposition or other transfer shall comply with subclauses (1) and (2) of clause (a) of the covenant described under "—Repurchase at the Option of Holders—Asset Sales;" and

(15) any transfer or disposition of property or assets pursuant to Hedging Obligations permitted to be incurred under the Indenture.

"*Attributable Debt*" in respect of a Sale/Leaseback Transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; *provided*, *however*, that if such Sale/Leaseback Transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "Capital Lease Obligation."

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The term "Beneficially Own" has a corresponding meaning.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof or, if managed by managers, the board of managers or any committee thereof duly authorized to act on behalf of such board; and

(4) with respect to any other Person, the board of directors or governing body of such Person serving a similar function.

"*Borrowing Base*" means, as of any date, an amount equal to the "Borrowing Base" as defined in the Credit Agreement as of such date.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York are authorized or required by law to close.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"*Capital Stock*" means:

(1) in the case of a corporation, common stock, preferred stock or other corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of vote or participation with Capital Stock.

"*Cash Equivalents*" means:

(1) United States dollars and in the case of any Foreign Subsidiary, such local currencies held by them from time to time in the ordinary course of business;

(2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (*provided* that the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than twelve months from the date of acquisition;

(3) marketable general obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition (*provided* that the full faith and credit of the United States is pledged in support thereof) and, at the time of acquisition, having a credit rating of "A" or better from either S&P or Moody's;

(4) deposits, certificates of deposit and eurodollar time deposits with maturities of twelve months or less from the date of acquisition, money market deposits, bankers' acceptances with maturities not exceeding twelve months and overnight bank deposits with any lender party to the Credit Agreement as of the Issue Date or any domestic commercial bank having capital and surplus in excess of $500.0 million and a Thomson Bank Watch Rating of "B" or better;

(5) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2), (3) and (4) above entered into with any financial institution meeting the qualifications specified in clause (4) above;

(6) commercial paper having a rating of at least A-3 from Moody's or P-3 from S&P and in each case maturing within six months after the date of acquisition; and

(7) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (6) of this definition.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Unifi and its Restricted Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d) (3) of the Exchange Act);

(2) the adoption of a plan relating to the liquidation or dissolution of Unifi;

(3) any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of Unifi, measured by voting power rather than number of shares; or

(4) the first day on which a majority of the members of the Board of Directors of Unifi are not Continuing Directors.

Notwithstanding the foregoing, (A) a "person" shall not be deemed to have beneficial ownership of securities subject to a stock purchase agreement, merger agreement or similar agreement (or voting or option agreement related thereto) until the consummation of the transactions contemplated by such agreement and (B) any holding company whose only material asset is Equity Interests of Unifi or any of its direct or indirect parent companies shall not itself be considered a "person" for purposes of clause (3) above so long as the owners of the Voting Stock of Unifi or any of its direct or indirect parent companies immediately before giving effect to such transaction and the owners of the Voting Stock of such holding company immediately after giving effect to such transaction are substantially similar.

"*Collateral*" means all property and assets, whether now owned or hereafter acquired, in which Liens are, from time to time, purported to be granted to secure the notes pursuant to the Collateral Documents.

"*Collateral Account*" means the First Priority Collateral Account or the Second Priority Collateral Account, as applicable.

"*Collateral Agent*" means U.S. Bank National Association, acting as the Collateral Agent under the Collateral Documents.

"*Collateral Documents*" means the mortgages, deeds of trust, deeds to secure debt, security agreements, pledge agreements, agency agreements and other instruments and documents executed and delivered pursuant to the indenture or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which Collateral is pledged, assigned or granted to or on behalf of the Collateral Agent for the ratable benefit of the holders of the notes and the trustee or notice of such pledge, assignment or grant is given.

"*Commission*" means the United States Securities and Exchange Commission.

"*Consolidated Cash Flow*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period, *plus* without duplication:

(1) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*

(2) the Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; *plus*

(3) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges (excluding

any such non-cash charges to the extent that it represents an accrual of or reserve for cash charges in any future period or amortization of a prepaid cash charge that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash charges were deducted in computing such Consolidated Net Income; *plus*

(4) restructuring and acquisition integration costs and fees, including cash severance payments made in connection with restructurings and acquisitions; *plus*

(5) without duplication, for periods prior to the Issue Date, all items added back to "EBITDA" for purposes of calculating "Adjusted EBITDA" in footnote (1) under "Offering Memorandum Summary—Summary Historical Financial Data" in the Offering Memorandum; *minus*

(6) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business, *minus*

(7) the net loss of any Person that is not a Restricted Subsidiary to the extent that such loss has been funded by an investment of cash from Unifi or a Restricted Subsidiary made for the purpose of funding such loss, in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the foregoing, the provision for taxes and the depreciation, amortization and other non-cash expenses of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated Cash Flow only to the extent (and in the same proportion) that the net income of such Restricted Subsidiary was included in calculating Consolidated Net Income and only if a corresponding amount would be permitted at the date of determination to be dividended to such Person by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to such Restricted Subsidiary or its shareholders or members.

"*Consolidated Net Income*" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided* that:

(1) the Net Income (but not loss) of any specified Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary of such Person;

(2) the amount of Net Income of any non-Guarantor Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that amount of Net Income is not at the date of determination permitted without any prior governmental approval (other than an approval that has already been obtained or, in the case of a Foreign Subsidiary, is reasonably likely to be obtained, in the good-faith judgment of Unifi) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its shareholders or members;

(3) the cumulative effect of a change in accounting principles shall be excluded;

(4) any non-cash gains, losses, income and expenses resulting from fair value accounting with respect to Hedging Obligations required by Statements of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities";

(5) the net loss of any Person that is not a Restricted Subsidiary shall be excluded; and

(6) any charges resulting from the application of Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" to dividends paid on Equity Interests (other than Disqualified Stock) shall be excluded.

Notwithstanding the foregoing, for the purpose of the covenant described under "—Certain Covenants—Restricted Payments" only (other than clause (3)(c) thereof), there shall be excluded from Consolidated Net Income any income arising from any sale or other disposition of Restricted Investments made by Unifi and its Restricted Subsidiaries, any repurchases and redemptions of Restricted Investments from Unifi and its Restricted Subsidiaries, any repayments of loans and advances which constitute Restricted Investments by Unifi or any of its Restricted Subsidiaries, any sale of the stock of an Unrestricted Subsidiary or any distribution or dividend from an Unrestricted Subsidiary, in each case only to the extent such amounts increase the amount of Restricted Payments permitted under such covenant pursuant to clause (3)(c) thereof.

"*Consolidated Net Tangible Assets*" means, as of any date of determination, the consolidated total assets of Unifi and its Subsidiaries determined in accordance with GAAP as of the end of Unifi's most recent fiscal quarter for which internal financial statements are available, less the sum of (1) all current liabilities and current liability items (other than liabilities under a Credit Agreement that has a Stated Maturity later than one year after such date of determination), and (2) all goodwill, trade names, trademarks, patents, organization expense, unamortized debt discount and expense and other similar intangibles properly classified as intangibles in accordance with GAAP.

"*Continuing Directors*" means, as of any date of determination, any member of the Board of Directors of Unifi who:

(1) was a member of such Board of Directors on the Issue Date; or

(2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election.

"*Credit Agreement*" means that certain Amended and Restated Credit Agreement, dated as of May 26, 2006, among Unifi, certain of its Subsidiaries, Bank of America, N.A., as agent, and the lenders parties thereto, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, restated, modified, extended, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time and, with respect to Unifi or any Guarantor, one or more debt facilities, commercial paper facilities, in each case, with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from (or sell such receivables to) such lenders against such receivables), letters of credit, bankers' acceptances, or other borrowings, in each case, as amended, restated, modified, extended, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced in whole or in part from time to time, in each case, whether or not such amendment, restatement, modification, extension, renewal, refunding, replacement or refinancing occurs (i) with the original parties thereto, (ii) on one or more separate occasions or (iii) simultaneously or not with the termination or repayment of a prior Credit Agreement.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the notes are scheduled to mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require Unifi to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that Unifi may

not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "—Certain Covenants—Restricted Payments." Any class of Capital Stock of Unifi that, by its terms, authorizes Unifi to satisfy in full its obligations with respect to the payment of dividends or upon maturity, redemption (pursuant to a sinking fund or otherwise) or repurchase thereof or otherwise by the delivery of Capital Stock (other than Disqualified Stock) and that is not convertible into, puttable or exchangeable for Disqualified Stock, will not be deemed to be Disqualified Stock so long as Unifi satisfies its obligations with respect thereto solely by the delivery of Capital Stock (other than Disqualified Stock).

"*Domestic Subsidiary*" means any Restricted Subsidiary of Unifi that was formed under the laws of the United States or any state of the United States or the District of Columbia.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means any offer and sale for cash by Unifi (or any direct or indirect parent of Unifi to the extent the net proceeds therefrom are contributed to the equity capital of Unifi) of Capital Stock (other than Disqualified Stock) after the Issue Date, other than (a) any issuance pursuant to employee benefit plans or otherwise in compensation to officers, directors or employees or (b) any offering of Capital Stock issued in connection with a transaction that constitutes a Change of Control.

"*Exchange Notes*" means the notes issued in the Exchange Offer pursuant to the indenture.

"*Exchange Offer*" has the meaning set forth for such term in the registration rights agreement.

"*Exchange Offer Registration Statement*" has the meaning set forth for such term in the registration rights agreement.

"*Existing Indebtedness*" means Indebtedness of Unifi and its Restricted Subsidiaries (other than Indebtedness under the Credit Agreement) in existence on the Issue Date.

"*First Priority Collateral*" means substantially all of the assets (other than the Second Priority Collateral and other than Excluded Assets) of Unifi and the Guarantors, including, but not limited to, the real property, fixtures, equipment, general intangibles with respect to any uncertificated securities representing the Capital Stock of any Subsidiary of Unifi or the Guarantors and any Person in which Unifi or a Guarantor has a direct interest, and investment property consisting of the Capital Stock of each Subsidiary of Unifi or the Guarantors and each other Person in which Unifi or a Guarantor has a direct interest, now owned or hereafter acquired by Unifi and the Guarantors, as to which the notes have a first-priority Lien.

"*First Priority Collateral Account*" means any segregated account under the sole control of the Collateral Agent that is free from all other Liens (other than Liens securing obligations under the Credit Agreement) and includes all cash and Cash Equivalents received by the Collateral Agent from Asset Sales of First Priority Collateral, Recovery Events of First Priority Collateral, foreclosures on or sales of First Priority Collateral, any issuance of additional notes or any other awards or proceeds related to First Priority Collateral pursuant to the Collateral Documents.

"*Fixed Charge Coverage Ratio*" means with respect to any specified Person, the ratio of the Consolidated Cash Flow of such Person for the most recently ended four full fiscal quarters for which financial statements are available to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is

being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries, Investments by the specified Person or any of its Restricted Subsidiaries in any Person if as a result of such Investment such Person becomes a Restricted Subsidiary of the specified Person and any redesignation of an Unrestricted Subsidiary to a Restricted Subsidiary or a designation of a Restricted Subsidiary to an Unrestricted Subsidiary, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date will be given pro forma effect as if they had occurred on the first day of the four-quarter reference period; *provided* that such pro forma calculations shall be determined in good faith by the Chief Financial Officer of Unifi and shall be set forth in an Officer's Certificate signed by Unifi's Chief Financial Officer which states (i) the amount of such adjustment or adjustments, (ii) that such adjustment or adjustments are based on the reasonable good faith belief of Unifi at the time of such execution, and (iii) that the steps necessary for the realization of such adjustments have been taken or are reasonably expected to be taken within 12 months following such transaction;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, shall be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness shall be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire four-quarter reference period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months); and

(5) if any arrangement, instrument or agreement that does not constitute Indebtedness yet results in the incurrence of Fixed Charges is repaid, eliminated, reversed or discharged during such four-quarter reference period, such arrangement, instrument or agreement shall be deemed to have been repaid, eliminated, reversed or discharged as of the first day of such four-quarter reference period.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations) in respect of interest rates; *plus*

(2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries (whether or not such Guarantee or Lien is called upon); *plus*

(4) the product of (a) all dividends, whether paid or accrued and (whether or not in cash) on any series of preferred stock or Disqualified Stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of such Person (other than Disqualified Stock) or to such Person or a Restricted Subsidiary of such Person, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis and in accordance with GAAP.

For purposes of the foregoing, total Fixed Charges will be determined by excluding any charges resulting from the application of Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" with respect to payments made on Equity Interests other than Disqualified Stock.

"*Foreign Subsidiary*" means any Restricted Subsidiary of Unifi that is not a Domestic Subsidiary.

"*GAAP*" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or the Public Company Accounting Oversight Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect on the Issue Date.

"*Guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

"*Guarantor*" means any Person that guarantees the notes; *provided* that upon the release or discharge of such Person from its Subsidiary Guarantee in accordance with the provisions of the indenture, such Person shall cease to be a Guarantor.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person incurred in connection with the ordinary course of business not for speculative purposes under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) foreign exchange contracts and currency protection agreements entered into with one of more financial institutions and designed to protect the person or entity entering into the agreement against fluctuations in currency exchange rates; and

(3) other agreements or arrangements designed to manage fluctuations in interest rates, currency exchange rates or commodity prices.

"*Indebtedness*" means (without duplication), with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of letters of credit, banker's acceptances or other similar instruments;

(4) representing the portion of Capital Lease Obligations (that does not constitute interest expense) and Attributable Debt;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed;

(6) all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Subsidiary that is not a Guarantor, any preferred stock (but excluding, in each case, any accrued dividends); or

(7) representing any Hedging Obligations; if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability on a balance sheet prepared in accordance with GAAP. For the avoidance of doubt, trade payables, accrued liabilities arising in the ordinary course of business, obligations of a Person other than principal and any liability for federal, state or local taxes or other taxes shall not be deemed to be Indebtedness.

In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(2) in the case of any Disqualified Stock of the specified Person or any Guarantor or preferred stock of a Restricted Subsidiary that is not a Guarantor, the repurchase price calculated in accordance with the terms of such Disqualified Stock or preferred stock as if such Disqualified Stock or preferred stock were repurchased on the date on which Indebtedness is required to be determined pursuant to the indenture; *provided* that if such Disqualified Stock or preferred stock is not then permitted to be repurchased, the greater of the liquidation preference and the book value of such Disqualified Stock or preferred stock;

(3) in the case of Indebtedness of others secured by a Lien on any asset of the specified Person, the lesser of (A) the fair market value of such asset on the date on which Indebtedness is required to be determined pursuant to the indenture and (B) the amount of the Indebtedness so secured;

(4) in the case of the Guarantee by the specified Person of any Indebtedness of any other Person, the maximum liability to which the specified Person may be subject upon the occurrence of the contingency giving rise to the obligation;

(5) in the case of any Hedging Obligations, the net amount payable if such Hedging Obligations were terminated at that time by such Person (after giving effect to any contractually permitted set-off); and

(6) the principal amount of the Indebtedness, together with any interest on the Indebtedness that is more than 30 days past due, in the case of any other Indebtedness.

"*Intercreditor Agreement*" means the Intercreditor Agreement entered into among Unifi, the Guarantors, the Collateral Agent, on behalf of itself, the trustee and the holders of the notes, and the agent under the Credit

Agreement, on behalf of itself and the lenders, as the same may be amended, supplemented or otherwise modified from time to time.

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions, including purchases or acquisitions of Equity Interests, for consideration of cash, Cash Equivalents, Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If Unifi or any Restricted Subsidiary of Unifi sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of Unifi such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of Unifi, Unifi will be deemed, without duplication, to have made an Investment on the date of any such sale or disposition in an amount equal to the fair market value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments." The acquisition by Unifi or any Restricted Subsidiary of Unifi of a Person that holds an Investment in a third Person will be deemed, without duplication, to be an Investment made by Unifi or such Restricted Subsidiary in such third Person in an amount equal to the fair market value of the Investment held by the acquired Person in such third Person on the date of any such acquisition in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments." Except as otherwise provided in the indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"*Issue Date*" means the date on which the initial notes were first issued.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"*Moody's*" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"*Mortgages*" means the mortgages, deeds of trust, deeds to secure debt or other similar documents securing Liens on the Premises, as well as the other Collateral secured by and described in the mortgages, deeds of trust, deeds to secure debt or other similar documents.

"*Net Award*" means any awards or proceeds in respect of any condemnation or other eminent domain proceeding relating to any Collateral, net of any cash amounts expended by Unifi or its Restricted Subsidiaries to obtain such awards or proceeds or defend against such condemnation or eminent domain proceedings.

"*Net Insurance Proceeds*" means any awards or proceeds in respect of any casualty insurance or title insurance claim relating to any Collateral, net of any cash amounts expended by Unifi or its Restricted Subsidiaries to obtain such awards or proceeds.

"*Net Income*" means, with respect to any specified Person and its Restricted Subsidiaries, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(1) any gain (or loss), together with any related provision for taxes on such gain (or loss), realized in connection with (a) any Asset Sale (including, without limitation, dispositions pursuant to Sale/Leaseback

Transactions) or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries;

(2) any extraordinary gain (or loss), together with any related provision for taxes on such extraordinary gain (or loss);

(3) any after-tax effect of income (or loss) from the early extinguishment of Indebtedness or from Hedging Obligations or other derivative instruments;

(4) any impairment charge or asset write-off, in each case, pursuant to GAAP and the amortization of intangibles arising pursuant to GAAP; and

(5) any non-cash compensation expense recorded from grants of stock appreciation or similar rights, stock options, restricted stock, equity-based awards or other rights shall be excluded.

"*Net Proceeds*" means the aggregate cash proceeds received by Unifi or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of (i) the direct costs relating to such Asset Sale, including, without limitation, legal, accounting, consulting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, (ii) taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, (iii) amounts required to be applied to the repayment of Indebtedness plus any accrued interest, fees, expenses, premiums, consent payments or liquidated damages in connection therewith, (iv) any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP, (v) payments of unassumed liabilities (not constituting Indebtedness) relating to the assets and (vi) amounts required to be paid to any Person (other than Unifi or any Restricted Subsidiary) owning a beneficial interest in the assets subject to the Asset Sale or having a Lien thereon. With respect to a Recovery Event, "Net Proceeds" shall mean the Net Award or Net Insurance Proceeds, as applicable, in respect of such Recovery Event, net of (i) taxes paid or payable as a result of the Recovery Event, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, (ii) amounts required to be applied to the repayment of Indebtedness plus any accrued interest, fees, expenses, premiums, consent payments or liquidated damages in connection therewith, (iii) any reserve for adjustment in respect of the recovery amounts in respect of such asset or assets established in accordance with GAAP, and (iv) amounts required to be paid to any Person (other than Unifi or any Restricted Subsidiary) owning a beneficial interest in the assets subject to the Recovery Event or having a Lien thereon.

"*Non-Recourse Debt*" means Indebtedness:

(1) as to which neither Unifi nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) is the lender (other than by a pledge of the Capital Stock or other securities of the Person incurring such Non-Recourse Debt);

(2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness of Unifi or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment of such other Indebtedness to be accelerated or payable prior to its Stated Maturity; and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of Unifi or any stock or assets of its Restricted Subsidiaries or the assets of Unifi (other than a pledge of the Capital Stock or other securities of the entity incurring the Non-Recourse Debt).

"*Obligations*" means any principal, premium, if any, interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization, whether or not a claim for post-filing interest is allowed

in such proceeding), penalties, fees, charges, expenses, indemnifications, reimbursement obligations, damages, guarantees, and other liabilities or amounts payable under the documentation governing any Indebtedness or in respect thereto.

"Offering Memorandum" means the final Offering Memorandum relating to the issuance of the initial notes, dated May 26, 2006.

"*Officers' Certificate*" means a certificate signed by an Officer which complies with the provisions of the indenture.

"*Permitted Business*" means the lines of business conducted by Unifi and its Restricted Subsidiaries on the Issue Date and any business incidental or reasonably related thereto or which is a reasonable extension thereof as determined in good faith by Unifi's Board of Directors (including, without limitation, the design, development, production, distribution and sale of yarns, fibers, textiles, fabrics and other related goods).

"*Permitted Investments*" means:

(1) any Investment in Unifi or in a Restricted Subsidiary of Unifi;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by Unifi or any Restricted Subsidiary of Unifi in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of Unifi; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Unifi or a Restricted Subsidiary of Unifi;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "—Repurchase at the Option of Holders—Asset Sales" or any non-cash consideration received in connection with a disposition of assets excluded from the definition of "Asset Sales;"

(5) workers' compensation, utility, performance, lease and similar deposits and prepaid expenses in the ordinary course of business and endorsements of negotiable instruments and documents in the ordinary course of business;

(6) loans or advances to employees (other than executive officers) made in the ordinary course of business of Unifi or such Restricted Subsidiary in an aggregate amount not to exceed $1.0 million at any one time outstanding; *provided, however,* that Unifi and its Subsidiaries shall comply in all material respects with the provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith relating to such loans and advances;

(7) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of Unifi or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer, or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;

(8) Hedging Obligations;

(9) repurchase of the notes or Exchange Notes and related Subsidiary Guarantees;

(10) advances or extensions of credit on terms customary in the industry in the form of accounts or other receivables incurred (provided that such terms may include such concessionary trade terms as Unifi or its

Restricted Subsidiary deems reasonable under the circumstances), and loans and advances made in settlement of such accounts receivable, all in the ordinary course of business;

(11) Investments existing on the Issue Date and Investments consisting of Equity Interests of Yihua Unifi Fibre Industry Company Limited received in exchange for the Indebtedness of Yihua Unifi Fibre Industry Company Limited owing to Unifi or any subsidiary in an amount not to exceed the aggregate principal amount outstanding on the Issue Date;

(12) guarantees issued in accordance with the covenant set forth under the caption "—Certain Covenants—Incurrence of Indebtedness;"

(13) advances, loans or extensions of credit to suppliers and vendors in the ordinary course of business;

(14) Investments in Permitted Joint Ventures in an aggregate amount, together with all other Investments made pursuant to this clause (14), not to exceed 5.0% of Consolidated Net Tangible Assets (with the fair market value of such Investment being measured at the time made and without giving effect to subsequent changes in value); *provided*, *however*, that if any Investment pursuant to this clause (14) is made in a Person that is not a Restricted Subsidiary of Unifi at the date of the making of such Investment and such Person becomes a Restricted Subsidiary of Unifi after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above (to the extent the Investment is permitted under such clause) and shall cease to have been made pursuant to this clause (14).

(15) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(16) Investments consisting of the licensing or sublicensing of intellectual property;

(17) Investments in Permitted Joint Ventures or Unrestricted Subsidiaries engaged in a Permitted Business made with the net proceeds from the sale or other disposition of Equity Interests in any Permitted Joint Venture in existence on the Issue Date, less the amount of any Investment made in such Permitted Joint Venture after the Issue Date; *provided*, *however*, that, in the case of sales of Equity Interests in a Permitted Joint Venture directly held on the Issue Date by Unifi or a Guarantor, (i) up to $15.0 million of the proceeds from such sales in the aggregate since the Issue Date may be used to make Investments pursuant to this clause (17) in any Permitted Joint Venture or Unrestricted Subsidiary engaged in a Permitted Business, and (ii) otherwise, the proceeds from such sales used to make Investments pursuant to this clause (17) shall be used to make Investments in a Permitted Joint Venture or Unrestricted Subsidiary that is engaged in a Permitted Business and is directly held by Unifi or a Guarantor (and such Equity Interests in such Permitted Joint Venture or Unrestricted Subsidiary shall be included in the First Priority Collateral in accordance with the terms, provisions and exclusions of the Collateral Documents);

(18) transfers of Assets Held for Sale or Investments made with the proceeds from the sale of such Assets Held for Sale by Unifi and its Restricted Subsidiaries to Permitted Joint Ventures or Unrestricted Subsidiaries engaged in a Permitted Business;

(19) contributions of assets or other property to a Permitted Joint Venture or an Unrestricted Subsidiary consisting of assets or other property received by Unifi in connection with a contribution to Unifi's common equity capital or a purchase or issuance of Unifi's Equity Interests (other than Disqualified Stock of Unifi); provided that such real property or other property is specifically identified in an Officer's Certificate delivered to the trustee; and

(20) other Investments in any Person having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all

other Investments made pursuant to this clause (20) that are at the time outstanding, not to exceed $12.5 million; *provided*, *however*, that if any Investment pursuant to this clause (20) is made in a Person that is not a Restricted Subsidiary of Unifi at the date of the making of such Investment and such Person becomes a Restricted Subsidiary of Unifi after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above (to the extent the Investment is permitted under such clause) and shall cease to have been made pursuant to this clause (20).

"*Permitted Joint Ventures*" means any Person which is, directly or indirectly, through its Subsidiaries or otherwise, engaged principally in a Permitted Business, and the Capital Stock (or securities convertible into Capital Stock) of which is owned, directly or indirectly, by Unifi or one or more of its Restricted Subsidiaries and one or more other Person other than Unifi or any of its Subsidiaries or Affiliates; provided that such other Person or Persons shall own Capital Stock constituting (1) at least 25% of the Capital Stock and (2) at least 25% of the Voting Stock of such Permitted Joint Venture.

"*Permitted Liens*" means:

(1) Liens to secure Indebtedness and other Obligations under any Credit Agreement permitted by clause (1) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness" (and related Hedging Obligations); provided that any such Liens on First Priority Collateral shall be subject to the terms of the Intercreditor Agreement;

(2) Liens in favor of Unifi or any Guarantor;

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with Unifi or any Restricted Subsidiary of Unifi or becomes a Restricted Subsidiary of Unifi; *provided* that such Liens were in existence prior to and not incurred in connection with the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with Unifi or the Restricted Subsidiary;

(4) Liens on property (including Capital Stock) existing at the time of acquisition of the property by Unifi or any Restricted Subsidiary of Unifi, *provided* that such Liens were in existence prior to such acquisition and not incurred in contemplation of such acquisition;

(5) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(6) Liens existing on the Issue Date;

(7) Liens securing Hedging Obligations so long as the related Indebtedness is, and is permitted to be under the indenture, secured by a Lien on the same property securing such Hedging Obligation;

(8) Liens to secure Indebtedness and other obligations (including Capital Lease Obligations) permitted by clause (4) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness" covering only the assets acquired with or financed by such Indebtedness;

(9) statutory Liens or landlords and carriers', warehouseman's, mechanics', suppliers', materialmen's, repairmen's or other like Liens arising in the ordinary course of business;

(10) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and if a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor;

(11) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security;

(12) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person and minor defects in title or Liens or other exception to title that appear on a policy of title insurance, or a commitment to issue such a policy, with respect to any Collateral in favor of the trustee on the Issue Date;

(13) Liens created for the benefit of (or to secure) the notes, the additional notes, the Exchange Notes or the related Subsidiary Guarantees or any Obligations owing to the trustee or the Collateral Agent under the indenture, the Collateral Documents or the Intercreditor Agreement;

(14) rights of banks to set off deposits against debts owed to said bank;

(15) Liens upon specific items of inventory or other goods and proceeds of Unifi or its Subsidiaries securing Unifi's or any Restricted Subsidiary's Obligations in respect of bankers' acceptances issued or created for the account of any such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(16) Liens securing reimbursement obligations with respect to letters of credit which encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(17) Liens in favor of customs, revenue or other similar authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(18) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the indenture; *provided*, *however*, that:

(a) the new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Permitted Refinancing Indebtedness, (y) accrued interest and (z) an amount necessary to pay any fees and expenses, including premiums, consent payments or liquidated damages, related to such renewal, refunding, refinancing, replacement, defeasance or discharge; and

(19) Liens with respect to obligations that do not exceed $5.0 million at any one time outstanding;

(20) Liens under licensing or sublicensing agreements for use of intellectual property;

(21) Leases or subleases to third parties;

(22) Liens securing Indebtedness permitted by clauses (9), (10), (11), (13), (14) or (15) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness;"

(23) Liens encumbering deposits made to secure obligations arising from statutory, regulatory or contractual requirements of Unifi or a Restricted Subsidiary, including rights of offset and set-off;

(24) Liens on materials, inventory or consumables and the proceeds therefrom securing trade payables relating to such materials, inventory or consumables;

(25) Factoring Liens relating to Indebtedness permitted to be incurred pursuant to the indenture; and

(26) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (25) provided that the Lien so extended, renewed or replaced does not extend to any additional property or assets.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of Unifi or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease, refund or discharge other Indebtedness of Unifi or any of its Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, refinanced, renewed, replaced, defeased, refunded or discharged (plus all accrued interest on the Indebtedness and the amount of all fees, expenses, premiums, consent payments or liquidated damages incurred in connection therewith);

(2) (a) if the Stated Maturity of the Indebtedness being refinanced is the same as or earlier than the Stated Maturity of the notes, such Permitted Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being refinanced or (b) if the Stated Maturity of the Indebtedness being refinanced is later than the Stated Maturity of the notes, such Permitted Refinancing Indebtedness has a Stated Maturity at least 91 days later than the Stated Maturity of the notes;

(3) such Permitted Refinancing Indebtedness has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased, refunded or discharged;

(4) if the Indebtedness being extended, refinanced, renewed, replaced, defeased, refunded or discharged is subordinated in right of payment to the notes or any Subsidiary Guarantee, such Permitted Refinancing Indebtedness is subordinated in right of payment to the notes or the Subsidiary Guarantees, as the case may be, on terms at least as favorable to the holders of the notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased, refunded or discharged; and

(5) if the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased, refunded or discharged is Unifi or any Guarantor, such refinancing Indebtedness is incurred either by Unifi or by another Guarantor.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Recovery Event*" means any event, occurrence, claim or proceeding that results in any Net Award or Net Insurance Proceeds.

"*Restoration*" has the meaning ascribed to it in the applicable Collateral Document.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"*S&P*" means Standard & Poor's Ratings Group, Inc., or any successor to the rating agency business thereof.

"*Sale/Leaseback Transaction*" means an arrangement relating to property or assets owned by Unifi or a Subsidiary on the Issue Date or thereafter acquired by Unifi or a Subsidiary whereby Unifi or a Subsidiary transfers such property or assets to a Person (other than Unifi or a Restricted Subsidiary of Unifi) and Unifi or a Subsidiary leases such property or assets from such Person.

"*Second Priority Collateral*" means the inventory, accounts receivable, general intangibles (other than any uncertificated securities representing Capital Stock of any Subsidiary of Unifi or the Guarantors and each Person

in which Unifi or a Guarantor has a direct interest), investment property (other than Capital Stock of any Subsidiary of Unifi or the Guarantors and each Person in which Unifi or a Guarantor has a direct interest), chattel paper, documents, instruments, supporting obligations, letter of credit rights, deposit accounts and other personal property, and all proceeds relating to any of the above, which secure the Credit Agreement on a first-priority basis, now owned or hereafter acquired by Unifi and the Guarantors and other than Excluded Assets, as to which the notes have a second-priority Lien.

"*Second Priority Collateral Account*" means any segregated account under the sole control of the Collateral Agent that is free from all other Liens (other than Liens securing the notes) and includes all cash and Cash Equivalents received by the Collateral Agent from Asset Sales of Second Priority Collateral, Recovery Events of Second Priority Collateral, foreclosures on or sales of Second Priority Collateral or any other awards or proceeds related to Second Priority Collateral pursuant to the Collateral Documents.

"*Shelf Registration Statement*" has the meaning set forth for such term in the registration rights agreement.

"*Significant Subsidiary*" means any Restricted Subsidiary that would be a "significant subsidiary" of Unifi as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Issue Date.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" of a Person means any Indebtedness of such Person (whether outstanding on the Issue Date or thereafter incurred) which is subordinate or junior in right of payment to the notes pursuant to a written agreement. For purposes of the foregoing, for the avoidance of doubt, no Indebtedness shall be deemed to be subordinated in right of payment to any other Indebtedness solely by virtue of being unsecured or secured by a lower priority Lien or by virtue of the fact that the holders of such Indebtedness have entered into intercreditor agreements or other arrangements giving one or more of such holders priority over the other holders in the collateral held by them.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of the Board of Directors thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (or any comparable foreign entity) (a) the sole general partner (or functional equivalent thereof) or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners (or functional equivalents thereof) of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

"*Subsidiary Guarantee*" means any guarantee by a Guarantor of Unifi's payment Obligations pursuant to the terms of the indenture and on the notes.

"*Unrestricted Subsidiary*" means any Subsidiary of Unifi that is designated by the Board of Directors of Unifi as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described above under the caption "—Certain Covenants—Transactions with Affiliates," is not party to any agreement, contract, arrangement or understanding with Unifi or any Restricted Subsidiary of Unifi unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to Unifi or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Unifi;

(3) is a Person with respect to which neither Unifi nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of Unifi or any of its Restricted Subsidiaries (other than in the form of a pledge of its Capital Stock or other securities or a Guarantee of the notes, additional notes, the Exchange Notes, the Subsidiary Guarantees or Obligations thereunder).

"*Voting Stock*" of any specified Person as of any date means (i) in the case of a corporation (or other similar entity), the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person, (ii) in the case of a partnership, partnership interests entitled to elect or replace the general partner (or equivalent person) thereof, (iii) in the case of a limited liability company, membership interests entitled, by contract or otherwise, to manage, or to elect to appoint the Persons that will manage the operations or business of the limited liability company.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of certain material anticipated U.S. federal income tax consequences to a U.S. Holder and to a Non-U.S. Holder, each as defined below, and of certain material anticipated U.S. federal estate tax consequences to a Non-U.S. Holder, of an exchange of initial notes for exchange notes in this offering and of the ownership and disposition of exchange notes. In the opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP, our special tax counsel, subject to the exceptions, assumptions, and qualifications set forth below, the discussion accurately describes the material U.S. federal income tax consequences to a U.S. Holder and the material U.S. federal income and estate tax consequences to a Non-U.S. Holder of the consummation of the exchange offer and of the ownership and disposition of exchange notes. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations promulgated under the Code, administrative pronouncements or practices, and judicial decisions, all as of the date hereof. Future legislative, judicial, or administrative modifications, revocations, or interpretations, which may or may not be retroactive, may result in U.S. federal tax consequences significantly different from those discussed herein. This discussion is not binding on the U.S. Internal Revenue Service (the "IRS"). No ruling has been or will be sought or obtained from the IRS with respect to the classification of the initial notes or exchange notes for U.S. federal income tax purposes or any of the U.S. federal tax consequences discussed herein. There can be no assurance that the IRS will not challenge any of the conclusions discussed herein or that a U.S. court will not sustain such a challenge.

This discussion does not address any U.S. federal alternative minimum tax; U.S. federal estate, gift, or other non-income tax except as expressly provided below; or any state, local, or non-U.S. tax consequences of an exchange of initial notes for exchange notes or of the ownership or disposition of exchange notes. In addition, this discussion does not address the U.S. federal income tax consequences to beneficial owners of initial notes or exchange notes subject to special rules, including, for example, beneficial owners that:

(i) are banks, financial institutions, or insurance companies,

(ii) are regulated investment companies or real estate investment trusts,

(iii) are brokers, dealers, or traders in securities or currencies,

(iv) are tax-exempt organizations,

(v) hold initial notes or exchange notes as part of hedges, straddles, constructive sales, conversion transactions, or other integrated investments,

(vi) acquire initial notes or exchange notes as compensation for services,

(vii) have a functional currency other than the U.S. dollar,

(viii) use the mark-to-market method of accounting, or

(ix) are U.S. expatriates.

As used herein, a "Holder" means a beneficial owner of an exchange note. A "U.S. Holder" means a Holder that is:

(i) an individual citizen or resident of the U.S. for U.S. federal income tax purposes,

(ii) a corporation or any other entity taxable as a corporation for U.S. federal income tax purposes organized under the laws of the U.S. or any political subdivision thereof, including any State and the District of Columbia,

(iii) an estate the income of which is subject to U.S. federal income tax regardless of its source, or

(iv) a trust that:

(a) is subject to the primary jurisdiction of a court within the U.S. and for which one or more U.S. persons have authority to control all substantial decisions, or

(b) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a Holder is a partnership or any other entity taxable as a partnership for U.S. federal income tax purposes (a "Partnership"), the U.S. federal income tax consequences to an owner or partner in such Partnership generally will depend on the status of such owner or partner and on the activities of such Partnership. A Holder that is a Partnership or an owner or partner in a Partnership is urged to consult its own tax advisor regarding the U.S. federal income tax consequences of an exchange of initial notes for exchange notes in this offering and of the ownership or disposition of exchange notes. As used herein, a "Non-U.S. Holder" means a Holder that is neither a U.S. Holder nor a Partnership or an owner or partner in a Partnership.

This discussion assumes that initial notes were, and exchange notes will be, capital assets, within the meaning of the Code, in the hands of a Holder at all relevant times.

A HOLDER IS URGED TO CONSULT ITS OWN TAX ADVISOR REGARDING THE APPLICATION OF U.S. FEDERAL TAX LAWS TO ITS PARTICULAR CIRCUMSTANCES AND ANY TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL, NON-U.S., OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Exchange of an Initial Note for an Exchange Note

An exchange of an initial note for an exchange note in this offering will not be a taxable exchange for U.S. federal income tax purposes, and a Holder will not recognize any gain or loss on such exchange. Following an exchange of an initial note for an exchange note in this offering, a Holder's holding period in its exchange notes will include its holding period in the initial notes exchanged therefor, and a Holder's tax basis in its exchange notes will equal its adjusted tax basis in the initial notes exchanged therefor immediately before such exchange.

Tax Considerations for a U.S. Holder

Payments of Interest

Stated interest on an exchange note generally will be taxable to a U.S. Holder as ordinary income at the time it accrues or is received in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes.

Payments on Early Redemptions or Other Circumstances

In certain circumstances (see "Description of the Notes—Optional Redemption" and "Description of the Notes—Repurchase at the Option of Holders—Change of Control"), the Company may be obligated or entitled to redeem exchange notes before their stated maturity date, possibly for amounts in excess of the stated principal thereof. According to Treasury regulations, the possibility that any such redemption might occur will not affect the amount, timing, or character of interest income to be currently recognized by a U.S. Holder if there was only a remote chance as of the date the initial notes were issued that any of the circumstances that would give rise to any such redemption (considered individually and in the aggregate) will occur. Because the Company believed as of the date the initial notes were issued that there was only a remote chance that any such redemption would occur the Company does not intend to treat such potential redemptions as part of or affecting the yield to maturity of an exchange note. In the event that such a contingency does occur, it would affect the amount and timing of the income that a U.S. Holder will recognize. The Company's determination that these contingencies are remote is binding on a U.S. Holder unless such U.S. Holder discloses a contrary position in the manner required by applicable Treasury regulations. The Company's determination is not binding on the IRS, and if the IRS were to challenge this determination, a U.S. Holder might be required to accrue income on an exchange note at a higher yield and to treat as ordinary income (rather than as capital gain) any income realized on the taxable disposition of an exchange note before the resolution of such contingencies.

Sale, Exchange, or Retirement of an Exchange Note

A U.S. Holder generally will recognize gain or loss on the sale, exchange, retirement, or other taxable disposition of an exchange note in an amount equal to the difference between:

(i) the amount of U.S. dollars plus the fair market value of any other property received (other than any amount received in respect of accrued but unpaid interest not included previously in income, which will be taxable as ordinary income if not included previously in such U.S. Holder's gross income), and

(ii) the U.S. Holder's adjusted tax basis in the exchange note.

A U.S. Holder's adjusted tax basis in an exchange note generally will be the U.S. Holder's adjusted tax basis in the initial note exchanged therefor decreased by any payment from the Company to the U.S. Holder on such exchange note (other than a payment of qualified stated interest). Gain or loss recognized on the sale, exchange, retirement, or other taxable disposition of an exchange note generally will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder's holding period in such exchange note exceeds one year. Long-term capital gain is subject to U.S. federal income tax at a reduced rate to a non-corporate U.S. Holder. The deductibility of capital losses is subject to limitations.

Tax Considerations for a Non-U.S. Holder

The rules governing the U.S. federal income taxation of a Non-U.S. Holder are complex. A Non-U.S. Holder is urged to consult its own tax advisor regarding the application of U.S. federal tax laws, including any information reporting requirements, to its particular circumstances and any tax consequences arising under the laws of any state, local, non-U.S., or other taxing jurisdiction.

U.S. Federal Income Tax

Payments of interest on exchange notes by the Company or the Company's paying agent to a Non-U.S. Holder generally will not be subject to withholding of U.S. federal income tax if such interest will qualify as "portfolio interest." Interest on exchange notes paid to a Non-U.S. Holder will qualify as portfolio interest if:

- for U.S. federal income tax purposes, such Non-U.S. Holder does not own directly or indirectly, actually or constructively, 10% or more of the total combined voting power of all classes of Company stock entitled to vote;
- for U.S. federal income tax purposes, such Non-U.S. Holder is not a controlled foreign corporation related directly or indirectly to the Company through stock ownership;
- such Non-U.S. Holder is not a bank receiving interest described in Section 881(c)(3)(A) of the Code; and
- the certification requirement, described below, has been fulfilled with respect to such Non-U.S. Holder.

The certification requirement will be fulfilled if either:

(i) the Non-U.S. Holder provides to the Company or the Company's paying agent an IRS Form W-8BEN (or successor form), signed under penalty of perjury, that includes such Non-U.S. Holder's name, address, and a certification as to its non-U.S. status, or

(ii) a securities clearing organization, bank, or other financial institution that holds customers' securities in the ordinary course of its trade or business holds the exchange notes on behalf of such Non-U.S. Holder, and provides to the Company or the Company's paying agent a statement, signed under penalty of perjury, in which such organization, bank, or other financial institution certifies that it has received an IRS Form W-8BEN (or successor form) from such Non-U.S. Holder or from another financial institution acting on behalf of such Non-U.S. Holder and provides to the Company or the Company's paying agent a copy thereof.

Other methods might be available to satisfy the certification requirement depending on a Non-U.S. Holder's particular circumstances.

The gross amount of any payment of interest on a Non-U.S. Holder's exchange notes that does not qualify for the portfolio interest exception will be subject to withholding of U.S. federal income tax at the statutory rate of 30% unless:

(i) such Non-U.S. Holder provides a properly completed IRS Form W-8BEN (or successor form) claiming an exemption from or reduction in withholding of U.S. federal income tax under an applicable tax treaty, or

(ii) such interest is effectively connected with the conduct of a U.S. trade or business by such Non-U.S. Holder and such Non-U.S. Holder provides a properly completed IRS Form W-8ECI (or successor form).

Subject to the discussion below concerning backup withholding, a Non-U.S. Holder generally will not be subject to U.S. federal income tax or to withholding of U.S. federal income tax on any gain realized on the sale, exchange, redemption, retirement, or other disposition of an exchange note unless:

(i) such Non-U.S. Holder is an individual present in the United States for 183 days or more in the taxable year of such disposition and other applicable conditions are met, or

(ii) such gain is effectively connected with the conduct of a U.S. trade or business by such Non-U.S. Holder and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment maintained by such Non-U.S. Holder.

If a Non-U.S. Holder is engaged in a U.S. trade or business and interest on an exchange note or gain realized on the disposition of an exchange note is effectively connected with the conduct of such U.S. trade or business, such Non-U.S. Holder generally will be subject to regular U.S. federal income tax on such interest and gain on a net basis in the same manner as if such Non-U.S. Holder were a U.S. Holder, unless an applicable tax treaty provides otherwise. In addition, if such Non-U.S. Holder is a non-U.S. corporation:

(i) such interest and gain will be included in the non-U.S. corporation's earnings and profits, and

(ii) such non-U.S. corporation may be subject to the branch profits tax on its effectively connected earnings and profits for the taxable year, subject to certain adjustments, at the statutory rate of 30% unless such rate is reduced or the branch profit tax is eliminated by an applicable tax treaty.

Although such effectively connected income will be subject to U.S. federal income tax, and may be subject to the branch profits tax, it generally will not be subject to withholding of U.S. federal income tax if a Non-U.S. Holder provides a properly completed IRS Form W-8ECI (or successor form).

In certain circumstances (see "Description of the Notes—Optional Redemption" and "Description of the Notes—Repurchase at the Option of Holders—Change of Control"), the Company may be entitled or obligated to redeem exchange notes before their stated maturity date, possibly for amounts in excess of the stated principal thereof. Although the Company believes that as of the date the initial notes were issued there was only a remote chance that any such contingent payment would be made, a contingent payment actually made and treated as in the nature of interest for U.S. federal income tax purposes should be subject to U.S. federal income tax, including possible withholding tax, generally in the same manner as stated interest. A Non-U.S. Holder is urged to consult its own tax advisor regarding the U.S. federal income tax consequences of any such contingent payment.

U.S. Federal Estate Tax

An exchange note held or treated as held by an individual who is a non-resident of the U.S. (as specially defined for U.S. federal estate tax purposes) at the time of his or her death will not be subject to U.S. federal estate tax, provided that:

(i) the interest on the exchange note is exempt from withholding of U.S. federal income tax under the portfolio interest exemption discussed above (without regard to the certification requirement), and

(ii) interest on the exchange note will not be effectively connected with the conduct of a U.S. trade or business by such individual.

An individual may be a Non-U.S. Holder but not a non-resident of the U.S. for U.S. federal estate tax purposes. A Non-U.S. Holder that is an individual is urged to consult its own tax advisor regarding the possible application of the U.S. federal estate tax to its particular circumstances, including the effect of any applicable treaty.

Information Reporting and Backup Withholding

A Holder may be subject, under certain circumstances, to information reporting and/or backup withholding at the applicable rate (currently 28%) with respect to certain payments of principal of, and interest on, an exchange note, and the proceeds of a disposition of an exchange note before maturity. Backup withholding may apply to a U.S. Holder that:

(i) fails to furnish its taxpayer identification number, or TIN, which for an individual is his or her Social Security number, within a reasonable time after a request therefor,

(ii) furnishes an incorrect TIN,

(iii) is notified by the IRS that it failed to report properly certain interest or dividends, or

(iv) fails, under certain circumstances, to provide a certified statement, signed under penalty of perjury, that it is a U.S. person, that the TIN provided is correct, and that it has not been notified by the IRS that it is subject to backup withholding.

The application for exemption is available by providing a properly completed IRS Form W-9 (or successor form). These requirements generally do not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, certain financial institutions and individual retirement accounts.

The Company generally must report to the IRS and to a Non-U.S. Holder the amount of interest on exchange notes paid to such Non-U.S. Holder and the amount of any tax withheld in respect of such interest payments. Copies of information returns that report such interest payments and any withholding of U.S. federal income tax may be made available to tax authorities in a country in which a Non-U.S. Holder is a resident under the provisions of an applicable income tax treaty.

Backup withholding is not an additional tax. Any amount withheld from a payment to a U.S. Holder under the backup withholding rules will be allowed as credit against such U.S. Holder’s U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. A U.S. Holder is urged to consult its own tax advisor regarding the application of information reporting and backup withholding in its particular circumstances, the availability of an exemption from backup withholding, and the procedure for obtaining any such available exemption.

If a Non-U.S. Holder provides the applicable IRS Form W-8BEN or other applicable form (together with all appropriate attachments, signed under penalties of perjury, and identifying such Non-U.S. Holder and stating that it is not a U.S. person), and the Company or the Company’s paying agent, as the case may be, has neither actual knowledge nor reason to know that such Non-U.S. Holder is a U.S. person, then such Non-U.S. Holder will not be subject to U.S. backup withholding with respect to payments of principal or interest on exchange notes made by the Company or the Company’s paying agent. Special rules apply to pass-through entities and this certification requirement may also apply to beneficial owners of pass-through entities.

Payment of the proceeds of a disposition of an exchange note by a Non-U.S. Holder made to or through a U.S. office of a broker generally will be subject to information reporting and backup withholding unless such Non-U.S. Holder:

(i) certifies its non-U.S. status on IRS Form W-8BEN (or successor form) signed under penalty of perjury, or

(ii) otherwise establishes an exemption.

Payment of the proceeds of a disposition of an exchange note by a Non-U.S. Holder made to or through a non-U.S. office of a non-U.S. broker generally will not be subject to information reporting or backup withholding unless such non-U.S. broker is a "U.S. Related Person" (as defined below). Payment of the proceeds of a disposition of an exchange note by a Non-U.S. Holder made to or through a non-U.S. office of a U.S. broker or a U.S. Related Person generally will not be subject to backup withholding, but will be subject to information reporting, unless:

(i) such Non-U.S. Holder certifies its non-U.S. status on IRS Form W-8BEN (or successor form) signed under penalty of perjury, or

(ii) such U.S. broker or U.S. Related Person has documentary evidence in its records as to the non-U.S. status of such Non-U.S. Holder and has neither actual knowledge nor reason to know that such Non-U.S. Holder is a U.S. person.

For this purpose, a "U.S. Related Person" is:

(i) a controlled foreign corporation for U.S. federal income tax purposes,

(ii) a non-U.S. person 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment (or for such part of the period that the broker has been in existence) is derived from activities that are effectively connected with the conduct of a U.S. trade or business, or

(iii) a non-U.S. partnership if at any time during its taxable year one or more of its partners are U.S. persons who, in the aggregate, hold more than 50% of the income or capital interest of the partnership or if, at any time during its taxable year, the partnership is engaged in the conduct of a U.S. trade or business.

Backup withholding is not an additional tax. Any amount withheld from a payment to a Non-U.S. Holder under the backup withholding rules will be allowed as a credit against such Non-U.S. Holder's U.S. federal income tax liability and may entitle such Non-U.S. Holder to a refund, provided that certain required information is timely furnished to the IRS. A Non-U.S. Holder is urged to consult its own tax advisor regarding the application of information reporting and backup withholding in its particular circumstances, the availability of an exemption from backup withholding, and the procedure for obtaining any such available exemption.

CERTAIN ERISA CONSIDERATIONS

IRS Circular 230 disclosure: To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that: (a) any discussion of U.S. federal tax issues in this document is not intended or written to be relied upon, and cannot be relied upon by Holders, for the purpose of avoiding penalties that may be imposed on them under the U.S. Internal Revenue Code; (b) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) each Holder should seek advice based on its particular circumstances from an independent tax advisor.

The following is a summary of certain considerations associated with the purchase of the notes by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended, or ERISA, plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code, which we refer to collectively as Similar Laws, and entities whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement, each of which we refer to as a Plan.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code, or an ERISA Plan, and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Certain plans that are not subject to ERISA, including plans maintained by state and local governmental entities, are nonetheless subject to investment restrictions under the terms of applicable local law. Such restrictions may preclude the purchase of the notes and any such plan purchasing the notes will be deemed to have represented that its purchasing, holding and disposition of the notes will not violate any applicable law.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest", within the meaning of ERISA, or "disqualified persons", within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of notes (or exchange notes) by an ERISA Plan with respect to which the issuer, the initial purchasers, or the guarantor subsidiaries are considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor (the "DOL") has issued prohibited transaction class exemptions, or "PTCEs," that may apply to the acquisition and holding of the notes. These class exemptions include, without limitation, PTCE

84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers, although there can be no assurance that all of the conditions of any such exemptions will be satisfied.

Because of the foregoing, the notes should not be purchased or held by any person investing "plan assets" of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or violation of any applicable Similar Laws.

Representation

Accordingly, by acceptance of a note (and an exchange note), each purchaser and subsequent transferee of a note (and an exchange note) will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the notes constitutes assets of any Plan or (ii) the purchase and holding of the notes by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the notes (and the exchange notes).

PLAN OF DISTRIBUTION

Each broker-dealer who holds initial notes that are transfer restricted securities that were acquired for its own account as a result of market-making activities or other trading activities (other than transfer restricted securities acquired directly from us or any of our affiliates), may exchange such transfer restricted securities in the exchange offer.

Each broker-dealer that receives exchange notes for its own account in the exchange offer in exchange for initial notes acquired by such broker-dealer as a result of market-making or other trading activities may be deemed to be an "underwriter" within the meaning of the Securities Act and, therefore, must deliver a prospectus meeting the requirements of the Securities Act in connection with any resales, offers to resell or other transfers of the exchange notes received by it in connection with the exchange offer. Accordingly, each such broker-dealer must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such exchange notes. The letter of transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for initial notes where such initial notes were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of one year after the completion of this exchange offer, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until , 2006, all dealers effecting transactions in the exchange notes may be required to deliver a prospectus.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account in the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account in the exchange offer and any broker or dealer that participates in a distribution of such exchange notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit of any such resale of exchange notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

LEGAL MATTERS

Paul, Weiss, Rifkind, Wharton & Garrison LLP, New York, New York, will opine that the exchange notes are binding obligations of the registrant and will pass on the validity of the guarantees offered hereby. Moore & Van Allen PLLC will pass on certain legal matters of North Carolina law relating to the guarantors. Paul, Weiss, Rifkind, Wharton & Garrison LLP has relied upon the opinion of this firm as to matters of state law in the indicated jurisdiction.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements and schedule included in our Annual Report on Form 10-K for the year ended June 25, 2006, and management's assessment of the effectiveness of our internal control over financial reporting as of June 25, 2006, as set forth in their reports, which are incorporated by reference in this prospectus and elsewhere in the

registration statement. We have included our financial statements at June 25, 2006 and June 26, 2005 and for each of the three years in the period ended June 25, 2006 in the prospectus and elsewhere in the registration statement and our financial statements and schedule and management's assessment are incorporated by reference in reliance on Ernst & Young LLP's reports, given on their authority as experts in accounting and auditing.

The financial statements of Yihua Unifi Fibre Industry Company Limited at May 30, 2006 and for the period from August 4, 2005 (date of inception) to May 30, 2006, appearing in this prospectus and registration statement have been audited by Ernst & Young Hua Ming, Shanghai Branch, The People's Republic of China, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-4 to register the exchange notes. We are subject to the informational requirements of the Exchange Act, and file reports, proxy statements and other information with the SEC. This prospectus, which forms part of the registration statement, does not contain all of the information included in that registration statement. For further information about us and the exchange notes offered in this prospectus, you should refer to the registration statement and its exhibits. You may read and copy any document we file with the SEC at the SEC's Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. Copies of these reports, proxy statements and information may be obtained at prescribed rates from the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. In addition, the SEC maintains a web site that contains reports, proxy statements and other information regarding registrants, such as us, that file electronically with the SEC. The address of this web site is http://www.sec.gov.

Anyone who receives a copy of this prospectus may obtain a copy of the indenture without charge by writing to

Mr. William Lowe, Jr.
Unifi, Inc.
P.O. Box 19109
Greensboro, NC 27419-9109
(336) 294-4410

UNIFI, INC .

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Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Unifi, Inc.

We have audited the accompanying consolidated balance sheets of Unifi, Inc. as of June 25, 2006, and June 26, 2005, and the related consolidated statements of operations, changes in shareholders' equity and comprehensive income (loss), and cash flows for each of the three years in the period ended June 25, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Unifi, Inc. at June 25, 2006 and June 26, 2005 and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 25, 2006, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Greensboro, North Carolina
August 30, 2006

UNIFI, INC.

CONSOLIDATED BALANCE SHEETS

	June 25, 2006	June 26, 2005
	(Amounts in thousands, except per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 35,317	$ 105,621
Receivables, net	93,236	106,437
Inventories	116,018	110,827
Deferred income taxes	11,739	14,578
Assets held for sale	15,419	32,536
Restricted cash	—	2,766
Other current assets	9,229	15,590
Total current assets	280,958	388,355
Property, plant and equipment:		
Land	3,628	3,979
Buildings and improvements	170,377	166,504
Machinery and equipment	642,192	664,228
Other	100,140	120,748
	916,337	955,459
Less accumulated depreciation	(676,641)	(675,727)
	239,696	279,732
Investments in unconsolidated affiliates	190,217	160,675
Other noncurrent assets	21,766	16,613
	$ 732,637	$ 845,375
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 68,593	$ 62,666
Accrued expenses	23,869	45,618
Deferred gain	323	—
Income taxes payable	2,303	2,292
Current maturities of long-term debt and other current liabilities	6,330	35,339
Total current liabilities	101,418	145,915
Long-term debt and other liabilities	202,110	259,790
Deferred gain	295	—
Deferred income taxes	45,861	55,913
Minority interests	—	182
Commitments and contingencies		
Shareholders' equity:		
Common stock, $0.10 par (500,000 shares authorized, 52,208 and 52,145 shares outstanding)	5,220	5,215
Capital in excess of par value	929	208
Retained earnings	382,082	396,448
Unearned compensation	—	(128)
Accumulated other comprehensive loss	(5,278)	(18,168)
	382,953	383,575
	$ 732,637	$ 845,375

The accompanying notes are an integral part of the financial statements.

UNIFI, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Years Ended		
	June 25, 2006	June 26, 2005	June 27, 2004
	(Amounts in thousands, except per share data)		
Summary of Operations:			
Net sales	$ 738,825	$ 793,796	$ 666,383
Cost of sales	696,055	762,717	625,983
Selling, general and administrative expenses	41,534	42,211	45,963
Provision for bad debts	1,256	13,172	2,389
Interest expense	19,247	20,575	18,698
Interest income	(4,489)	(2,152)	(2,152)
Other (income) expense, net	(3,118)	(2,300)	(2,590)
Equity in (earnings) losses of unconsolidated affiliates	(825)	(6,938)	6,877
Minority interest income	—	(530)	(6,430)
Restructuring charges (recovery)	(254)	(341)	8,229
Arbitration costs and expenses	—	—	182
Alliance plant closure recovery	—	—	(206)
Write down of long-lived assets	2,366	603	25,241
Goodwill impairment	—	—	13,461
Loss from early extinguishment of debt	2,949	—	—
Loss from continuing operations before income taxes and extraordinary item	(15,896)	(33,221)	(69,262)
Benefit for income taxes	(1,170)	(13,483)	(25,113)
Loss from continuing operations before extraordinary item	(14,726)	(19,738)	(44,149)
Income (loss) from discontinued operations, net of tax	360	(22,644)	(25,644)
Loss before extraordinary item	(14,366)	(42,382)	(69,793)
Extraordinary gain—net of taxes of $0	—	1,157	—
Net loss	$ (14,366)	$ (41,225)	$ (69,793)
Income (losses) per common share (basic and diluted):			
Loss from continuing operations before extraordinary item	$ (.28)	$ (.38)	$ (.85)
Income (loss) from discontinued operations, net of tax	—	(.43)	(.49)
Extraordinary gain—net of taxes of $0	—	.02	—
Net loss per common share	$ (.28)	$ (.79)	$ (1.34)

The accompanying notes are an integral part of the financial statements.

UNIFI, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

	Shares Outstanding	Common Stock	Capital in Excess of Par Value	Retained Earnings	Unearned Compensation	Other Comprehensive Income (Loss)	Total Shareholders' Equity	Comprehensive Income (Loss) Note 1
				(Amounts in thousands)				
Balance June 29, 2003	53,399	$ 5,340	$ —	$ 515,572	$ (302)	$ (40,862)	$ 479,748	—
Purchase of stock	(1,304)	(131)	(7)	(8,242)	—	—	(8,380)	—
Cancellation of unvested restricted stock	(2)	—	—	(18)	18	—	—	—
Issuance of restricted stock	22	2	134	—	(136)	—	—	—
Amortization of restricted stock	—	—	—	—	192	—	192	—
Currency translation adjustments	—	—	—	—	—	134	134	$ 134
Net loss	—	—	—	(69,793)	—	—	(69,793)	(69,793)
Balance June 27, 2004	52,115	5,211	127	437,519	(228)	(40,728)	401,901	$ (69,659)
Purchase of stock	(1)	—	(2)	—	—	—	(2)	—
Options exercised	33	4	101	—	—	—	105	—
Cancellation of unvested restricted stock	(2)	—	(18)	—	15	—	(3)	—
Amortization of restricted stock	—	—	—	—	85	—	85	—
Currency translation adjustments	—	—	—	—	—	19,580	19,580	$ 19,580
Liquidation of foreign subsidiaries	—	—	—	154	—	2,980	3,134	2,980
Net loss	—	—	—	(41,225)	—	—	(41,225)	(41,225)
Balance June 26, 2005	52,145	5,215	208	396,448	(128)	(18,168)	383,575	$ (18,665)
Reclassification upon adoption of SFAS 123R	—	(1)	27	—	128	—	154	—
Options exercised	63	6	168	—	—	—	174	—
Stock option tax benefit	—	—	1	—	—	—	1	—
Stock option expense	—	—	394	—	—	—	394	—
Cancellation of unvested restricted stock	—	—	131	—	—	—	131	—
Currency translation adjustments	—	—	—	—	—	5,550	5,550	$ 5,550
Liquidation of foreign subsidiaries	—	—	—	—	—	7,340	7,340	7,340
Net loss	—	—	—	(14,366)	—	—	(14,366)	(14,366)
Balance June 25, 2006	52,208	$ 5,220	$ 929	$ 382,082	$ —	$ (5,278)	$ 382,953	$ (1,476)

The accompanying notes are an integral part of the financial statements.

UNIFI, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Years Ended		
	June 25, 2006	June 26, 2005	June 27, 2004
	(Amounts in thousands)		
Cash and cash equivalents at beginning of year	$ 105,621	$ 65,221	$ 76,801
Operating activities:			
Net loss	(14,366)	(41,225)	(69,793)
Adjustments to reconcile net loss to net cash provided by continuing operating activities:			
Extraordinary gain	—	(1,157)	—
(Income) loss from discontinued operations	(360)	22,644	25,644
Net (income) loss of unconsolidated equity affiliates, net of distributions	1,945	(2,302)	8,695
Depreciation	48,669	51,542	56,226
Amortization	1,276	1,350	1,377
Net (gain) loss on asset sales	(1,755)	(1,770)	(3,227)
Non-cash portion of loss on extinguishment of debt	1,793	—	—
Non-cash portion of restructuring charges (recovery)	(254)	(341)	7,155
Non-cash write down of long-lived assets	2,366	603	25,241
Non-cash effect of goodwill impairment	—	—	13,461
Deferred income taxes	(7,776)	(19,057)	(28,201)
Provision for bad debts	1,256	13,172	2,389
Change in cash surrender value of life insurance	1,643	(1,077)	3,107
Minority interest	—	(551)	(6,148)
Other	148	(461)	(731)
Changes in assets and liabilities, excluding effects of acquisitions and foreign currency adjustments:			
Receivables	10,592	(1,504)	(8,954)
Inventories	(5,844)	20,574	(813)
Other current assets	(1,278)	(901)	(668)
Accounts payable and accrued expenses	(8,504)	(10,933)	(13,539)
Income taxes	542	179	159
Net cash provided by continuing operating activities	30,093	28,785	11,380
Investing activities:			
Capital expenditures	(11,988)	(9,422)	(11,124)
Acquisition	(30,634)	(1,358)	(83)
Return of capital from equity affiliates	—	6,138	1,665
Investment of foreign restricted assets	171	388	(323)
Collection of notes receivable	404	520	581
Increase in notes receivable	—	(139)	(711)
Proceeds from sale of capital assets	10,093	2,290	4,242
Restricted cash	2,766	(2,766)	—
Other	(42)	(342)	(24)
Net cash used in investing activities	(29,230)	(4,691)	(5,777)
Financing activities:			
Payment of long term debt	(273,134)	—	—
Borrowing of long term debt	190,000	—	—
Debt issuance costs	(8,041)	—	—
Issuance of Company stock	176	104	—
Purchase and retirement of Company stock	—	(2)	(8,390)
Other	825	(20)	(77)
Net cash provided by (used in) financing activities	(90,174)	82	(8,467)
Cash flows of discontinued operations (Revised—See Note 18)			
Operating cash flow	(3,342)	(6,273)	(8,358)
Investing cash flow	22,028	13,902	(427)
Financing cash flow	—	—	10
Net cash provided by (used in) discontinued operations	18,686	7,629	(8,775)
Effect of exchange rate changes on cash and cash equivalents	321	8,595	59
Net increase (decrease) in cash and cash equivalents	(70,304)	40,400	(11,580)
Cash and cash equivalents at end of year	$ 35,317	$ 105,621	$ 65,221

The accompanying notes are an integral part of the financial statements.

UNIFI, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies and Financial Statement Information

Principles of Consolidation. The Consolidated Financial Statements include the accounts of the Company and all majority-owned subsidiaries. The portion of the income applicable to non-controlling interests in the majority-owned operations is reflected as minority interests in the Consolidated Statements of Operations. The accounts of all foreign subsidiaries have been included on the basis of fiscal periods ended three months or less prior to the dates of the Consolidated Balance Sheets. All significant intercompany accounts and transactions have been eliminated. Investments in 20% to 50% owned companies and partnerships where the Company is able to exercise significant influence, but not control, are accounted for by the equity method and, accordingly, consolidated income includes the Company's share of the investees' income or losses.

Fiscal Year. The Company's fiscal year is the 52 or 53 weeks ending in the last Sunday in June. Fiscal years 2006, 2005 and 2004 were comprised of 52 weeks.

Reclassification. The Company has reclassified the presentation of certain prior year information to conform with the current year presentation.

Restatements. In July 2004, the Company announced the closing of its European manufacturing operations and associated sales offices. Unifi ceased operating its dyed facility in Manchester, England, in June 2004 and ceased its manufacturing operations in Ireland in October 2004. The Company ceased all other European operations by June 2005 and sold the real property, plant and equipment of its European division in fiscal years 2005 and 2006. In July 2005, the Company announced that it had decided to exit the sourcing business and, as of the end of the third quarter of fiscal year 2006, it had substantially liquidated the business. Accordingly, the consolidated financial statements have been restated to present these results as discontinued operations for all periods presented.

Revenue Recognition. Revenues from sales are recognized at the time shipments are made and include amounts billed to customers for shipping and handling. Costs associated with shipping and handling are included in cost of sales in the Consolidated Statements of Operations. Freight paid by customers is included in net sales in the Consolidated Statements of Operations.

Foreign Currency Translation. Assets and liabilities of foreign subsidiaries are translated at year-end rates of exchange and revenues and expenses are translated at the average rates of exchange for the year. Gains and losses resulting from translation are accumulated in a separate component of shareholders' equity and included in comprehensive income (loss). Gains and losses resulting from foreign currency transactions (transactions denominated in a currency other than the subsidiary's functional currency) are included in other income or expense in the Consolidated Statements of Operations.

Cash and Cash Equivalents. Cash equivalents are defined as short-term investments having an original maturity of three months or less.

Restricted Cash. Cash deposits held for a specific purpose or held as security for contractual obligations are classified as restricted cash.

Receivables. The Company extends unsecured credit to its customers as part of its normal business practices. An allowance for losses is provided for known and potential losses arising from yarn quality claims and for amounts owed by customers. Reserves for yarn quality claims are based on historical experience and known pending claims. The ability to collect accounts receivable is based on a combination of factors including the aging of accounts receivable, write-off experience and the financial condition of specific customers. Accounts

are written off when they are no longer deemed to be collectible. General reserves are established based on the percentages applied to accounts receivables aged for certain periods of time and are supplemented by specific reserves for certain customer accounts where collection is no longer certain. Establishing reserves for yarn claims and bad debts requires management judgment and estimates, which may impact the ending accounts receivable valuation, gross margins (for yarn claims) and the provision for bad debts. The reserve for such losses was $5.1 million at June 25, 2006 and $14.0 million at June 26, 2005.

Inventories. The Company utilizes the last-in, first-out ("LIFO") method for valuing certain inventories representing 38.2% and 40.2% of all inventories at June 25, 2006, and June 26, 2005, respectively, and the first-in, first-out ("FIFO") method for all other inventories. Inventories are valued at lower of cost or market including a provision for slow moving and obsolete items. Market is considered net realizable value. Inventories valued at current or replacement cost would have been approximately $7.3 million and $3.5 million in excess of the LIFO valuation at June 25, 2006, and June 26, 2005, respectively. The Company did not have LIFO liquidations during fiscal year 2006 but experienced LIFO liquidations of $0.3 million pre-tax loss during fiscal year 2005. The Company maintains reserves for inventories valued utilizing the FIFO method and may provide for additional reserves over and above the LIFO reserve for inventories valued at LIFO. Such reserves for both FIFO and LIFO valued inventories can be specific to certain inventory or general based on judgments about the overall condition of the inventory. General reserves are established based on percentage markdowns applied to inventories aged for certain time periods. Specific reserves are established based on a determination of the obsolescence of the inventory and whether the inventory value exceeds amounts to be recovered through expected sales prices, less selling costs; and, for inventory subject to LIFO, the amount of existing LIFO reserves. Estimating sales prices, establishing markdown percentages and evaluating the condition of the inventories require judgments and estimates, which may impact the ending inventory valuation and gross margins. The total inventory reserves on the Company's books, including LIFO reserves, at June 25, 2006 and June 26, 2005 were $10.7 million and $7.9 million, respectively. The following table reflects the composition of the Company's inventory as of June 25, 2006 and June 26, 2005:

	June 25, 2006	June 26, 2005
	(Amounts in thousands)	
Raw materials and supplies	$ 48,594	$ 47,441
Work in process	10,144	8,497
Finished goods	57,280	54,889
	$ 116,018	$ 110,827

Other Current Assets. Other current assets consist of government tax deposits ($4.3 million and $8.9 million), prepaid insurance ($2.5 million and $2.8 million), unrealized gains on hedging contracts ($0.0 million and $1.6 million), prepaid VAT taxes ($1.4 million and $1.0 million), deposits of ($0.7 million and $0.7 million) and other assets ($0.3 million and $0.6 million) as of June 25, 2006 and June 26, 2005, respectively.

Property, Plant and Equipment. Property, plant and equipment are stated at cost. Depreciation is computed for asset groups primarily utilizing the straight-line method for financial reporting and accelerated methods for tax reporting. For financial reporting purposes, asset lives have been assigned to asset categories over periods ranging between three and forty years. Amortization of assets recorded under capital leases is included with depreciation expense.

Goodwill and Other Intangible Assets. The Company accounts for goodwill and other intangibles under the provisions of Statements of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 142 requires that these assets be reviewed for impairment annually, unless specific

circumstances indicate that a more timely review is warranted. This impairment test involves estimates and judgments that are critical in determining whether any impairment charge should be recorded and the amount of such charge if an impairment loss is deemed to be necessary. In addition, future events impacting cash flows for existing assets could render a write down necessary that previously required no such write down.

Other Noncurrent Assets. Other noncurrent assets at June 25, 2006, and June 26, 2005, consist primarily of the cash surrender value of key executive life insurance policies ($4.6 million and $6.1 million), unamortized bond issue costs and debt origination fees ($7.9 million and $2.5 million), restricted cash investments in Brazil ($6.2 million and $4.1 million), strategic investment assets ($1.0 million and $1.4 million), other miscellaneous assets ($1.8 million and $0.7 million), and various notes receivable due from both affiliated and non-affiliated parties ($0.3 million and $1.8 million), respectively. On April 28, 2006 the Company commenced a tender offer to purchase the outstanding $250 million of 2008 senior, unsecured debt securities (the “2008 notes”). The offer expired on May 25, 2006. On May 26, 2006, the Company issued $190 million in senior, secured notes (the “2014 notes”) that expire in 2014, incurring $6.8 million in related issuance costs. As a result, $1.3 million of the remaining 2008 note issue costs were expensed. The Company simultaneously on May 26, 2006 amended its Revolving Credit Facility (“amended revolving credit facility”) to extend its maturity from 2006 to 2011 and increase its borrowing capacity. The Company incurred $1.2 million in origination fees related to the new facility. The debt origination fees relating to the old facility of $0.2 million were expensed in the fourth quarter fiscal 2006. All debt related origination costs have been amortized on the straight-line method over the life of the corresponding debt, which approximates the effective interest method. Accumulated amortization at June 25, 2006 for unamortized debt origination costs attributable to the 2014 notes and 2011 amended credit facility was $0.1 million. Accumulated amortization at June 26, 2005 attributable to the 2008 notes and 2006 Revolving Credit Facility was $7.3 million.

Long-Lived Assets. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For assets held and used, impairment may occur if projected undiscounted cash flows are not adequate to cover the carrying value of the assets. In such cases, additional analysis is conducted to determine the amount of loss to be recognized. The impairment loss is determined by the difference between the carrying amount of the asset and the fair value measured by future discounted cash flows. The analysis requires estimates of the amount and timing of projected cash flows and, where applicable, judgments associated with, among other factors, the appropriate discount rate. Such estimates are critical in determining whether any impairment charge should be recorded and the amount of such charge if an impairment loss is deemed to be necessary. In addition, future events impacting cash flows for existing assets could render a write down necessary that previously required no such write down.

For assets held for disposal, an impairment charge is recognized if the carrying value of the assets exceeds the fair value less costs to sell. Estimates are required of fair value, disposal costs and the time period to dispose of the assets. Such estimates are critical in determining whether any impairment charge should be recorded and the amount of such charge if an impairment loss is deemed to be necessary. Actual cash flows received or paid could differ from those used in estimating the impairment loss, which would impact the impairment charge ultimately recognized and the Company’s cash flows.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Accrued Expenses. The following table reflects the composition of the Company's accrued expenses as of June 25, 2006 and June 26, 2005:

	June 25, 2006	June 26, 2005
	(Amounts in thousands)	
Payroll and fringe benefits	$ 11,112	$ 14,309
Severance	576	5,252
Interest	1,984	7,325
Pension	—	6,141
Other	10,197	12,591
	$ 23,869	$ 45,618

Income Taxes. The Company and its domestic subsidiaries file a consolidated federal income tax return. Income tax expense is computed on the basis of transactions entering into pre-tax operating results. Deferred income taxes have been provided for the tax effect of temporary differences between financial statement carrying amounts and the tax basis of existing assets and liabilities. Otherwise, income taxes have not been provided for the undistributed earnings of certain foreign subsidiaries as such earnings are deemed to be permanently invested.

Losses Per Share. The following table details the computation of basic and diluted losses per share:

	Fiscal Year Ended		
	June 25, 2006	June 26, 2005	June 27, 2004
	(Amounts in thousands)		
Numerator:			
Loss from continuing operations before discontinued operations	$(14,726)	$(19,738)	$(44,149)
Income (loss) from discontinued operations, net of tax	360	(22,644)	(25,644)
Extraordinary gain, net of taxes of $0	—	1,157	—
Net loss	$(14,366)	$(41,225)	$(69,793)
Denominator:			
Denominator for basic losses per share—weighted average shares	52,155	52,106	52,249
Effect of dilutive securities:			
Stock options	—	—	—
Restricted stock awards	—	—	—
Diluted potential common shares denominator for diluted losses per share—adjusted weighted average shares and assumed conversions	52,155	52,106	52,249

In fiscal years 2006, 2005, and 2004, options and unvested restricted stock awards had the potential effect of diluting basic earnings per share, and if the Company had net earnings in these years, diluted weighted average shares would have been higher than basic weighted average shares by 232,986 shares, 199,207 shares, and 1,507 shares, respectively.

Stock-Based Compensation. With the adoption of SFAS 123, the Company elected for fiscal years 2005 and 2004 to continue to measure compensation expense for its stock-based employee compensation plans using the intrinsic value method prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees." Had the fair value-based method under SFAS 148 been applied, compensation expense would have been recorded for the options outstanding in fiscal years 2005 and 2004 based on their respective vesting schedules.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Net loss in fiscal years 2005 and 2004 on a pro forma basis assuming SFAS 123 had been applied would have been as follows:

	June 25, 2006	June 26, 2005
	(Amounts in thousands, except per share amounts)	
Net loss as reported	$ (41,225)	$ (69,793)
Adjustment: Impact of stock options, net of tax	(3,321)	(1,656)
Adjusted net loss	$ (44,546)	$ (71,449)
Basic and diluted net loss per share:		
As reported	$ (.79)	$ (1.34)
Adjusted for stock option expense	(.85)	(1.37)

Stock options were granted during fiscal years 2006, 2005, and 2004. The fair value and related compensation expense of fiscal years 2006, 2005, and 2004 options were calculated as of the issuance date using the Black-Scholes model with the following assumptions:

Options Granted	2006	2005	2004
Expected term (years)	6.1	7.0	7.0
Interest rate	4.9%	4.4%	2.5%
Volatility	57.2%	57.0%	51.0%
Dividend yield	—	—	—

On December 16, 2004, the Financial Accounting Standards Board (“FASB”) finalized Statement of Financial Accounting Standards (“SFAS”) No. 123(R) “Shared-Based Payment” (“SFAS No. 123R”) which, after the Securities and Exchange Commission (“SEC”) amended the compliance dates on April 15, 2005, was effective for the Company’s fiscal year beginning June 27, 2005. The new standard required the Company to record compensation expense for stock options using a fair value method. On March 29, 2005, the SEC issued Staff Accounting Bulletin No. 107 (“SAB No. 107”), which provides the Staff’s views regarding interactions between SFAS No. 123R and certain SEC rules and regulations and provides interpretation of the valuation of share-based payments for public companies.

Effective June 27, 2005, the Company adopted SFAS 123R and elected the Modified—Prospective Transition Method whereby compensation cost is recognized for share-based payments based on the grant date fair value from the beginning of the fiscal period in which the recognition provisions are first applied (see Note 4, “Common Stock, Stock Option Plan and Restricted Stock Plan”).

Comprehensive Income. Comprehensive income includes net income and other changes in net assets of a business during a period from non-owner sources, which are not included in net income. Such non-owner changes may include, for example, available-for-sale securities and foreign currency translation adjustments. Other than net income, foreign currency translation adjustments presently represent the only component of comprehensive income for the Company. The Company does not provide income taxes on the impact of currency translations as earnings from foreign subsidiaries are deemed to be permanently invested.

Recent Accounting Pronouncements. In March 2005, the FASB issued FASB Interpretation No. 47, “Accounting for Conditional Asset Retirement Obligations” (“FIN 47”). This is an interpretation of SFAS No. 143, “Accounting for Asset Retirement Obligations” (“SFAS No. 143”) which applies to all entities and addresses accounting and reporting for legal obligations associated with the retirement of tangible long-lived

assets that result from the acquisition, construction, development or normal operation of a long-lived asset. The SFAS requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. FIN 47 further clarifies what "conditional asset retirement obligation" means with respect to recording the asset retirement obligation discussed in SFAS No. 143. The effective date is for fiscal years ending after December 15, 2005. During fiscal year 2006, the Company performed a formal review of its asset retirement obligations in accordance with FIN 47. With respect to assets for which the retirement obligation was measurable, the impact on the Company's financial position and results of operations was immaterial.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48") which is an interpretation of SFAS No. 109. The pronouncement creates a single model to address accounting for uncertainty in tax positions. FIN 48 clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company will adopt FIN 48 as of the first day of fiscal year 2008 and it does not expect that the adoption of this interpretation will have a significant impact on its financial position and results of operations.

Use of Estimates. The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Long-Term Debt and Other Liabilities

A summary of long-term debt and other liabilities follows:

	June 25, 2006	June 26, 2005
	(Amounts in thousands)	
Senior secured notes—due 2014	$ 190,000	$ —
Senior unsecured notes—due 2008	1,273	249,473
Note payable	—	24,407
Brazilian government loans	10,499	12,912
Other obligations	6,668	8,337
Total debt and other obligations	208,440	295,129
Current maturities	(6,330)	(35,339)
Total long-term debt and other liabilities	$ 202,110	$ 259,790

Long-Term Debt

On February 5, 1998, the Company issued $250 million of senior, unsecured debt securities which bore a coupon rate of 6.5% and were scheduled to mature in February 2008. On April 28, 2006, the Company commenced a tender offer for all of its outstanding 2008 notes. As of June 25, 2006 $1.3 million in aggregate principal amount of 2008 notes had not been tendered and remain outstanding in accordance with their amended terms. As a result of the tender offer, the Company incurred $1.1 million in related fees and wrote off the remaining $1.3 million of unamortized issuance costs and $0.3 million of unamortized bond discounts as

expense. The estimated fair value of the 2008 notes, based on quoted market prices as of June 25, 2006, and June 26, 2005, was approximately $1.3 million and $210.0 million, respectively.

On May 26, 2006 the Company issued $190 million of 11.5% senior secured notes due May 15, 2014. Interest is payable on the notes on May 15 and November 15 of each year, beginning on November 15, 2006. The 2014 notes and guarantees are secured by first-priority liens, subject to permitted liens, on substantially all of the Company's and the Company's subsidiary guarantors' assets (other than the assets securing the Company's obligations under the Company's amended revolving credit facility on a first-priority basis, which consist primarily of accounts receivable and inventory), including, but not limited to, property, plant and equipment, the capital stock of the Company's domestic subsidiaries and certain of the Company's joint ventures and up to 65% of the voting stock of the Company's first-tier foreign subsidiaries, whether now owned or hereafter acquired, except for certain excluded assets. The 2014 notes are unconditionally guaranteed on a senior, secured basis by each of the Company's existing and future restricted domestic subsidiaries. The 2014 notes and guarantees are secured by second-priority liens, subject to permitted liens, on the Company and its subsidiary guarantors' assets that will secure the notes and guarantees on a first-priority basis. The Company may redeem some or all of the 2014 notes on or after May 15, 2010. In addition, prior to May 15, 2009, the Company may redeem up to 35% of the principal amount of the 2014 notes with the proceeds of certain equity offerings. In connection with the issuance, the Company incurred $6.8 million in professional fees and other expenses which will be amortized to expense over the life of the 2014 notes. The estimated fair value of the 2014 notes, based on quoted market prices, at June 25, 2006 was approximately $182.4 million.

Concurrently with the closing of this offering, the Company amended its senior secured asset-based revolving credit facility to provide a $100 million revolving borrowing base (with an option to increase borrowing capacity up to $150 million), to extend its maturity to 2011, and revise some of its other terms and covenants. The amended revolving credit facility is secured by first-priority liens on the Company's and it's subsidiary guarantors' inventory, accounts receivable, general intangibles (other than uncertificated capital stock of subsidiaries and other persons), investment property (other than capital stock of subsidiaries and other persons), chattel paper, documents, instruments, supporting obligations, letter of credit rights, deposit accounts and other related personal property and all proceeds relating to any of the above, and by second-priority liens, subject to permitted liens, on the Company's and its subsidiary guarantors' assets securing the notes and guarantees on a first-priority basis, in each case other than certain excluded assets. The Company's ability to borrow under the Company's amended revolving credit facility is limited to a borrowing base equal to specified percentages of eligible accounts receivable and inventory and is subject to other conditions and limitations.

Borrowings under the amended revolving credit facility bear interest at rates of LIBOR plus 1.50% to 2.25% and/or prime plus 0.00% to 0.50%. The interest rate matrix is based on the Company's excess availability under the amended revolving credit facility. The amended revolving credit facility also includes a 0.25% LIBOR margin pricing reduction if the Company's fixed charge coverage ratio is greater than 1.5 to 1.0. The unused line fee under the amended revolving credit facility is 0.25% to 0.35% of the borrowing base. In connection with the refinancing, the Company incurred fees and expenses aggregating $1.2 million, which are being amortized over the term of the amended revolving credit facility. As of June 25, 2006, the Company had no outstanding borrowings and availability of $94.2 million under the terms of the amended credit facility.

The amended credit facility replaces the December 7, 2001 $100 million revolving bank credit facility (the "Credit Agreement"), as amended, which would have terminated on December 7, 2006. The Credit Agreement was secured by substantially all U.S. assets excluding manufacturing facilities and manufacturing equipment. Borrowing availability was based on eligible domestic accounts receivable and inventory. Borrowings under the Credit Agreement bore interest at rates selected periodically by the Company of LIBOR plus 1.75% to 3.00%

and/or prime plus 0.25% to 1.50%. The interest rate matrix was based on the Company's leverage ratio of funded debt to EBITDA, as defined by the Credit Agreement. Under the Credit Agreement, the Company paid unused line fees ranging from 0.25% to 0.50% per annum on the unused portion of the commitment which is included in interest expense. In connection with the refinancing, the Company incurred fees and expenses aggregating $2.0 million, which were being amortized over the term of the Credit Agreement with the balance of $0.2 million expensed upon the May 26, 2006 refinancing.

The amended revolving credit facility contains affirmative and negative customary covenants for asset based loans that restrict future borrowings and capital spending. The covenants under the amended revolving credit facility are more restrictive than those in the indenture. Such covenants include, without limitation, restrictions and limitations on (i) sales of assets, consolidation, merger, dissolution and the issuance of our capital stock, each subsidiary guarantor and any domestic subsidiary thereof, (ii) permitted encumbrances on our property, each subsidiary guarantor and any domestic subsidiary thereof, (iii) the incurrence of indebtedness by the Company, any subsidiary guarantor or any domestic subsidiary thereof, (iv) the making of loans or investments by the Company, any subsidiary guarantor or any domestic subsidiary thereof, (v) the declaration of dividends and redemptions by the Company or any subsidiary guarantor and (vi) transactions with affiliates by the Company or any subsidiary guarantor.

Under the amended revolving credit facility, if borrowing capacity is less than $25 million at any time during the quarter, covenants will include a required minimum fixed charge coverage ratio of 1.1 to 1.0. In addition, the maximum capital expenditures are limited to $30 million per fiscal year (subject to pro forma availability greater than $25 million) with a 75% one-year unused carry forward. The amended revolving credit facility permits the Company to make distributions, subject to standard criteria, as long as pro forma excess availability is greater than $25 million both before and after giving effect to such distributions, subject to certain exceptions. Under the amended revolving credit facility, acquisitions by the Company are subject to pro forma covenant compliance. In addition, the amended revolving credit facility receivables are subject to cash dominion if excess availability is below $25 million.

On September 30, 2004, the Company completed its acquisition of the polyester filament manufacturing assets located in Kinston, North Carolina from INVISTA S.a.r.l. ("INVISTA"), a subsidiary of Koch Industries, Inc. ("Koch"). As part of the acquisition of the Kinston facility from INVISTA and upon finalizing the quantities and value of the acquired inventory, the Company entered into a $24.4 million five-year Loan Agreement. The note, which called for interest only payments for the first two years, bore interest at 10% per annum. The note was secured by all of the business assets held by Unifi Kinston, LLC. On July 25, 2005 the Company paid off the $24.4 million note payable and the related accrued interest.

Unifi do Brasil, receives loans from the government of the State of Minas Gerais to finance 70% of the value added taxes due by Unifi do Brasil to the State of Minas Gerais. These loans were granted as part of a 24 month tax incentive to build a manufacturing facility in the State of Minas Gerais. The loans have a 2.5% origination fee and bear an effective interest rate equal to 50% of the Brazilian inflation rate, which currently is significantly lower than the Brazilian prime interest rate. The loans are collateralized by a performance bond letter issued by a Brazilian bank, which secures the performance by Unifi do Brasil of its obligations under the loans. In return for this performance bond letter, Unifi do Brasil makes certain cash deposits with the Brazilian bank. The deposits made by Unifi do Brasil earn interest at a rate equal to approximately 100% of the Brazilian prime interest rate. These tax incentives will end in September 2008.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

The following summarizes the maturities of the Company's long-term debt on a fiscal year basis:

	Aggregate Debt Maturities (Amounts in thousands)				
Description of Commitment	Total	2007	2008	2009-2011	Thereafter
Long-term debt	$201,772	$4,335	$7,437	$ —	$190,000

Other Obligations

On May 20, 1997, the Company entered into a sale-leaseback agreement with a financial institution whereby land, buildings and associated real and personal property improvements of certain manufacturing facilities were sold to the financial institution and will be leased by the Company over a sixteen-year period. This transaction has been recorded as a direct financing arrangement. As of June 25, 2006 the balance of the note was $2.3 million and the net book value of the related assets was $6.6 million. Payments for the remaining balance of the sale-leaseback agreement are due semi-annually and are in varying amounts, in accordance with the agreement. Average annual principal payments over the next six years are approximately $0.3 million. The interest rate implicit in the agreement is 7.84%.

Other obligations also includes operating lease accruals associated with the Altamahaw, North Carolina plant closure in the amount of $2.7 million and $1.7 million of liquidation accruals associated with the closure of a dye operation in England in June 2004.

3. Income Taxes

Income from continuing operations before income taxes is as follows:

	June 25, 2006	June 26, 2005 (Amounts in thousands)	June 27, 2004
Income (loss) from continuing operations before income taxes:			
United States	$ (15,256)	$ (40,838)	$ (80,399)
Foreign	(640)	7,617	11,137
	$ (15,896)	$ (33,221)	$ (69,262)

The provision for (benefit from) income taxes applicable to continuing operations for fiscal years 2006, 2005, and 2004 consists of the following:

	June 25, 2006	June 26, 2005 (Amounts in thousands)	June 27, 2004
Currently payable (recoverable):			
Federal	$ (29)	$ 2,729	$ 669
Repatriation of foreign earnings	2,125	—	—
State	21	203	(675)
Foreign	2,221	2,073	2,734
Total current	4,338	5,005	2,728
Deferred:			
Federal	(4,956)	(18,096)	(28,637)
Repatriation of foreign earnings	(1,122)	1,122	—
State	290	(908)	433
Foreign	280	(606)	363
Total deferred	(5,508)	(18,488)	(27,841)
Income tax benefits	$ (1,170)	$ (13,483)	$ (25,113)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Income tax benefits were 7.4%, 40.6%, and 36.3% of pre-tax losses in fiscal 2006, 2005, and 2004, respectively. A reconciliation of the provision for income tax benefits with the amounts obtained by applying the federal statutory tax rate is as follows:

	June 25, 2006	June 26, 2005	June 27, 2004
Federal statutory tax rate	(35.0)%	(35.0)%	(35.0)%
State income taxes net of federal tax benefit	(10.4)	(4.2)	(4.4)
Foreign taxes less than domestic rate	17.3	(0.7)	(1.1)
Foreign tax adjustment	—	(3.0)	—
Repatriation of foreign earnings	6.3	3.4	—
Change in valuation allowance	11.9	2.5	5.7
Change in tax status of subsidiary	—	(3.9)	—
Nondeductible expenses and other	2.5	0.3	(1.5)
Effective tax rate	(7.4)%	(40.6)%	(36.3)%

During fiscal year 2006, the Company repatriated approximately $31.0 million of dividends from foreign subsidiaries which qualified for the temporary dividends-received-deduction available under the American Jobs Creation Act. The associated net tax cost of approximately $1.1 million was not fully provided for in fiscal year 2005 due to management's decision during fiscal year 2006 to increase the original repatriation plan from $15.0 million to $40.0 million.

During fiscal year 2005, the Company determined that it had not properly recorded deferred tax assets of a foreign subsidiary that should have been previously recognized. The Company recorded a deferred tax asset of $1.2 million in the fourth quarter of fiscal year 2005. The Company evaluated the effect of the adjustment and determined that the differences were not material for any of the periods presented in the Consolidated Financial Statements.

The deferred income taxes reflect the net tax effects of temporary differences between the basis of assets and liabilities for financial reporting purposes and their basis for income tax purposes. Significant components of the Company's deferred tax liabilities and assets as of June 25, 2006 and June 26, 2005 were as follows:

	June 25, 2006	June 26, 2005
	(Amounts in thousands)	
Deferred tax liabilities:		
Property, plant and equipment	$ 50,044	$ 60,859
Investments in equity affiliates	11,251	14,821
Unremitted foreign earnings	—	1,122
Other	42	2
Total deferred tax liabilities	61,337	76,804
Deferred tax assets:		
State tax credits	10,597	13,085
Accrued liabilities and valuation reserves	11,783	15,748
Net operating loss carryforwards	7,799	10,529
Intangible assets	4,278	4,914
Charitable contributions	876	1,022
Other items	1,114	1,101
Total gross deferred tax assets	36,447	46,399
Valuation allowance	(9,232)	(10,930)
Net deferred tax assets	27,215	35,469
Net deferred tax liability	$ 34,122	$ 41,335

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

As of June 25, 2006, the Company has available for income tax purposes approximately $21.0 million in federal net operating loss carryforwards that may be used to offset future taxable income. The carryforwards expire as set forth in the table below:

	2023	2024	2025
		(Amounts in thousands)	
Expiration amount	$1,373	$11,989	$7,618

The Company also has available for state income tax purposes approximately $16.3 million in North Carolina investment tax credits, for which the Company has established a valuation allowance in the amount of $9.2 million. The credits expire as set forth in the table below:

	2007	2008	2009	2010	2011	Thereafter
			(Amounts in thousands)			
Expiration amount	$ 3,861	$ 3,760	$ 3,689	$ 3,204	$ 1,229	$ 562

The Company also has charitable contribution carryforwards of $2.5 million expiring in fiscal year 2007 through fiscal year 2010 that also may be used to offset future taxable income.

For the years ended June 25, 2006 and June 26, 2005, the valuation allowance decreased $1.7 million and $2.2 million, respectively. In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, available taxes in the carryback periods, projected future taxable income and tax planning strategies in making this assessment.

4. Common Stock, Stock Option Plans and Restricted Stock Plan

Common shares authorized were 500 million in 2006 and 2005. Common shares outstanding at June 25, 2006 and June 26, 2005 were 52,208,467 and 52,145,434, respectively.

At its meeting on April 24, 2003, the Company's Board of Directors reinstituted the Company's previously authorized stock repurchase plan. During fiscal year 2004, the Company repurchased approximately 1.3 million shares. At June 25, 2006, there was remaining authority for the Company to repurchase approximately 6.8 million shares of its common stock under the repurchase plan. The repurchase program was suspended in November 2003 and the Company has no immediate plans to reinstitute the program.

In December 2004, the FASB issued SFAS No. 123R as a replacement to SFAS No. 123 "Accounting for Stock-Based Compensation". SFAS No. 123R supersedes APB No. 25 which allowed companies to use the intrinsic method of valuing share-based payment transactions. SFAS No. 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on the fair-value method as defined in SFAS No. 123. On March 29, 2005, the SEC issued SAB No. 107 to provide guidance regarding the adoption of SFAS No. 123R and disclosures in Management's Discussion and Analysis. The effective date of SFAS No. 123R was modified by SAB No. 107 to begin with the first annual reporting period of the registrant's first fiscal year beginning on or after June 15, 2005. Accordingly, the Company implemented SFAS No. 123R effective June 27, 2005.

Previously the Company measured compensation expense for its stock-based employee compensation plans using the intrinsic value method prescribed by APB Opinion No. 25, "Accounting for Stock Issued to

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Employees" as permitted by SFAS No. 123 and SFAS No. 148 "Accounting for Stock-Based Compensation—Transition and Disclosure". Had the fair value-based method under SFAS No. 123 been applied, compensation expense would have been recorded for the options outstanding based on their respective vesting schedules.

The Company currently has only one share-based compensation plan which had unvested stock options as of June 25, 2006. The compensation cost that was charged against income for this plan was $0.7 million and $0 for the fiscal years ended June 25, 2006 and June 26, 2005, respectively. The total income tax benefit recognized for share-based compensation in the Consolidated Statements of Operations was not material for the fiscal years 2006, 2005 and 2004.

During the fourth quarter of fiscal year 2006, the Board authorized the issuance of 150 thousand options from the 1999 Long-Term Incentive Plan to two newly promoted officers of the Company. During the first half of fiscal year 2005, the Board authorized the issuance of approximately 2.1 million stock options from the 1999 Long-Term Incentive Plan to certain key employees. The stock options granted in fiscal years 2006 and 2005 vest in three equal installments: the first one-third at the time of grant, the next one-third on the first anniversary of the grant and the final one-third on the second anniversary of the grant.

On April 20, 2005, the Board of Director's approved a resolution to vest all stock options, in which the exercise price exceeded the closing price of the Company's common stock on April 20, 2005, granted prior to June 26, 2005. The Board decided to fully vest these specific underwater options, as there was no perceived value in these options to the employee, little retention ramifications, and to minimize the expense to the Company's consolidated financial statements upon adoption of SFAS No. 123R. No other modifications were made to the stock option plan except for the accelerated vesting. This acceleration of the original vesting schedules affected 0.3 million unvested stock options.

SFAS No. 123R requires the Company to record compensation expense for stock options using the fair value method. The Company decided to adopt SFAS No. 123R using the Modified—Prospective Transition Method in which compensation cost is recognized for share-based payments based on the grant date fair value from the beginning of the fiscal period in which the recognition provisions are first applied. The effect of the change from applying the intrinsic method of accounting for stock options under APB 25, previously permitted by SFAS No. 123 as an alternative to the fair value recognition method, to the fair value recognition provisions of SFAS No. 123 on income from continuing operations before income taxes, income from continuing operations and net income for the fiscal year 2006 was $0.7 million, $0.7 million and $0.7 million, respectively. There was no material change from applying the original provisions of SFAS No. 123 on cash flow from continuing operations, cash flow from financing activities, and basic and diluted earnings per share.

The fair value of each option award is estimated on the date of grant using the Black-Scholes model. The Company uses historical data to estimate the expected life, volatility, and estimated forfeitures of an option. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant.

On October 21, 1999, the shareholders of the Company approved the 1999 Unifi, Inc. Long-Term Incentive Plan ("1999 Long-Term Incentive Plan"). The plan authorized the issuance of up to 6,000,000 shares of Common Stock under the grant or exercise of stock options, including Incentive Stock Options ("ISO"), Non-Qualified Stock Options ("NQSO") and restricted stock, but not more than 3,000,000 shares may be issued as restricted stock. Option awards are granted with an exercise price equal to the market price of the Company's stock at the date of grant.

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Stock options granted under the plan have vesting periods of three to five years based on continuous service by the employee. All stock options have a 10 year contractual term. In addition to the 3,672,174 common shares reserved for the options that remain outstanding under grants from the 1999 Long-Term Incentive Plan, the Company has previous ISO plans with 57,500 common shares reserved and previous NQSO plans with 216,667 common shares reserved at June 25, 2006. No additional options will be issued under any previous ISO or NQSO plan. The stock option activity for fiscal years 2006, 2005 and 2004 of all three plans was as follows:

	ISO		NQSO	
	Options Outstanding	Weighted Avg. $/Share	Options Outstanding	Weighted Avg. $/Share
Fiscal year 2004:				
Shares under option—beginning of year	3,880,772	$ 10.81	583,175	$ 24.67
Granted	20,000	6.85	—	—
Expired	(294,252)	12.89	(50,000)	26.66
Forfeited	(71,693)	8.79	—	—
Shares under option—end of year	3,534,827	10.66	533,175	24.48
Fiscal year 2005:				
Granted	2,101,788	2.84	—	—
Exercised	(33,330)	2.76	—	—
Expired	(1,227,591)	12.76	(191,508)	25.82
Forfeited	(102,691)	4.91	—	—
Shares under option—end of year	4,273,003	6.41	341,667	23.72
Fiscal year 2006:				
Granted	150,000	3.40	—	—
Exercised	(63,333)	2.76	—	—
Expired	(581,667)	9.32	(125,000)	26.00
Forfeited	(48,329)	2.76	—	—
Shares under option—end of year	3,729,674	5.94	216,667	22.41

The following table sets forth the exercise prices, the number of options outstanding and exercisable and the remaining contractual lives of the Company's stock options as of June 25, 2006:

	Options Outstanding			Options Exercisable	
Exercise Price	Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Contractual Life Remaining (Years)	Number of Options Exercisable	Weighted Average Exercise Price
$2.76 – $ 3.78	1,910,001	$ 2.82	8.2	1,226,735	$ 2.79
5.29 – 7.64	959,949	7.28	5.5	959,949	7.28
8.10 – 11.99	604,626	10.54	3.9	604,626	10.54
12.53 – 16.31	340,098	14.16	2.9	340,098	14.16
18.75 – 31.00	131,667	26.35	1.5	131,667	26.35

The total intrinsic value of options exercised was $22 thousand in fiscal year 2006 and $2 thousand in fiscal year 2005. The amount of cash received from exercise of options was $174 thousand in fiscal year 2006 and $92 thousand in fiscal year 2005.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

The following table sets forth certain required stock option information for the ISO and NQSO plans as of and for the year ended June 25, 2006:

	ISO	NQSO
Number of options expected to vest	3,720,674	216,667
Weighted-average price of options expected to vest	$ 5.95	$ 22.41
Intrinsic value of options expected to vest	$ 332,500	$ —
Weighted-average remaining contractual term of options expected to vest	6.50	1.82
Number of options exercisable as of June 25, 2006	3,046,408	216,667
Option price range	$ 2.76 – $16.31	$ 16.31 – $31.00
Weighted-average exercise price for options currently exercisable	$ 6.64	$ 22.41
Intrinsic value of options currently exercisable	$ 332,500	$ —
Weighted-average remaining contractual term of options currently exercisable	6.44	1.82
Weighted-average fair value of options granted	$ 1.98	N/A

The Company has a policy of issuing new shares to satisfy share option exercises. The Company has elected an accounting policy of accelerated attribution for graded vesting.

As of June 25, 2006, unrecognized compensation costs related to unvested share based compensation arrangements granted under the 1999 Long-Term Incentive Plan was $0.2 million. The costs are estimated to be recognized over a period of 2.0 years.

The restricted stock activity for fiscal years 2006, 2005 and 2004 was as follows:

	Shares	Weighted Average Grant-Date Fair Value
Fiscal year 2004:		
Unvested shares—beginning of year	20,900	$ 8.90
Granted	21,500	6.36
Vested	(9,100)	7.80
Forfeited	(2,100)	9.03
Unvested shares—end of year	31,200	7.46
Fiscal year 2005:		
Vested	(10,400)	7.98
Forfeited	(1,500)	7.89
Unvested shares—end of year	19,300	7.15
Fiscal year 2006:		
Vested	(8,600)	7.67
Forfeited	(300)	9.95
Unvested shares—end of year	10,400	6.63

5. Retirement Plans

Defined Contribution Plan. The Company matches employee contributions made to the Unifi, Inc. Retirement Savings Plan (the “DC Plan”), an existing 401(k) defined contribution plan, which covers eligible salaried and hourly employees. Under the terms of the Plan, the Company matches 100% of the first three percent of eligible employee contributions and 50% of the next two percent of eligible contributions. For fiscal

years ended June 25, 2006, June 26, 2005 and June 27, 2004, the Company incurred $2.4 million, $2.5 million and $2.5 million, respectively, of expense for its obligations under the matching provisions of the DC Plan.

Defined Benefit Plan. The Company's subsidiary in Ireland maintained a defined benefit plan ("DB Plan") that covered substantially all of its employees and was funded by both employer and employee contributions. The plan provided defined retirement benefits based on years of service and the highest three year average of earnings over the ten year period preceding retirement. During the first quarter of fiscal year 2005, the Company announced plans to close its European Division, and as a result, recognized the previously unrecognized net actuarial loss of $9.4 million. As of June 26, 2005, the subsidiary had terminated substantially all of its employees.

During fiscal year 2006 the Company's Irish subsidiary made its final contribution of $6.1 million and the remaining accumulated benefit obligation of $32.5 million was paid in full through the purchase of annuity contracts for all participants in the DB Plan. In fiscal years 2005 and 2004, the Company recorded pension (income) expense of $11.1 million and $(2.4) million, respectively, which was recorded on the "Loss from discontinued operations, net of tax" line item of the Consolidated Statements of Operations.

Obligations and funded status related to the DB Plan is presented below:

	June 25, 2006	June 26, 2005
	(Amounts in thousands)	
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 32,511	$ 30,937
Service cost	—	255
Interest cost	852	1,783
Plan participants' contributions	—	127
Actuarial gain	—	(891)
Benefits paid	(33,736)	(509)
Curtailments	—	509
Translation adjustment	373	300
Benefit obligation at end of year	$ —	$ 32,511
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 26,370	$ 25,620
Actual return on plan assets	852	1,019
Employer contributions	6,212	255
Plan participants' contributions	—	127
Benefits paid	(33,736)	(509)
Translation adjustment	302	(142)
Fair value of plan assets at end of year	—	26,370
Funded status		(6,141)
Unrecognized net actuarial loss	—	—
Net amount recognized	$ —	$ (6,141)

The accumulated benefit obligation was $0 million at June 25, 2006 and $32.5 million at June 26, 2005.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Amount recognized in the Consolidated Balance Sheet consists of:

	June 25, 2006	June 26, 2005
	(Amount in thousands)	
Accrued benefit cost	$ —	$ 6,141

Components of Net Periodic Benefit Cost/(Income):

	June 25, 2006	June 26, 2005	June 27, 2004
		(Amounts in thousands)	
Service cost	$ —	$ 382	$ 1,074
Interest cost	853	1,783	1,789
Expected return on plan assets	(853)	(1,910)	(1,670)
Amortization of net loss	—	9,935	477
Cost of termination events	—	1,019	477
Net periodic benefit cost	—	11,209	2,147
Less plan participants' contributions	—	(127)	(477)
Sub-total	—	11,082	1,670
Correction of error	—	—	(4,109)
Company's net periodic benefit cost (income)	$ —	$ 11,082	$ (2,439)

During the fourth quarter of fiscal year 2004, the Company determined that it had not properly recorded or disclosed the DB Plan and a pension asset should have been previously recognized. The Company corrected the error in the fourth quarter of fiscal year 2004 by recording a pension asset of $4.1 million.

Assumptions:

Weighted-average assumption used to determine benefit obligations as of:

	June 25, 2006	June 26, 2005	June 27, 2004
Discount rate	N/A	N/A	5.60%
Rate of compensation increase	N/A	N/A	3.75%

Weighted-average assumption used to determine net periodic benefit cost for fiscal years ended:

	June 25, 2006	June 26, 2005	June 27, 2004
Discount rate	N/A	N/A	5.60%
Expected long-term return on plan assets	N/A	N/A	6.93%
Rate of compensation increase	N/A	N/A	3.75%

Plan Assets:

The DB Plan's weighted-average asset allocations at June 26, 2005, by asset category was as follows:

	June 26, 2005
Equity securities	—
Debt securities	100.0%
Real estate	—
Total	100.0%

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6. Leases and Commitments

In addition to the direct financing sale-leaseback obligation described in Note 2, "Long-Term Debt and Other Liabilities," the Company is obligated under operating leases relating primarily to real estate and equipment. Future obligations for minimum rentals under the leases during fiscal years after June 25, 2006 are $3.6 million in 2007, $4.9 million in 2008, $1.3 million in 2009, $0.4 million in 2010, and $0.0 million in aggregate thereafter. Rental expense was $3.6 million, $6.8 million, and $7.8 million for the fiscal years 2006, 2005, and 2004, respectively. The Company had no significant binding commitments for capital expenditures at June 25, 2006.

The Company's nylon segment has a supply agreement with UNF which expires in April 2008. The Company is obligated to purchase certain to be agreed upon quantities of yarn production from UNF. The actual purchases under this agreement for fiscal years 2006, 2005, and 2004 were $24.3 million, $30.2 million and $29.3 million. The agreement does not provide for a fixed or minimum amount of yarn purchases, therefore there is a degree of uncertainty associated with the obligation.

7. Business Segments, Foreign Operations and Concentrations of Credit Risk

The Company and its subsidiaries are engaged predominantly in the processing of yarns by texturing of synthetic filament polyester and nylon fiber with sales domestically and internationally, mostly to knitters and weavers for the apparel, industrial, hosiery, home furnishing, automotive upholstery and other end-use markets. The Company also maintains investments in several minority-owned and jointly owned affiliates.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

In accordance with Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information," segmented financial information of the polyester, nylon and sourcing operating segments, as regularly reported to management for the purpose of assessing performance and allocating resources, is detailed below.

	Polyester	Nylon	Total
		(Amounts in thousands)	
Fiscal year 2006:			
Net sales to external customers	$566,367	$172,458	$738,825
Inter-segment net sales	5,525	6,022	11,547
Depreciation and amortization	30,412	14,576	44,988
Restructuring charges (recovery)	533	(787)	(254)
Write down of long-lived assets	51	2,315	2,366
Segment operating profit (loss)	5,658	(6,534)	(876)
Total assets	361,206	128,165	489,371
Fiscal year 2005:			
Net sales to external customers	$587,008	$206,788	$793,796
Inter-segment net sales	5,858	5,758	11,616
Depreciation and amortization	32,714	14,870	47,584
Restructuring charges (recoveries)	(212)	(129)	(341)
Write down of long-lived assets	—	603	603
Segment operating loss	(1,569)	(9,825)	(11,394)
Total assets	432,231	156,936	589,167
Fiscal year 2004:			
Net sales to external customers	$481,847	$184,536	$666,383
Inter-segment net sales	4,567	6,721	11,288
Depreciation and amortization	35,768	15,654	51,422
Restructuring charges	7,591	638	8,229
Arbitration costs and expenses	182	—	182
Alliance plant closure costs (recovery)	(206)	—	(206)
Write downs of long-lived assets	25,241	—	25,241
Goodwill impairment	13,461	—	13,461
Segment operating loss	(48,378)	(4,092)	(52,470)
Total assets	459,724	182,108	641,832

For purposes of internal management reporting, segment operating income (loss) represents net sales less cost of sales and allocated selling, general and administrative expenses. Certain indirect manufacturing and selling, general and administrative costs are allocated to the operating segments on activity drivers relevant to the respective costs. Intersegment sales of the Company's polyester POY business are recorded at market whereas all other intersegment sales are recorded at cost.

Domestic operating divisions' fiber costs are valued on a standard cost basis, which approximates first-in, first-out accounting. For those components of inventory valued utilizing the last-in, first-out method (see Note 1, "Significant Accounting Polices and Financial Statement Information"), an adjustment is made at the segment level to record the difference between standard cost and LIFO. Segment operating income (loss) excludes the provision for bad debts of $1.3 million, $13.2 million, and $2.4 million for fiscal years 2006, 2005, and 2004, respectively. For significant capital projects, capitalization is delayed for management segment reporting until the facility is substantially complete. However, for consolidated financial reporting, assets are capitalized into construction in progress as costs are incurred or carried as unallocated corporate fixed assets if they have been placed in service but have not as yet been moved for management segment reporting.

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The net decrease of $71.0 million in the polyester segment total assets between fiscal year end 2005 and 2006 primarily reflects decreases in cash of $34.3 million, fixed assets of $21.0 million, assets held for sale of $14.3 million, accounts receivable of $13.2 million, other current assets of $3.4 million, and deferred taxes of $0.9 million offset by an increase in inventory of $13.2 million and other assets of $2.9 million. The fixed asset reduction is primarily associated with current year depreciation. The net decrease of $28.8 million in the nylon segment total assets between fiscal year end 2005 and 2006 is primarily a result of a decrease in fixed assets of $16.2 million, inventories of $5.6 million, accounts receivable of $4.3 million, assets held for sale of $2.9 million, cash of $2.0 million and other assets of $0.2 million, offset by an increase in deferred taxes of $2.4 million. The reduction in property and equipment is primarily associated with current year depreciation and an impairment charge of $2.3 million.

The following tables present reconciliations from segment data to consolidated reporting data:

	June 25, 2006	June 26, 2005	June 27, 2004
		(Amounts in thousands)	
Depreciation and amortization:			
Depreciation and amortization of specific reportable segment assets	$ 44,988	$ 47,584	$ 51,422
Depreciation of allocated assets	3,682	3,958	4,804
Amortization of allocated assets	1,275	1,350	1,377
Consolidated depreciation and amortization	$ 49,945	$ 52,892	$ 57,603
Operating income (loss):			
Reportable segments loss	$ (876)	$ (11,394)	$ (52,470)
Provision for bad debts	1,256	13,172	2,389
Interest expense	19,247	20,575	18,698
Interest income	(4,489)	(2,152)	(2,152)
Other (income) expense, net	(3,118)	(2,300)	(2,590)
Equity in losses (earnings) of unconsolidated affiliates	(825)	(6,938)	6,877
Loss on early extinguishment of debt	2,949	—	—
Minority interests (income) expense	—	(530)	(6,430)
Loss from continuing operations before income taxes and extraordinary item	$ (15,896)	$ (33,221)	$ (69,262)

	June 25, 2006	June 26, 2005	June 27, 2004
		(Amounts in thousands)	
Total assets:			
Reportable segments total assets	$ 489,371	$ 589,167	$ 641,832
Sourcing segment total assets	21	4,365	1,369
Corporate current assets	24,828	60,764	34,092
Unallocated corporate fixed assets	15,976	18,931	22,586
Other non-current corporate assets	13,616	12,797	9,609
Investments in unconsolidated affiliates	190,217	160,675	164,286
Intersegment eliminations	(1,392)	(1,324)	(1,239)
Consolidated assets	$ 732,637	$ 845,375	$ 872,535

Capital expenditures for long-lived assets totaled $12.0 million of which $8.4 million related to the Company's polyester segment and $2.8 million related to the Company's nylon segment.

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The Company's domestic operations serve customers principally located in the United States as well as international customers located primarily in Canada, Mexico and Israel and various countries in Europe, Central America, South America and South Africa. Export sales from its U.S. operations aggregated $78.9 million in 2006, $94.7 million in 2005, and $112.4 million in 2004. In fiscal year 2006, the Company had nylon segment net sales to one customer of $76.4 million which is in excess of 10% of consolidated net sales, whereas in fiscal years 2005 and 2004, the Company did not have sales to any one customer in excess of 10% of consolidated revenues. The concentration of credit risk for the Company with respect to trade receivables is mitigated due to the large number of customers and dispersion across different end-uses and geographic regions.

The Company's foreign operations primarily consist of manufacturing operations in Brazil and Colombia. On March 2, 2004, the Company announced its plan to close its dyed facility in Manchester, England. The facility ceased all operations in early June 2004. During the first quarter of fiscal year 2005, the Company announced a plan to close its entire European Division which included a manufacturing facility in Letterkenny, Ireland and the associated European sales offices. The facility's manufacturing operations ceased in October 2004. On July 28, 2005, the Company announced that management had decided to discontinue the operations of the Company's external sourcing business, Unimatrix Americas. Management's exit plan was completed as of the end of the third quarter fiscal 2006, and accordingly, the segment's results of operations have been accounted for as a discontinued operation in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Net sales and total assets of the Company's continuing foreign and domestic operations are as follows:

	June 25, 2006	June 26, 2005	June 27, 2004
		(Amounts in thousands)	
Foreign operations:			
Net sales	$ 105,311	$ 93,420	$ 82,977
Total assets	123,179	151,447	150,013
Domestic operations:			
Net sales	$ 633,514	$ 700,376	$ 583,406
Total assets	609,458	693,928	722,522

8. Derivative Financial Instruments and Fair Value of Financial Instruments

The Company accounts for derivative contracts and hedging activities under Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" which requires all derivatives to be recorded on the balance sheet at fair value. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or are recorded in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings. The Company does not enter into derivative financial instruments for trading purposes nor is it a party to any leveraged financial instruments.

The Company conducts its business in various foreign currencies. As a result, it is subject to the transaction exposure that arises from foreign exchange rate movements between the dates that foreign currency transactions are recorded (export sales and purchases commitments) and the dates they are consummated (cash receipts and cash disbursements in foreign currencies). The Company utilizes some natural hedging to mitigate these transaction exposures. The Company also enters into foreign currency forward contracts for the purchase and sale of European and North American currencies to hedge balance sheet and income statement currency exposures. These contracts are principally entered into for the purchase of inventory and equipment and the sale of Company products into export markets. Counter-parties for these instruments are major financial institutions.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Currency forward contracts are used to hedge exposure for sales in foreign currencies based on specific sales orders with customers or for anticipated sales activity for a future time period. Generally, 60-80% of the sales value of these orders is covered by forward contracts. Maturity dates of the forward contracts are intended to match anticipated receivable collections. The Company marks the outstanding accounts receivable and forward contracts to market at month end and any realized and unrealized gains or losses are recorded as other income and expense. The Company also enters currency forward contracts for committed or anticipated equipment and inventory purchases. Generally 50-75% of the asset cost is covered by forward contracts although 100% of the asset cost may be covered by contracts in certain instances. Effective February 14, 2005, the Company entered into a contract to sell the European facility in Ireland and received a $2.8 million non-refundable deposit from the purchaser. In addition to the deposit, the contract called for a partial payment of 16.0 million Euros on June 30, 2005 and a final payment of 2.1 million Euros on September 30, 2005. On February 22, 2005, the Company entered into a forward exchange contract for 15.0 million Euros. The Company was required by the financial institution to deposit $2.8 million in an interest bearing collateral account to secure the financial institution's exposure on the hedge contract. This cash deposit is classified as "Restricted cash" and is included in current assets on the fiscal year 2005 balance sheet. On July 15, 2005, the Company settled the forward exchange contract for 15.0 million Euros. Forward contracts are matched with the anticipated date of delivery of the assets and gains and losses are recorded as a component of the asset cost for purchase transactions when the Company is firmly committed. The latest maturity for all outstanding purchase and sales foreign currency forward contracts are July 2006 and October 2006, respectively.

The dollar equivalent of these forward currency contracts and their related fair values are detailed below:

	June 25, 2006	June 26, 2005	June 27, 2004
		(Amounts in thousands)	
Foreign currency purchase contracts:			
Notional amount	$ 526	$ 168	$ 3,660
Fair value	535	159	3,642
Net (gain) loss	$ (9)	$ 9	$ 18
Foreign currency sales contracts:			
Notional amount	$ 833	$ 24,414	$ 18,833
Fair value	878	22,687	19,389
Net (gain) loss	$ 45	$ (1,727)	$ 556

The fair values of the foreign exchange forward contracts at the respective year-end dates are based on discounted year-end forward currency rates. The total impact of foreign currency related items that are reported on the line item other (income) expense, net in the Consolidated Statements of Operations, including transactions that were hedged and those that were not hedged, was a pre-tax loss of $0.7 million for the fiscal year ended June 25, 2006, a pre-tax loss of $0.5 million for the fiscal year ended June 27, 2004, and a pre-tax gain of $1.1 million for the fiscal year ended June 26, 2005.

The Company uses the following methods in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents, trade receivables and trade payables. The carrying amounts approximate fair value because of the short maturity of these instruments.

Long-term debt. The fair value of the Company's borrowings is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities (see Note 2, "Long-Term Debt and Other Liabilities").

Foreign currency contracts. The fair value is based on quotes obtained from brokers or reference to publicly available market information.

9. Investments in Unconsolidated Affiliates

The Company and SANS Fibres of South Africa formed a 50/50 joint venture (UNIFI-SANS Technical Fibers, LLC or "USTF") to produce low-shrinkage high tenacity nylon 6.6 light denier industrial (LDI) yarns in North Carolina. The business is operated in a plant in Stoneville, North Carolina which is owned by the Company. The Company receives annual rental income of $0.3 million from USTF for the use of the facility. The Company also received from USTF during fiscal 2006 payments totaling $1.7 million which consisted of reimbursements for rendering general and administrative services and purchasing various manufacturing related items for the operations. Unifi manages the day-to-day production and shipping of the LDI produced in North Carolina and SANS Fibres handles technical support and sales. Sales from this entity are primarily to customers in the Americas.

Unifi and Nilit Ltd., located in Israel, formed a 50/50 joint venture named U.N.F. Industries Ltd. ("UNF"). The joint venture produces nylon POY at Nilit's manufacturing facility in Migdal Ha—Emek, Israel. The nylon POY is utilized in the Company's nylon texturing and covering operations. The nylon segment has a supply agreement with UNF which expires in April 2008. Unifi is obligated to purchase certain to be agreed upon quantities of yarn production from UNF. The agreement does not provide for a fixed or minimum amount of yarn purchases, therefore there is a degree of uncertainty associated with the obligation. Accordingly, the Company has estimated its obligation under the agreement based on past history and internal projections.

The Company and Parkdale Mills, Inc. entered into a contribution agreement whereby both companies contributed all of the assets of their spun cotton yarn operations utilizing open-end and air jet spinning technologies to create Parkdale America, LLC ("PAL"). In exchange for its contributions, the Company received a 34% ownership interest in the joint venture. PAL is a producer of cotton and synthetic yarns for sale to the textile and apparel industries primarily within North America. PAL has 14 manufacturing facilities primarily located in central and western North Carolina.

The Company's investment in PAL at June 25, 2006 was $140.9 million and the underlying equity in the net assets of PAL at June 25, 2006 is $130.3 million or a difference of $10.6 million, which is accounted for as goodwill and is included in the Company's investment in PAL disclosures. The Company's view is that the entire carrying value of the investment in PAL is recoverable from its share of future cash distributions from the venture plus a terminal exit value.

On October 21, 2004, the Company announced that Unifi and Sinopec Yizheng Chemical Fiber Co., Ltd. ("YCFC") signed a non-binding letter of intent to form a joint venture to manufacture, process and market polyester filament yarn in YCFC's facilities in Yizheng, Jiangsu Province, Peoples Republic of China. On June 10, 2005, Unifi and YCFC entered into an Equity Joint Venture Contract (the "JV Contract"), to form Yihua Unifi Fibre Company Limited ("YUFI"). Under the terms of the JV Contract, each company owns a 50% equity interest in the joint venture. The joint venture transaction closed on August 3, 2005, and accordingly, the Company contributed to YUFI its initial capital contribution of $15.0 million in cash on August 4, 2005. YCFC's facilities were already producing product at a steady state. On October 12, 2005, the Company transferred an additional $15.0 million to YUFI to complete the capitalization of the joint venture. The Company records revenues from the joint venture under a licensing agreement for certain proprietary information including technical knowledge, manufacturing processes, trade secrets, commercial information and other information relating to the design, manufacture, application testing, maintenance and sale of products. During fiscal year 2006, payments received under this agreement were $2.0 million.

UNIFI, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Condensed balance sheet information as of June 25, 2006 and June 26, 2005, and income statement information for fiscal years 2006, 2005 and 2004, of combined unconsolidated equity affiliates were as follows (in thousands):

	June 25, 2006	June 26, 2005
	(Amounts in thousands)	
Current assets	$ 149,278	$ 127,188
Noncurrent assets	217,955	176,265
Current liabilities	48,334	28,235
Noncurrent liabilities	44,460	18,840
Shareholders' equity and capital accounts	274,439	256,378

	Fiscal Years Ended		
	June 25, 2006	June 26, 2005	June 27, 2004
		(Amounts in thousands)	
Net sales	$ 567,223	$ 471,786	$ 469,512
Gross profit	31,853	40,312	7,880
Income (loss) from operations	8,435	16,991	(15,928)
Net income (loss)	6,279	14,003	(20,183)

USTF and PAL are organized as partnerships for U.S. tax purposes. Taxable income and losses are passed through USTF and PAL to the members in accordance with the Operating Agreements of USTF and PAL. For the fiscal years ended June 25, 2006, June 26, 2005, and June 27, 2004, distributions received by the Company from its equity affiliates amounted to $2.8 million, $11.1 million, and $3.1 million, respectively. The total undistributed earnings of unconsolidated equity affiliates were $1.8 million as of June 26, 2006. Included in the above net sales amounts for the 2006, 2005, and 2004 fiscal years are sales to Unifi of approximately $24.0 million, $29.6 million, and $27.5 million, respectively. These amounts represent sales of nylon POY from UNF for use in the production of textured nylon yarn in the ordinary course of business.

10. Supplemental Cash Flow Information

Supplemental cash flow information is summarized below:

	Fiscal Years Ended		
	June 25, 2006	June 26, 2005	June 27, 2004
		(Amounts in thousands)	
Cash payments for:			
Interest	$ 18,153	$ 16,536	$ 16,842
Income taxes, net of refunds	3,164	5,012	2,437

11. Minority Interest

Effective May 29, 1998, the Company formed Unifi Textured Polyester, LLC ("UTP") with Burlington Industries, LLC, now known as International Textile Group, LLC ("ITG"), to manufacture and market natural textured polyester yarns. The Company had an 85.42% interest in UTP and ITG had 14.58%. For the first five years, ITG was entitled to the first $9.4 million of annual net earnings and the first $12.0 million of UTP's cash flows on an annual basis, less the amount of UTP net earnings. Subsequent to this five-year period, earnings and cash flows were allocated based on ownership percentages. UTP's assets, liabilities and earnings are consolidated with those of the Company and ITG's interest in the UTP is included in the Company's financial statements as minority interest (income) expense. In April 2005, the Company purchased ITG's ownership interest of 14.58%

for $0.9 million in cash which resulted in a net write down of UTP's assets of $2.9 million, as a result of applying purchase accounting to the acquisition of minority interest. Minority interest (income) expense for ITG's share of UTP in fiscal years 2006, 2005, and 2004 was $0.0 million, $(0.5) million, and $(6.5) million, respectively.

12. Fiscal Year 1999 Early Retirement and Termination Charge

During the third quarter of fiscal 1999, the Company recognized a $14.8 million charge associated with the early retirement and termination of 114 salaried employees. As of June 25, 2006, the remaining financial obligation is to provide health and dental coverage to each early retiree until they reach 65 years of age. An adjustment to the reserve was recorded in fiscal years 2006, 2005 and 2004 to replenish the reserve for the difference between the actual cash payments and the present value of the liability originally recorded, which represented interest expense. At June 25, 2006, a reserve of $2.0 million remained on the Consolidated Balance Sheet that is expected to equal the present value of future cash payments for remaining medical and dental expenses associated with these terminated employees. The table below summarizes the activity associated with this charge for fiscal years 2006, 2005, and 2004:

	June 25, 2006	June 26, 2005	June 27, 2004
	(Amounts in thousands)		
Balance at beginning of fiscal year	$ 2,931	$ 3,418	$ 3,860
Change in estimate for original charges	(673)	(308)	314
Present value adjustment	217	243	327
Cash payments	(444)	(422)	(1,083)
Balance at end of fiscal year	$ 2,031	$ 2,931	$ 3,418

13. Severance and Restructuring Charges

In fiscal year 2004, the Company recorded restructuring charges of $27.7 million, which consisted of $12.1 million of fixed asset write downs associated with the closure of a dye facility in Manchester, England and the consolidation of the Company's polyester operations in Ireland, $7.8 million of employee severance for approximately 280 management and production level employees, $5.7 million in lease related costs associated with the closure of the facility in Altamahaw, NC and other restructuring costs of $2.1 million primarily related to the various plant closures. Of the $27.7 million recorded in fiscal year 2004 as a restructuring charge to continuing operations, $19.6 million has been reclassified to the line item "Loss from discontinued operations, net of tax" in the Consolidated Statements of Operations. Severance payments were made in accordance with various plan terms and were completed by July 2005. The lease obligation consists of rental payments of $1.0 million in fiscal year 2007 and $3.0 million in fiscal year 2008.

On October 19, 2004, the Company announced that it planned to curtail two production lines and downsize its recently acquired facility in Kinston, North Carolina. During the second quarter of fiscal year 2005, the Company recorded a severance reserve of $10.7 million for approximately 500 production level employees and a restructuring reserve of $0.4 million for the cancellation of certain warehouse leases. The entire restructuring reserve was recorded as assumed liabilities in purchase accounting; and accordingly, was not recorded as a restructuring expense in the Consolidated Statements of Operations. During the third quarter of fiscal year 2005, management completed the curtailment of both production lines as scheduled which resulted in an actual reduction of 388 production level employees and a reduction to the initial restructuring reserve. Since no long-term assets or intangible assets were recorded in purchase accounting, the net reduction of $1.2 million was recorded as an extraordinary gain in the accompanying Consolidated Statements of Operations in fiscal year 2005.

UNIFI, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

On April 20, 2006, the Company re-organized its domestic business operations, and as a result, recorded a restructuring charge for severance of approximately $0.8 million in the fourth quarter of fiscal year 2006. Approximately 45 management level salaried employees were affected by the plan of reorganization.

The table below summarizes changes to the accrued severance and accrued restructuring accounts for the fiscal years ended June 26, 2005 and June 25, 2006:

	Balance at June 26, 2005	Additional Charges	Adjustments	Amount Used	Balance at June 25, 2006
			(Amounts in thousands)		
Accrued severance	$ 5,252	$ 812	$ 44	$(5,532)	$ 576
Accrued restructuring	5,053	—	(195)	(1,308)	3,550

	Balance at June 27, 2004	Additional Charges	Adjustments	Amount Used	Balance at June 26, 2005
			(Amounts in thousands)		
Accrued severance	$ 2,949	$ 10,701	$ (834)	$(7,564)	$ 5,252
Accrued restructuring	6,654	391	(695)	(1,297)	5,053

14. Impairment Charges

During the third quarter of fiscal year 2004, management performed impairment testing for the domestic textured polyester business due to the continued challenging business conditions and reduction in volume and gross profit in the preceding quarter. As a result, management determined the fair value of the plant, property and equipment at $73.7 million using market prices of the assets. Management determined that the assets were in fact impaired because the carrying value was $98.9 million. This resulted in a $25.2 million write down of the assets, which is included in the “Write down of long-lived assets” line item in the Consolidated Statements of Operations. Subsequent to performing the impairment test for the property, plant and equipment, the entire domestic polyester segment was tested for impairment as of February 29, 2004. As a result of the testing, the Company recorded a goodwill impairment charge of $13.5 million in the third quarter of fiscal year 2004 to reduce the segment’s goodwill to $0. The Company used the income approach and market approach to determine the fair value.

In June 2005 the Company entered into a contract to sell 166 machines held by the nylon division. As a result, a $0.6 million charge was recorded to write the assets down from a net book value of $1.5 million to their fair value less cost to sell. This charge is recorded on the “Write down of long-lived assets” line item in the Consolidated Statements of Operations.

On August 29, 2005, the Company announced an initiative to improve the efficiency of its nylon business unit which included the closing of Plant one in Mayodan, North Carolina and moving its operations and offices to Plant three in nearby Madison, North Carolina which is the Nylon division’s largest facility with over one million square feet of production space. In connection with this initiative, the Company decided to offer for sale a plant, a warehouse and a central distribution center (“CDC”), all of which are located in Mayodan, North Carolina. Based on appraisals received in September 2005, the Company determined that the warehouse was impaired and recorded an impairment charge of $1.5 million, which included $0.2 million in estimated selling costs. On March 13, 2006, the Company entered into a contract to sell the CDC and related land located in Mayodan, North Carolina. The terms of the contract call for a sale price of $2.7 million, which was approximately $0.7 million below the property’s carrying value. In accordance with SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” (“SFAS No. 144”) the Company recorded an impairment charge of

approximately $0.8 million during the third quarter of fiscal year 2006 which included selling costs of $0.1 million. The sale of the CDC closed in the fourth quarter of fiscal year 2006 with no further expense to the Company.

15. Assets Held for Sale

On July 28, 2004, the Company announced its decision to close its European Division and associated sales offices throughout Europe. The manufacturing facilities in Ireland ceased operations on October 31, 2004. On February 24, 2005, the Company announced that it had entered into three separate contracts to sell the property, plant and equipment of the European Division for approximately $38.0 million. The European Division's assets held for sale were separately stated in the June 26, 2005 Consolidated Balance Sheet and were reported in the Company's polyester segment.

The Company announced in the first quarter of fiscal year 2006 that the nylon division decided to consolidate its operating facilities in Mayodan and Madison, North Carolina. As a result, Plant 1, Plant 5, Plant 7, and the CDC were completely vacated as of March 2006 and listed for sale. In addition, unrelated to the Nylon restructuring plan, the Company decided to market other properties in Yadkinville, North Carolina and Staunton, Virginia as well as related idle machinery and equipment. The listing contract for real property was signed in December 2005. The sale of the CDC and the Staunton, Virginia properties were closed in the fourth quarter of fiscal year 2006.

The following table summarizes by category assets held for sale:

	June 25, 2006	June 26, 2005
	(Amounts in thousands)	
Land	$ 612	$ 1,588
Building	10,052	24,831
Machinery and equipment	4,238	5,985
Leasehold improvements	517	132
	$ 15,419	$ 32,536

16. Alliance

Effective June 1, 2000, the Company and E.I. DuPont De Nemours and Company ("DuPont") initiated a manufacturing alliance (the "Alliance"). The intent of the Alliance was to optimize the Company's and DuPont's POY manufacturing facilities by increasing manufacturing efficiency and improving product quality. Under the terms of the Alliance, DuPont and the Company ran their polyester POY manufacturing facilities as a single operating unit. The companies split equally the costs to complete the necessary plant consolidation and the benefits gained through asset optimization.

DuPont's subsidiary, Invista, Inc., held DuPont's textiles and interiors assets and businesses which included the Alliance assets. Such assets and businesses were subsequently sold to subsidiaries of Koch. INVISTA continued to operate the DuPont site through September 29, 2004.

Effective September 30, 2004, the Company completed the acquisition of the INVISTA polyester POY manufacturing assets from INVISTA. See Note 17, "Asset Acquisition".

The Company recognized, as a reduction of cost of sales, cost savings and other benefits from the Alliance of $0, $8.4 million and $38.2 million for fiscal years 2006, 2005 and 2004, respectively.

UNIFI, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

17. Asset Acquisition

As discussed in Note 16, “Alliance”, the Company completed its acquisition of the INVISTA polyester POY manufacturing assets located in Kinston, North Carolina, including inventories, valued at $24.4 million which was seller financed. See Note 2, “Long-Term Debt and Other Liabilities” for details of the financing agreement. On October 19, 2004, the Company announced its plans to curtail two production lines and downsize the workforce at its newly acquired manufacturing facility in Kinston, North Carolina. At that time the Company recorded a reserve of $10.7 million in related severance costs and $0.4 million in restructuring costs which were recorded as assumed liabilities in purchase accounting; and therefore, had no impact on the Consolidated Statements of Operations. As of March 27, 2005, both lines were successfully shut down which resulted in a reduction in the original restructuring estimate for severance. As a result of the reduction to the restructuring reserve, a $1.2 million extraordinary gain, net of tax, was recorded in fiscal year 2005.

18. Discontinued Operations

On July 28, 2005, the Company announced that it would discontinue the operations of the Company’s external sourcing business, Unimatrix Americas. As of March 26, 2006, management’s plan to exit the business was successfully completed resulting in the reclassification of the segment’s losses as discontinued operations for all periods presented. See Note 20, “Quarterly Results (Unaudited)” for restatements of the fiscal 2006 first and second quarters and fiscal 2005 quarters.

On July 28, 2004, the Company announced its decision to close its European manufacturing operations and associated sales offices throughout Europe (the “European Division”). The manufacturing facilities in Ireland ceased operations on October 31, 2004. On February 24, 2005, the Company announced that it had entered into three separate contracts to sell the property, plant and equipment of the European Division for approximately $37.0 million. As of June 26, 2005, the Company has received approximately $9.9 million in proceeds from the sales contracts and recognized a gain of $10.4 million on the sales of capital assets. The Company received the remaining proceeds of $28.1 million during the first quarter fiscal year 2006 which resulted in a net gain of $4.6 million. The gains on the sales of capital assets are included in the line item “Income (loss) from discontinued operations—net of tax” in the Consolidated Statements of Operations.

The Company’s dyed facility in Manchester, England was closed in June 2004 and the physical assets were abandoned in June 2005. In accordance with SFAS No. 144, the complete abandonment of the business which occurred in June 2005 required the Company to include the operating results for this facility as discontinued operations for all periods presented.

Beginning with the third quarter of fiscal year 2006, the Company separately disclosed the operating, investing and financing portions of the cash flows attributable to all discontinued operations in the Consolidated Statements of Cash Flows. All prior periods have been restated to conform with the current presentation.

Results of operations for the sourcing segment, European Division and the dyed facility in England for fiscal years 2006, 2005, and 2004 are as follows:

	Fiscal Years Ended		
	June 25, 2006	June 26, 2005	June 27, 2004
	(Amounts in thousands)		
Net sales	$ 3,967	$ 30,261	$ 80,087
Restructuring charges	—	14,873	19,487
Loss from discontinued operations before income taxes	$ (784)	$(22,073)	$(25,867)
Income tax (benefit) expense	(1,144)	571	(223)
Net (income) loss from discontinued operations—net of taxes	$ 360	$(22,644)	$(25,644)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

19. Contingencies

The land with the Kinston Site is leased under a 99 year ground lease ("Ground Lease") with DuPont. Since 1993, DuPont has been investigating and cleaning up the Kinston Site under the supervision of the United States Environmental Protection Agency ("EPA") and the North Carolina Department of Environment and Natural Resources under the Resource Conservation and Recovery Act Corrective Action program. The Corrective Action Program requires DuPont to identify all potential areas of environmental concern ("AOCs"), assess the extent of contamination at the identified AOCs and clean them up to applicable regulatory standards. Under the terms of the Ground Lease, upon completion by DuPont of required remedial action, ownership of the Kinston Site will pass to the Company. Thereafter, the Company will have responsibility for future remediation requirements, if any, at the AOCs previously addressed by DuPont. At this time the Company has no basis to determine if and when it will have any responsibility or obligation with respect to the AOCs or the extent of any potential liability for the same.

20. Quarterly Results (Unaudited)

Quarterly financial data for the fiscal years ended June 26, 2005 and June 25, 2006 is presented below:

	First Quarter (13 Weeks)	Second Quarter (13 Weeks)	Third Quarter (13 Weeks)	Fourth Quarter (13 Weeks)
	(Amounts in thousands, except per share data)			
2006:				
Net sales(a)	$ 183,102	$ 191,117	$ 181,398	$ 183,208
Gross profit(a)(b)	8,403	9,370	13,137	11,860
Income (loss) from discontinued operations, net of tax	1,929	(583)	(790)	(196)
Loss before extraordinary item	(2,878)	(3,976)	(2,117)	(5,395)
Extraordinary gain (loss)—net of tax of $0(c)	(208)	208	—	—
Net loss	(3,086)	(3,768)	(2,117)	(5,395)
Per Share of Common Stock (basic and diluted):				
Net loss before extraordinary item	$ (.06)	$ (.07)	$ (.04)	$ (.10)
Extraordinary gain—net of taxes of $0	—	—	—	—
Net loss	$ (.06)	$ (.07)	$ (.04)	$ (.10)
2005:				
Net sales(a)	$ 178,993	$ 206,687	$ 207,688	$ 200,428
Gross profit(a)(b)	10,840	9,817	9,332	1,090
Income (loss) from discontinued operations, net of tax	(21,650)	(2,941)	(1,659)	3,606
Loss before extraordinary item	(22,555)	(7,746)	(3,272)	(8,809)
Extraordinary gain (loss)—net of tax of $0(c)	—	—	1,342	(185)
Net loss	(22,555)	(7,746)	(1,930)	(8,994)
Per Share of Common Stock (basic and diluted):				
Net loss before extraordinary item	$ (.43)	$ (.15)	$ (.06)	$ (.17)
Extraordinary gain—net of taxes of $0	—	—	.02	—
Net loss	$ (.43)	$ (.15)	$ (.04)	$ (.17)

(a) As discussed further in Note 18, “Discontinued Operations” the Company decided to close its dye operation in England in June 2004 and the closure was substantially completed in June 2005, which required the Company to include the operating results for this facility as discontinued operations. As a result, net sales, gross profit and income (loss) from discontinued operations for the first three quarters of fiscal year 2005 have been restated. In July 2005, the Company announced its decision to exit the sourcing business and management’s plan to exit the business was successfully completed on March 26, 2006, resulting in the reclassification of the segment’s losses as discontinued operations. As a result, net sales, gross profit and income (loss) from discontinued operations for the first and second quarters of the fiscal year 2006 and in each of the quarters in fiscal year 2005 have been restated. There was no effect on previously reported net income. Below is a reconciliation of the net sales, gross profit and income (loss) from discontinued operations amounts as previously reported in the Company’s quarterly reports on Form 10-Q to the restated amounts reported above:

	Fiscal 2006		Fiscal 2005			
	First Quarter (13 Weeks)	Second Quarter (13 Weeks)	First Quarter (13 Weeks)	Second Quarter (13 Weeks)	Third Quarter (13 Weeks)	Fourth Quarter (13 Weeks)
	(Amounts in thousands)					
Net sales as previously reported	$ 185,441	$ 192,300	$ 180,155	$ 208,473	$ 208,318	$ 203,151
Less sales of discontinued operations	2,339	1,183	1,162	1,786	630	2,723
Net sales as restated	$ 183,102	$ 191,117	$ 178,993	$ 206,687	$ 207,688	$ 200,428
Gross profit as previously reported	$ 7,522	$ 9,093	$ 10,560	$ 9,686	$ 9,107	$ 1,189
Less gross profit (loss) of discontinued operations	(881)	(277)	(280)	(131)	(225)	99
Gross profit as restated	$ 8,403	$ 9,370	$ 10,840	$ 9,817	$ 9,332	$ 1,090
Income (loss) from discontinued operations as previously reported	$ 2,781	$ (270)	$ (21,299)	$ (3,051)	$ (1,429)	$ 3,681
Plus income (loss) of discontinued operations	(852)	(313)	(351)	110	(230)	(75)
Income (loss) from discontinued operations as restated	$ 1,929	$ (583)	$ (21,650)	$ (2,941)	$ (1,659)	$ 3,606

(b) The lower gross profit amount for the fourth quarter of fiscal year 2005 is primarily attributable to the Company selling off aged inventory in order to improve its working capital position.

(c) As discussed further in Note 17, “Asset Acquisition” the Company acquired a manufacturing facility at the beginning of its fiscal year 2005 second quarter and, as a result of purchase accounting, was required to record an extraordinary gain.

21. Condensed Consolidating Financial Statements

The guarantor subsidiaries presented below represent the Company’s subsidiaries that are subject to the terms and conditions outlined in the indenture governing the Company’s issuance of senior secured notes and guarantees the notes, jointly and severally, on a senior unsecured basis. The non-guarantor subsidiaries presented below represent the foreign subsidiaries which do not guarantee the notes. Each subsidiary guarantor is 100% owned by Unifi, Inc. and all guarantees are full and unconditional.

Supplemental financial information for the Company and its guarantor subsidiaries and non-guarantor subsidiaries for the notes is presented below.

UNIFI, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Balance Sheet Information as of June 25, 2006 (in thousands):

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 22,992	$ 1,392	$ 10,933	$ —	$ 35,317
Receivables, net	1	72,332	20,903	—	93,236
Inventories	—	91,840	24,178	—	116,018
Deferred income taxes	—	10,473	1,266	—	11,739
Assets held for sale	—	15,419	—	—	15,419
Other current assets	—	2,558	6,671	—	9,229
Total current assets	22,993	194,014	63,951	—	280,958
Property, plant and equipment	11,806	848,068	56,463	—	916,337
Less accumulated depreciation	(1,553)	(637,487)	(37,601)	—	(676,641)
	10,253	210,581	18,862	—	239,696
Investments in unconsolidated affiliates	—	157,741	32,476	—	190,217
Investments in consolidated subsidiaries	450,655	—	—	(450,655)	—
Other noncurrent assets	65,713	8,116	8,223	(60,286)	21,766
	$549,614	$ 570,452	$ 123,512	$ (510,941)	$ 732,637
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Accounts payable and other	$ 1,698	$ 57,315	$ 9,903	$ —	$ 68,916
Accrued expenses	2,202	18,011	3,656	—	23,869
Income taxes payable (receivable)	(10,046)	11,004	1,345	—	2,303
Current maturities of long-term debt and other current liabilities	—	290	6,040	—	6,330
Total current liabilities	(6,146)	86,620	20,944	—	101,418
Long-term debt and other liabilities	191,273	57,557	13,861	(60,286)	202,405
Deferred income taxes	(18,466)	63,380	947	—	45,861
Shareholders'/ invested equity	382,953	362,895	87,760	(450,655)	382,953
	$549,614	$ 570,452	$ 123,512	$ (510,941)	$ 732,637

UNIFI, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Balance Sheet Information as of June 26, 2005 (in thousands):

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 35,868	$ 25,272	$ 44,481	$ —	$ 105,621
Receivables, net	—	85,073	21,364	—	106,437
Inventories	—	86,039	24,788	—	110,827
Deferred income taxes	(1,122)	14,527	1,173	—	14,578
Assets held for sale	—	21,843	10,693	—	32,536
Restricted cash	—	—	2,766	—	2,766
Other current assets	—	3,344	12,246	—	15,590
Total current assets	34,746	236,098	117,511	—	388,355
Property, plant and equipment	11,805	890,488	53,166	—	955,459
Less accumulated depreciation	(1,265)	(642,538)	(31,924)	—	(675,727)
	10,540	247,950	21,242	—	279,732
Investments in unconsolidated affiliates	—	152,918	7,757	—	160,675
Investments in consolidated subsidiaries	481,888	—	—	(481,888)	—
Other noncurrent assets	86,441	13,456	5,163	(88,447)	16,613
	$613,615	$ 650,422	$ 151,673	$ (570,335)	$ 845,375
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 1,417	$ 49,719	$ 11,530	$ —	$ 62,666
Accrued expenses	7,201	27,592	10,825	—	45,618
Income taxes payable (receivable)	(7,481)	8,715	1,058	—	2,292
Current maturities of long-term debt and other current Liabilities	—	30,950	15,573	(11,184)	35,339
Total current liabilities	1,137	116,976	38,986	(11,184)	145,915
Long-term debt and other liabilities	249,473	5,884	4,685	(252)	259,790
Deferred income taxes	(20,570)	75,348	1,135	—	55,913
Other non-current liabilities	—	77,011	—	(77,011)	—
Minority interests	—	—	182	—	182
Shareholders'/ invested equity	383,575	375,203	106,685	(481,888)	383,575
	$613,615	$ 650,422	$ 151,673	$ (570,335)	$ 845,375

UNIFI, INC.

NOTES CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Statement of Operations Information for the Fiscal Year Ended June 25, 2006 (in thousands):

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Summary of Operations:					
Net sales	$ —	$ 633,514	$ 108,584	$ (3,273)	$ 738,825
Cost of sales	—	597,807	101,267	(3,019)	696,055
Selling, general and administrative expenses	146	35,654	6,138	(404)	41,534
Provision for bad debts	—	1,004	252	—	1,256
Interest expense	18,558	558	131	—	19,247
Interest income	(1,888)	(129)	(2,472)	—	(4,489)
Other (income) expense, net	(17,413)	14,650	(355)	—	(3,118)
Equity in (earnings) losses of unconsolidated affiliates	—	(5,216)	4,643	(252)	(825)
Equity in subsidiaries	12,969	—	(402)	(12,567)	—
Restructuring charges (recovery)	—	(226)	(28)	—	(254)
Write down of long-lived assets	—	2,315	51	—	2,366
Loss from early extinguishment of debt	2,949	—	—	—	2,949
Income (loss) from continuing operations before income taxes	(15,321)	(12,903)	(641)	12,969	(15,896)
Provision (benefit) for income taxes	(955)	(2,717)	2,502	—	(1,170)
Income (loss) from continuing operations	(14,366)	(10,186)	(3,143)	12,969	(14,726)
Income (loss) from discontinued operations, net of tax	—	(2,123)	2,483	—	360
Net income (loss)	$ (14,366)	$ (12,309)	$ (660)	$ 12,969	$ (14,366)

UNIFI, INC.

NOTES CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Statement of Operations Information for the Fiscal Year Ended June 26, 2005 (in thousands):

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Summary of Operations:					
Net sales	$ —	$ 700,374	$ 98,462	$ (5,040)	$ 793,796
Cost of sales	—	678,808	88,298	(4,389)	762,717
Selling, general and administrative expenses	201	36,964	5,982	(936)	42,211
Provision for bad debts	—	12,886	467	(181)	13,172
Interest expense	18,167	2,408	—	—	20,575
Interest income	(518)	(116)	(1,518)	—	(2,152)
Other (income) expense, net	(17,802)	16,934	(1,581)	149	(2,300)
Equity in (earnings) losses of unconsolidated affiliates	—	(6,410)	(749)	221	(6,938)
Equity in subsidiaries	43,847	—	—	(43,847)	—
Minority interest (income) expense	—	(539)	9	—	(530)
Restructuring charges (recovery)	—	(374)	33	—	(341)
Write down of long-lived assets	—	603	—	—	603
Income (loss) from continuing operations before income taxes and extraordinary item	(43,895)	(40,790)	7,521	43,943	(33,221)
Provision (benefit) for income taxes	(2,670)	(12,225)	1,412	—	(13,483)
Income (loss) from continuing operations before extraordinary item	(41,225)	(28,565)	6,109	43,943	(19,738)
Loss from discontinued operations, net of tax	—	(1,012)	(20,364)	(1,268)	(22,644)
Net income (loss) before extraordinary item	(41,225)	(29,577)	(14,255)	42,675	(42,382)
Extraordinary gain—net of taxes of $0	—	1,157	—	—	1,157
Net income (loss)	$(41,225)	$ (28,420)	$ (14,255)	$ 42,675	$ (41,225)

UNIFI, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Statement of Operations Information for the Fiscal Year Ended June 27, 2004 (in thousands):

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Summary of Operations:					
Net sales	$ —	$ 583,405	$ 89,381	$ (6,403)	$ 666,383
Cost of sales	—	555,500	75,266	(4,783)	625,983
Selling, general and administrative expenses	—	42,223	5,382	(1,642)	45,963
Provision for bad debts	—	2,399	(10)	—	2,389
Interest expense	18,141	520	37	—	18,698
Interest income	(294)	(219)	(1,639)	—	(2,152)
Other (income) expense, net	(20,161)	17,352	(171)	390	(2,590)
Equity in (earnings) losses of unconsolidated affiliates	—	7,956	(1,079)	—	6,877
Equity in subsidiaries	71,392	—	—	(71,392)	—
Minority interest (income) expense	—	(6,521)	91	—	(6,430)
Restructuring charges	—	8,229	—	—	8,229
Arbitration costs and expenses	—	182	—	—	182
Alliance plant closure costs(recovery)	—	(206)	—	—	(206)
Write down of long-lived assets	—	25,241	—	—	25,241
Goodwill impairment	13,461	—	—	—	13,461
Income (loss) from continuing operations before income taxes	(82,539)	(69,251)	11,504	71,024	(69,262)
Provision (benefit) for income taxes	(12,746)	(15,466)	3,099	—	(25,113)
Income (loss) from continuing operations	(69,793)	(53,785)	8,405	71,024	(44,149)
Loss from discontinued operations, net of tax	—	(512)	(25,116)	(16)	(25,644)
Net income (loss)	$(69,793)	$ (54,297)	$ (16,711)	$ 71,008	$ (69,793)

UNIFI, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Statements of Cash Flows Information for the Fiscal Year Ended June 25, 2006 (in thousands):

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:					
Net cash provided by continuing operating activities	$ 22,061	$ (1,740)	$ 9,622	$ 150	$ 30,093
Investing activities:					
Capital expenditures	—	(10,400)	(1,588)	—	(11,988)
Acquisition	—	(634)	(30,000)	—	(30,634)
Investment of foreign restricted assets	—	—	171	—	171
Collection of notes receivable	564	(160)	—	—	404
Proceeds from sale of capital assets	—	10,026	67	—	10,093
Increase in restricted cash	—	—	2,766	—	2,766
Other	—	32	(74)	—	(42)
Net cash provided by (used in) investing activities	564	(1,136)	(28,658)	—	(29,230)
Financing activities:					
Payment of long term debt	(248,727)	(24,407)	—	—	(273,134)
Borrowing of long term debt	190,000	—	—	—	190,000
Debt issuance costs	(8,041)	—	—	—	(8,041)
Issuance of Company stock	176	—	—	—	176
Cash dividend paid	31,091	—	(31,091)	—	—
Purchase and retirement of Company stock	—	358	467	—	825
Other	—	(10)	10	—	—
Net cash used in financing activities	(35,501)	(24,059)	(30,614)	—	(90,174)
Cash flows of discontinued operations:					
Operating cash flow	—	4,025	(7,367)	—	(3,342)
Investing cash flow	—	(970)	22,998	—	22,028
Net cash provided by (used in) discontinued operations	—	3,055	15,631	—	18,686
Effect of exchange rate changes on cash and cash equivalents	—	—	471	(150)	321
Net decrease in cash and cash equivalents	(12,876)	(23,880)	(33,548)	—	(70,304)
Cash and cash equivalents at beginning of year	35,868	25,272	44,481	—	105,621
Cash and cash equivalents at end of year	$ 22,992	$ 1,392	$ 10,933	$ —	$ 35,317

UNIFI, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Statements of Cash Flows Information for the Fiscal Year Ended June 26, 2005 (in thousands):

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:					
Net cash provided by (used in) continuing operating activities	$ 4,222	$ 23,518	$ (3,827)	$ 4,872	$ 28,785
Investing activities:					
Capital expenditures	—	(5,548)	(4,498)	624	(9,422)
Acquisition	—	(1,358)	—	—	(1,358)
Return of capital from equity affiliates	—	6,138	—	—	6,138
Investment of foreign restricted assets	—	—	388	—	388
Collection of notes receivable	543	(206)	252	(69)	520
Increase in notes receivable	—	(139)	—	—	(139)
Proceeds from sale of capital assets	—	2,259	492	(461)	2,290
Increase in restricted cash	—	(2,766)	—	—	(2,766)
Other	—	(884)	(206)	748	(342)
Net cash provided by (used in) investing activities	543	(2,504)	(3,572)	842	(4,691)
Financing activities:					
Issuance of Company stock	104	—	—	—	104
Purchase and retirement of Company stock	(2)	—	—	—	(2)
Other	—	(530)	510	—	(20)
Net cash provided by (used in) financing activities	102	(530)	510	—	82
Cash flows of discontinued operations:					
Operating cash flow	—	12	(3,045)	(3,240)	(6,273)
Investing cash flow	—	—	13,902	—	13,902
Net cash provided by (used in) discontinued operations	—	12	10,857	(3,240)	7,629
Effect of exchange rate changes on cash and cash equivalents	—	—	11,069	(2,474) —	8,595
Net increase in cash and cash equivalents	4,867	20,496	15,037	—	40,400
Cash and cash equivalents at beginning of year	31,001	4,776	29,444	—	65,221
Cash and cash equivalents at end of year	$35,868	$ 25,272	$ 44,481	$ —	$ 105,621

UNIFI, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(CONTINUED)

Statements of Cash Flows Information for the Fiscal Year Ended June 27, 2004 (in thousands):

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:					
Net cash provided by (used in) continuing operating activities	$ (8,361)	$ 6,106	$ 11,589	$ 2,046	$ 11,380
Investing activities:					
Capital expenditures	(378)	(10,310)	(821)	385	(11,124)
Acquisition	—	(83)	—	—	(83)
Return of capital from equity affiliates	—	1,665	—	—	1,665
Investment of foreign restricted assets	—	(202)	(323)	202	(323)
Change in notes receivable	1,905	(702)	(1,333)	—	(130)
Proceeds from sale of capital assets	4,048	194	—	—	4,242
Other	—	(24)	—	—	(24)
Net cash provided by (used in) investing activities	5,575	(9,462)	(2,477)	587	(5,777)
Financing activities:					
Issuance of Company stock					
Purchase and retirement of Company stock	(8,390)	—	—	—	(8,390)
Other	—	(186)	109	—	(77)
Net cash provided by (used in) financing activities	(8,390)	(186)	109	—	(8,467)
Cash flows of discontinued operations:					
Operating cash flow	—	(10)	(6,765)	(1,583)	(8,358)
Investing cash flow	—	—	(427)	—	(427)
Financing cash flow	—	10	—	—	10
Net cash used in discontinued operations	—	—	(7,192)	(1,583)	(8,775)
Effect of exchange rate changes on cash and cash equivalents	—	—	1,109	(1,050)	59
Net increase (decrease) in cash and cash equivalents	(11,176)	(3,542)	3,138	—	(11,580)
Cash and cash equivalents at beginning of year	42,177	8,318	26,306	—	76,801
Cash and cash equivalents at end of year	$ 31,001	$ 4,776	$ 29,444	$ —	$ 65,221

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Unifi, Inc.

Exchange Offer for

$190,000,000

11 1/2 Senior Secured Notes due 2014

PROSPECTUS

, 2006

No person has been authorized to give any information or to make any representation other than those contained in this prospectus, and, if given or made, any information or representations must not be relied upon as having been authorized. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates or an offer to sell or the solicitation of an offer to buy these securities in any circumstances in which this offer or solicitation is unlawful. Neither the delivery of this prospectus nor any sale made under this prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of Unifi, Inc. since the date of this prospectus.

Until , 2006, broker dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the broker dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

We are a New York corporation. Section 722 of the New York Business Corporation Law, or the NYBCL, provides that a corporation may indemnify any person made, or threatened to be made, a party to an action or proceeding (other than one by or in the right of the corporation to procure a judgment in its favor), whether civil or criminal, including an action by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any director or officer of the corporation served in any capacity at the request of the corporation, by reason of the fact that he, his testator or intestate, was a director or officer of the corporation, or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgements, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such director or officer acted, in good faith, for a purpose which he reasonably believed to be in, or in the case of service for another corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise, not opposed to, the best interests of the corporation and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful. Section 721 of the NYBCL provides that the indemnification provided for by Article 7 thereof shall not be deemed exclusive of any other rights to which a director or officer seeking indemnification or advancement of expenses may be entitled.

Article Eight of our restated certificate of incorporation provides that a director of the corporation shall not be liable to the corporation or its shareholders for monetary damages for breach of duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the NYBCL as the same exists or may hereafter be amended. Section 6.01 of our by laws provides that we shall indemnify, defend and hold harmless any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or other, including appeals, by reason of the fact that he is or was a director, officer or employee of the corporation, or is or was serving at the request of the corporation as a director, officer or employee of any corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer or employee or in any other capacity while serving as a director, officer or employee, to the fullest extent authorized by the NYBCL, as the same exists or may hereafter be amended, against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith; provided, however, that subject to certain exceptions relating to proceedings seeking to enforce rights of indemnification, the corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if the proceeding (or part thereof) was authorized by the board of directors of the corporation. The right to indemnification conferred in Article VII of the by laws is a contract right and shall include the right to be paid by the corporation expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that if required by law at the time of such payment, the payment of such expenses incurred by a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of such proceeding, shall be made only upon delivery by the corporation of an undertaking by or behalf of such director or officer to repay all amounts so advanced if it should be determined ultimately that such director or officer is not entitled to be indemnified under this Section 6.01 or otherwise. "Employee" as used herein, includes both an active employee in the corporation's service, as well as a retired employee who is or has been a party to a written agreement under which he might be, or might have been, obligated to render services to the corporation.

Section 726 of the NYBCL permits a corporation to purchase and maintain insurance to indemnify the corporation, directors and officers. We maintain directors' and officers' liability insurance for our officers and directors.

Certain of our subsidiary guarantors are North Carolina corporations. Sections 55-8-50 through 55-8-58 of the North Carolina Business Corporation Act (the "NCBCA") contain provisions prescribing the extent to which

directors and officers shall or may be indemnified. Section 55-8-51 of the NCBCA permits a corporation, with certain exceptions, to indemnify an individual made a party to a proceeding because he is or was a director against liability incurred in the proceeding if (1) he conducted himself in good faith, (2) he reasonably believed (i) in the case of conduct in his official capacity with the corporation, that his conduct was in its best interests and (ii) in all other cases, that his conduct was at least not opposed to the corporation's best interests; and (3) in the case of any criminal proceeding, he had no reasonable cause to believe the director's conduct was unlawful. A corporation may not indemnify a director (1) in connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation; or (2) in connection with any other proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him. Under Section 55-8-55, a corporation may not indemnify a director under Section 55-8-51 unless authorized in the specific case after a determination has been made that indemnification of the director is permissible in the circumstances because he has met the above standard of conduct. The determination shall be made by the board of directors, a committee, special legal counsel or the shareholders as prescribed in Section 55-8-55. Sections 55-8-52 requires a corporation, unless limited by its articles of incorporation, to indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which he was a party because he is or was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding. Section 55-8-56 permits a corporation to indemnify and advance expenses to an officer, employee or agent of the corporation to the same extent as a director, unless a corporation's articles of incorporation provide otherwise. Upon application, the court may order indemnification of the director or officer if the director or officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not he met the standard of conduct set forth in Section 55-8-51, but if the director or officer was adjudged so liable his indemnification is limited to reasonable expenses incurred. In addition, Section 55-8-57 permits a corporation, in its articles of incorporation, by laws or by contract or resolution, to indemnify or agree to indemnify any one or more of its directors, officers, employees, or agents against liability and expenses in any proceeding (including without limitation a proceeding brought by or on behalf of the corporation itself) arising out of their status as such or their activities in any of the foregoing capacities; provided, however, that a corporation may not indemnify or agree to indemnify a person against liability or expenses he may incur on account of his activities which were at the time taken known or believed by him to be clearly in conflict with the best interests of the corporation. A corporation may likewise and to the same extent indemnify and agree to indemnify any person who, at the request of the corporation, is or was serving as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise or as a trustee or administrator under an employee benefit plan. Any provision in any articles of incorporation, by law, contract or resolution permitted under this section may include provision for recovery from the corporation of reasonable costs, expenses and attorneys' fees in connection with the enforcement of rights to indemnification granted therein and may further include provisions for recovery from the corporation of reasonable costs, expenses and attorneys' fees in connection with the enforcement of rights to indemnification granted therein and may further include provisions establishing reasonable procedures for determining and enforcing the rights granted therein. This Section 55-8-57 also permits a corporation to purchase and maintain insurance on behalf of an these individuals whether or not the corporation would have the power to indemnify them against the same liability.

Certain of our subsidiary guarantors are North Carolina limited liability companies. Section 57C-3-31 of the North Carolina Limited Liability Company Act, or the NCLLCA, provides that a limited liability company must indemnify every manager, director and executive in respect of payments made and personal liabilities reasonably incurred by the manager, director and executive in the authorized conduct of its business or for the preservation of its business or property, unless otherwise provided in the articles of organization or a written operating agreement. In addition, unless otherwise provided in the articles of organization or a written operating agreement, a limited liability company shall indemnify a member, manager, director or executive who is wholly successful, on the merits or otherwise, in the defense of any proceeding to which the person was a party because the person is or was a member, manager, director or executive of the limited liability company against reasonable expenses incurred by the person in connection with the proceeding. Section 57C-3-32 permits a limited liability company to purchase and maintain insurance on behalf of these individuals.

The charter or similar documents of the subsidiary guarantors listed as registrants under this registration statement provides for indemnification to the fullest extent permitted by NCBCA or NCLLCA, as applicable.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

Exhibit Number	Description
1.1	Purchase Agreement, dated May 17, 2006, among Unifi, Inc., the guarantors party thereto and Lehman Brothers Inc. and Banc of America Securities LLC, as the initial purchasers.
3.1(i)(a)	Restated Certificate of Incorporation of Unifi, Inc., as amended (incorporated by reference from Exhibit 3a to the Company's Annual Report on Form 10-K for the fiscal year ended June 27, 2004 (Reg. No. 001-10542) filed on September 17, 2004).
3.1(i)(b)	Certificate of Change to the Certificate of Incorporation of Unifi, Inc. (incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated July 25, 2006).
3.1(ii)	Restated Bylaws of Unifi, Inc., effective October 22, 2003 (incorporated by reference from Exhibit 3b to the Company's Annual Report on Form 10-K for the fiscal year ended June 27, 2004 (Reg. No. 001-10542) filed on September 17, 2004).
3.2(i)	Articles of Organization of Unifi Manufacturing Virginia, LLC.
3.2(ii)	Operating Agreement of Unifi Manufacturing Virginia, LLC.
3.3(i)	Articles of Incorporation of Unifi Manufacturing, Inc.
3.3(ii)	Bylaws of Unifi Manufacturing, Inc.
3.4(i)	Articles of Organization of GlenTouch Yarn Company, LLC.
3.4(ii)	Bylaws of GlenTouch Yarn Company, LLC.
3.5(i)	Articles of Organization of Unifi Kinston, LLC.
3.5(ii)	Operating Agreement of Unifi Kinston, LLC.
3.6(i)	Articles of Organization of Unifi Textured Polyester, LLC.
3.6(ii)	Operating Agreement of Unifi Textured Polyester, LLC.
3.7(i)	Articles of Incorporation of Unifi Sales and Distribution, Inc.
3.7(ii)	Bylaws of Unifi Sales and Distribution, Inc.
3.8(i)	Articles of Incorporation of Spanco Industries, Inc.
3.8(ii)	Bylaws of Spanco Industries, Inc.
3.9(i)	Articles of Incorporation of Spanco International, Inc.
3.9(ii)	Bylaws of Spanco International, Inc.
3.10(i)	Articles of Organization of Unifi Export Sales, LLC.
3.10(ii)	Operating Agreement of Unifi Export Sales, LLC.
3.11(i)	Articles of Incorporation of Charlotte Technology Group, Inc.
3.11(ii)	Bylaws of Charlotte Technology Group, Inc.
3.12(i)	Articles of Incorporation of Unifi International Service, Inc.
3.12(ii)	Bylaws of Unifi International Service, Inc.
3.13(i)	Articles of Organization of Unifi Technical Fabrics, LLC.
3.13(ii)	Bylaws of Unifi Technical Fabrics, LLC.
3.14(i)	Articles of Incorporation of UTG Shared Services, Inc.

Exhibit Number	Description
3.14(ii)	Bylaws of UTG Shared Services, Inc.
3.15(i)	Articles of Organization of Unimatrix America, LLC.
3.15(ii)	Bylaws of Unimatrix America, LLC.
4.1	Indenture dated May 26, 2006, among Unifi, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee (incorporated by reference from Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.2	Form of Exchange Note (included as Exhibit A of Exhibit 4.1 of this Registration Statement) (incorporated by reference from Exhibit 4.2 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.3	Registration Rights Agreement, dated May 26, 2006, among Unifi, Inc., the guarantors party thereto and Lehman Brothers Inc. and Banc of America Securities LLC, as the initial purchasers (incorporated by reference from Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.4	Security Agreement, dated as of May 26, 2006, among Unifi, Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference from Exhibit 4.4 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.5	Pledge Agreement, dated as of May 26, 2006, among Unifi, Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference from Exhibit 4.5 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.6	Grant of Security Interest in Patent Rights, dated as of May 26, 2006, by Unifi, Inc. in favor of U.S. Bank National Association (incorporated by reference from Exhibit 4.6 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No 001-10542) filed on September 8, 2006).
4.7	Grant of Security Interest in Trademark Rights, dated as of May 26, 2006, by Unifi, Inc. in favor of U.S. Bank National Association (incorporated by reference from Exhibit 4.7 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.8	Intercreditor Agreement, dated as of May 26, 2006, among Unifi, Inc., the subsidiaries party thereto, Bank of America N.A. and U.S. Bank National Association (incorporated by reference from Exhibit 4.8 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.9	Amended and Restated Credit Agreement, dated as of May 26, 2006, among Unifi, Inc., the subsidiaries party thereto and Bank of America N.A. (incorporated by reference from Exhibit 4.9 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.10	Amended and Restated Security Agreement, dated May 26, 2006, among Unifi, Inc., the subsidiaries party thereto and Bank of America N.A. (incorporated by reference from Exhibit 4.10 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).

Exhibit Number	Description
4.11	Pledge Agreement, dated May 26, 2006, among Unifi, Inc., the subsidiaries party thereto and Bank of America N.A. (incorporated by reference from Exhibit 4.11 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.12	Grant of Security Interest in Patent Rights, dated as of May 26, 2006, by Unifi, Inc. in favor of Bank of America N.A. (incorporated by reference from Exhibit 4.12 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.13	Grant of Security Interest in Trademark Rights, dated as of May 26, 2006, by Unifi, Inc. in favor of Bank of America N.A. (incorporated by reference from Exhibit 4.13 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
5.1	Opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP as to validity of the exchange notes and the guarantees.
5.2	Opinion of Moore & Van Allen PLLC.
8.1	Opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP as to certain tax matters.
10.1	Deposit Account Control Agreement, dated as of May 26, 2006, between Unifi Manufacturing, Inc. and Bank of America, N.A. (incorporated by reference from Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
10.2	Deposit Account Control Agreement, dated as of May 26, 2006, between Unifi Kinston, LLC and Bank of America, N.A. (incorporated by reference from Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No 001-10542) filed on September 8, 2006).
10.3	Unifi, Inc. 1992 Incentive Stock Option Plan, effective July 16, 1992 (incorporated by reference from Exhibit 10c to the Company's Annual Report on Form 10-K for the fiscal year ended June 27, 1993 (Reg. No. 001-10542) filed on September 21, 1993, and included as Exhibit 99.2 to the Company's Registration Statement on Form S-8 (Reg. No. 033-53799) filed on May 25, 1994).
10.4	Unifi, Inc. 1996 Incentive Stock Option Plan (incorporated by reference from Exhibit 10f to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1996 (Reg. No. 001-10542) filed on September 27, 1996).
10.5	Unifi, Inc. 1996 Non-Qualified Stock Option Plan (incorporated by reference from Exhibit 10g to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1996 (Reg. No. 001-10542) filed on September 27, 1996).
10.6	1999 Unifi, Inc. Long-Term Incentive Plan (incorporated by reference from Exhibit 99.1 to the Company's Registration Statement on Form S-8 (Reg. No. 333-43158) filed on August 7, 2000).
10.7	Form of Option Agreement for Incentive Stock Options granted under the 1999 Unifi, Inc. Long-Term Incentive Plan (incorporated by reference from Exhibit 10.4 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated July 25, 2006).
10.8	Unifi, Inc. Supplemental Key Employee Retirement Plan, effective July 26, 2006 (incorporated by reference from Exhibit 10.4 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated July 25, 2006).
10.9	Employment Agreement between Unifi, Inc. and Brian R. Parke, dated January 23, 2002 (incorporated by reference from Exhibit 10g to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2002 (Reg. No. 001-10542) filed on September 23, 2002).

Exhibit Number	Description
10.10	Employment Agreement between Unifi, Inc. and William M. Lowe, Jr., effective July 25, 2006 (incorporated by reference from Exhibit 10.3 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated July 25, 2006).
10.11	Change of Control Agreement between Unifi, Inc. and Thomas H. Caudle, Jr., effective November 1, 2005 (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated November 1, 2005).
10.12	Change of Control Agreement between Unifi, Inc. and Benny Holder, effective November 1, 2005 (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated November 1, 2005).
10.13	Change of Control Agreement between Unifi, Inc. and Charles F. McCoy, effective November 1, 2005 (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated November 1, 2005).
10.14	Change of Control Agreement between Unifi, Inc. and William M. Lowe, Jr., effective November 1, 2005 (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated November 1, 2005).
10.15	Change of Control Agreement between Unifi, Inc. and R. Roger Berrier, Jr., effective July 25, 2006 (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated July 25, 2006).
10.16	Change of Control Agreement between Unifi, Inc. and William L. Jasper, effective July 25, 2006 (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated July 25, 2006).
10.17	Chip Supply Agreement, dated March 18, 2005, by and between Unifi Manufacturing, Inc. and Nan Ya Plastics Corp., America (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated March 18, 2005) (portions of this exhibit have been redacted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment).
10.18	Equity Joint Venture Contract, dated June 10, 2005, between Sinopec Yizheng Chemical Fibre Company Limited and Unifi Asia Holdings, SRL for the establishment of Yihua Unifi Fibre Industry Company Limited (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated June 10, 2005).
12.1	Statement of Computation of Ratios of Earnings to Fixed Charges.
21.1	List of Subsidiaries.
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
23.2	Consent of Ernst & Young Hua Ming, Independent Registered Public Accounting Firm.
23.3	Consent of Grant Thornton LLP, Independent Certified Public Accounting Firm.

Exhibit Number	Description
23.4	Consent of Paul, Weiss, Rifkind, Wharton & Garrison LLP (included in Exhibits 5.1 and 8.1 to this Registration Statement).
23.5	Consent of Moore & Van Allen PLLC (included in Exhibit 5.2 to this Registration Statement).
24.1	Powers of Attorney (included on signature pages of this Registration Statement).
25.1	Form T-1 Statement of Eligibility of U.S. Bank National Association to act as trustee under the Indenture.
99.1	Form of Letter of Transmittal.
99.2	Form of Notice of Guaranteed Delivery.

ITEM 22. UNDERTAKINGS.

(a) 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 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to 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 therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) 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 registrants have 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 registrants of expenses incurred or paid by a director, officer or controlling person of the registrants 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.

(c) The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11 or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(d) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant 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 October 12, 2006.

UNIFI, INC.

By: /s/ CHARLES F. MCCOY
Name: **Charles F. McCoy**
Title: **Vice President, Secretary, General Counsel and Corporate Compliance and Governance Officer**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Charles F. McCoy and William M. Lowe, Jr., or either of them, his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agent, proxy and attorney-in-fact full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the following capacities and on this 12th day of October, 2006.

Signature	Title
/s/ BRIAN R. PARKE **Brian R. Parke**	Chairman, President, Chief Executive Officer and Director
/s/ WILLIAM M. LOWE, JR. **William M. Lowe, Jr.**	Vice President, Chief Operating Officer and Chief Financial Officer
/s/ WILLIAM J. ARMFIELD, IV **William J. Armfield, IV**	Director
/s/ R. WILEY BOURNE, JR. **R. Wiley Bourne, Jr.**	Director
/s/ CHARLES R. CARTER **Charles R. Carter**	Director
/s/ SUE W. COLE **Sue W. Cole**	Director
/s/ J.B. DAVIS **J.B. Davis**	Director
/s/ KENNETH G. LANGONE **Kenneth G. Langone**	Director
/s/ DONALD F. ORR **Donald F. Orr**	Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant 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 October 12, 2006.

UNIFI MANUFACTURING, INC.

By: /s/ CHARLES F. MCCOY
Name: **Charles F. McCoy**
Title: **Vice President and Secretary**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Charles F. McCoy and William M. Lowe, Jr., or either or them, as his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agent, proxy and attorney-in-fact full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the following capacities and on this 12th day of October, 2006.

Signature	Title
/s/ BRIAN R. PARKE **Brian R. Parke**	President, Chief Executive Officer and Director
/s/ WILLIAM M. LOWE, JR. **William M. Lowe, Jr.**	Vice President, Chief Financial Officer and Director
/s/ CHARLES F. MCCOY **Charles F. McCoy**	Vice President, Secretary and Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant 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 October 12, 2006.

UNIFI SALES & DISTRIBUTION, INC.

By: /s/ CHARLES F. MCCOY
Name: **Charles F. McCoy**
Title: **Vice President and Secretary**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Charles F. McCoy and William M. Lowe, Jr., or either of them, as his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agent, proxy and attorney-in-fact full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the following capacities and on this 12th day of October, 2006.

Signature	Title
/s/ BRIAN R. PARKE **Brian R. Parke**	Chairman and President
/s/ WILLIAM M. LOWE, JR. **William M. Lowe, Jr.**	Vice President, Chief Financial Officer and Director
/s/ CHARLES F. MCCOY **Charles F. McCoy**	Vice President, Secretary and Director
/s/ THOMAS H. CAUDLE, JR. **Thomas H. Caudle, Jr.**	Vice President and Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant 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 October 12, 2006.

UNIFI INTERNATIONAL SERVICE, INC.

By: /s/ CHARLES F. MCCOY
Name: **Charles F. McCoy**
Title: **Vice President and Secretary**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Charles F. McCoy and William M. Lowe, Jr., or either of them, as his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agent, proxy and attorney-in-fact full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the following capacities and on this 12th day of October, 2006.

Signature	Title
/s/ THOMAS H. CAUDLE, JR. **Thomas H. Caudle, Jr.**	President and Director
/s/ CHARLES F. MCCOY **Charles F. McCoy**	Vice President, Secretary and Director
/s/ WILLIAM M. LOWE, JR. **William M. Lowe, Jr.**	Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant 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 October 12, 2006.

SPANCO INDUSTRIES, INC.

By: /s/ CHARLES F. MCCOY
Name: **Charles F. McCoy**
Title: **Vice President and Secretary**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Charles F. McCoy and William M. Lowe, Jr., or either of them, as his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agent, proxy and attorney-in-fact full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the following capacities and on this 12th day of October, 2006.

Signature	Title
/s/ BRIAN R. PARKE **Brian R. Parke**	President, Chief Executive Officer and Director
/s/ WILLIAM M. LOWE, JR. **William M. Lowe, Jr.**	Vice President, Chief Financial Officer and Director
/s/ CHARLES F. MCCOY **Charles F. McCoy**	Vice President, Secretary and Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant 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 October 12, 2006.

SPANCO INTERNATIONAL, INC.

By: /s/ CHARLES F. MCCOY
Name: **Charles F. McCoy**
Title: **Vice President and Secretary**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Charles F. McCoy and William M. Lowe, Jr., or either of them, as his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agent, proxy and attorney-in-fact full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the following capacities and on this 12th day of October, 2006.

Signature	Title
/s/ BRIAN R. PARKE **Brian R. Parke**	President, Chief Executive Officer and Director
/s/ WILLIAM M. LOWE, JR. **William M. Lowe, Jr.**	Vice President and Chief Financial Officer
/s/ CHARLES F. MCCOY **Charles F. McCoy**	Vice President, Secretary and Director
/s/ BENNY L. HOLDER **Benny L. Holder**	Vice President and Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant 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 October 12, 2006.

CHARLOTTE TECHNOLOGY GROUP, INC.

By: /s/ CHARLES F. MCCOY
Name: **Charles F. McCoy**
Title: **Vice President and Secretary**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Charles F. McCoy and William M. Lowe, Jr., or either of them, as his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agent, proxy and attorney-in-fact full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the following capacities and on this 12th day of October, 2006.

Signature	Title
/s/ BRIAN R. PARKE **Brian R. Parke**	President, Chief Executive Officer and Director
/s/ WILLIAM M. LOWE, JR. **William M. Lowe, Jr.**	Vice President, Chief Financial Officer and Director
/s/ CHARLES F. MCCOY **Charles F. McCoy**	Vice President, Secretary and Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant 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 October 12, 2006.

UTG SHARED SERVICES, INC.

By: /s/ CHARLES F. MCCOY
Name: **Charles F. McCoy**
Title: **President**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Charles F. McCoy or William M. Lowe, Jr. as his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agent, proxy and attorney-in-fact full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the following capacities and on this 12th day of October, 2006.

Signature	Title
/s/ CHARLES F. MCCOY **Charles F. McCoy**	President and Director
/s/ WILLIAM M. LOWE, JR. **William M. Lowe, Jr.**	Vice President, Secretary and Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant 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 October 12, 2006.

GLENTOUCH YARN COMPANY, LLC

By: /s/ CHARLES F. MCCOY
Name: **Charles F. McCoy**
Title: **Vice President and Secretary**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Charles F. McCoy or William M. Lowe, Jr. as his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agent, proxy and attorney-in-fact full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the following capacities and on this 12th day of October, 2006.

Signature	Title
/s/ WILLIAM M. LOWE, JR. **William M. Lowe, Jr.**	President and Manager
/s/ CHARLES F. MCCOY **Charles F. McCoy**	Vice President, Secretary and Manager

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant 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 October 12, 2006.

UNIFI TEXTURED POLYESTER, LLC

By: /s/ CHARLES F. MCCOY
Name: **Charles F. McCoy**
Title: **Vice President and Secretary**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Charles F. McCoy and William M. Lowe, Jr., or either of them, as his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agent, proxy and attorney-in-fact full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the following capacities and on this 12th day of October, 2006.

Signature	Title
/s/ BRIAN R. PARKE **Brian R. Parke**	President, Chief Executive Officer and Manager
/s/ WILLIAM M. LOWE, JR. **William M. Lowe, Jr.**	Chief Financial Officer and Manager
/s/ CHARLES F. MCCOY **Charles F. McCoy**	Vice President, Secretary and Manager

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant 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 October 12, 2006.

UNIMATRIX AMERICAS, LLC

By: /s/ CHARLES F. MCCOY
Name: **Charles F. McCoy**
Title: **President**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Charles F. McCoy and Brian R. Parke, or either of them, as his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agent, proxy and attorney-in-fact full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the following capacities and on this 12th day of October, 2006.

Signature	Title
/s/ CHARLES F. MCCOY **Charles F. McCoy**	President and Manager
/s/ BRIAN R. PARKE **Brian R. Parke**	Manager
/s/ R. ROGER BERRIER, JR. **R. Roger Berrier, Jr.**	Manager

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant 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 October 12, 2006.

UNIFI EXPORT SALES, LLC

By: /s/ CHARLES F. MCCOY
Name: **Charles F. McCoy**
Title: **Vice President and Secretary**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Charles F. McCoy and William M. Lowe, Jr., or either of them, as his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agent, proxy and attorney-in-fact full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the following capacities and on this 12th day of October, 2006.

Signature	Title
/s/ BRIAN R. PARKE **Brian R. Parke**	President and Chief Executive Officer
/s/ WILLIAM M. LOWE, JR. **William M. Lowe, Jr.**	Vice President and Chief Financial Officer
/s/ CHARLES F. MCCOY **Unifi, Inc.** **By: Charles F. McCoy** **Title: Vice President and Secretary**	Member
/s/ CHARLES F. MCCOY **Unifi Manufacturing, Inc.** **By: Charles F. McCoy** **Title: Vice President and Secretary**	Member

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant 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 October 12, 2006.

UNIFI KINSTON, LLC

By: /s/ CHARLES F. MCCOY
Name: **Charles F. McCoy**
Title: **Vice President and Secretary**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Charles F. McCoy and William M. Lowe, Jr., or either of them, as his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agent, proxy and attorney-in-fact full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the following capacities and on this 12th day of October, 2006.

Signature	Title
/s/ BRIAN R. PARKE **Brian R. Parke**	President and Chief Executive Officer
/s/ WILLIAM M. LOWE, JR. **William M. Lowe, Jr.**	Vice President and Chief Financial Officer
/s/ CHARLES F. MCCOY **Unifi Manufacturing, Inc.** **By: Charles F. McCoy** **Title: Vice President and Secretary**	Sole Member

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant 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 October 12, 2006.

UNIFI MANUFACTURING VIRGINIA, LLC

By: /s/ CHARLES F. MCCOY
Name: **Charles F. McCoy**
Title: **Vice President and Secretary**

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Charles F. McCoy and William M. Lowe, Jr., or either of them, as his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agent, proxy and attorney-in-fact full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the following capacities and on this 12th day of October, 2006.

Signature	Title
/s/ WILLIAM M. LOWE, JR. **William M. Lowe, Jr.**	President
/s/ CHARLES F. MCCOY **Unifi, Inc.** **By: Charles F. McCoy** **Title: Vice President and Secretary**	Member
/s/ CHARLES F. MCCOY **Unifi Manufacturing, Inc.** **By: Charles F. McCoy** **Title: Vice President and Secretary**	Member

Table of Contents

EXHIBIT INDEX

Exhibit Number	Description
1.1	Purchase Agreement, dated May 17, 2006, among Unifi, Inc., the guarantors party thereto and Lehman Brothers Inc. and Banc of America Securities LLC, as the initial purchasers.
3.1(i)(a)	Restated Certificate of Incorporation of Unifi, Inc., as amended (incorporated by reference from Exhibit 3a to the Company's Annual Report on Form 10-K for the fiscal year ended June 27, 2004 (Reg. No. 001-10542) filed on September 17, 2004).
3.1(i)(b)	Certificate of Change to the Certificate of Incorporation of Unifi, Inc. (incorporated by reference from Exhibit 3.1 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated July 25, 2006).
3.1(ii)	Restated Bylaws of Unifi, Inc., effective October 22, 2003 (incorporated by reference from Exhibit 3b to the Company's Annual Report on Form 10-K for the fiscal year ended June 27, 2004 (Reg. No. 001-10542) filed on September 17, 2004).
3.2(i)	Articles of Organization of Unifi Manufacturing Virginia, LLC.
3.2(ii)	Operating Agreement of Unifi Manufacturing Virginia, LLC.
3.3(i)	Articles of Incorporation of Unifi Manufacturing, Inc.
3.3(ii)	Bylaws of Unifi Manufacturing, Inc.
3.4(i)	Articles of Organization of GlenTouch Yarn Company, LLC.
3.4(ii)	Bylaws of GlenTouch Yarn Company, LLC.
3.5(i)	Articles of Organization of Unifi Kinston, LLC.
3.5(ii)	Operating Agreement of Unifi Kinston, LLC.
3.6(i)	Articles of Organization of Unifi Textured Polyester, LLC.
3.6(ii)	Operating Agreement of Unifi Textured Polyester, LLC.
3.7(i)	Articles of Incorporation of Unifi Sales and Distribution, Inc.
3.7(ii)	Bylaws of Unifi Sales and Distribution, Inc.
3.8(i)	Articles of Incorporation of Spanco Industries, Inc.
3.8(ii)	Bylaws of Spanco Industries, Inc.
3.9(i)	Articles of Incorporation of Spanco International, Inc.
3.9(ii)	Bylaws of Spanco International, Inc.
3.10(i)	Articles of Organization of Unifi Export Sales, LLC.
3.10(ii)	Operating Agreement of Unifi Export Sales, LLC.
3.11(i)	Articles of Incorporation of Charlotte Technology Group, Inc.
3.11(ii)	Bylaws of Charlotte Technology Group, Inc.
3.12(i)	Articles of Incorporation of Unifi International Service, Inc.
3.12(ii)	Bylaws of Unifi International Service, Inc.
3.13(i)	Articles of Organization of Unifi Technical Fabrics, LLC.
3.13(ii)	Bylaws of Unifi Technical Fabrics, LLC.
3.14(i)	Articles of Incorporation of UTG Shared Services, Inc.

Exhibit Number	Description
3.14(ii)	Bylaws of UTG Shared Services, Inc.
3.15(i)	Articles of Organization of Unimatrix America, LLC.
3.15(ii)	Bylaws of Unimatrix America, LLC.
4.1	Indenture dated May 26, 2006, among Unifi, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee (incorporated by reference from Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.2	Form of Exchange Note (included as Exhibit A of Exhibit 4.1 of this Registration Statement) (incorporated by reference from Exhibit 4.2 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.3	Registration Rights Agreement, dated May 26, 2006, among Unifi, Inc., the guarantors party thereto and Lehman Brothers Inc. and Banc of America Securities LLC, as the initial purchasers (incorporated by reference from Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.4	Security Agreement, dated as of May 26, 2006, among Unifi, Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference from Exhibit 4.4 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.5	Pledge Agreement, dated as of May 26, 2006, among Unifi, Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference from Exhibit 4.5 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.6	Grant of Security Interest in Patent Rights, dated as of May 26, 2006, by Unifi, Inc. in favor of U.S. Bank National Association (incorporated by reference from Exhibit 4.6 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No 001-10542) filed on September 8, 2006).
4.7	Grant of Security Interest in Trademark Rights, dated as of May 26, 2006, by Unifi, Inc. in favor of U.S. Bank National Association (incorporated by reference from Exhibit 4.7 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.8	Intercreditor Agreement, dated as of May 26, 2006, among Unifi, Inc., the subsidiaries party thereto, Bank of America N.A. and U.S. Bank National Association (incorporated by reference from Exhibit 4.8 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.9	Amended and Restated Credit Agreement, dated as of May 26, 2006, among Unifi, Inc., the subsidiaries party thereto and Bank of America N.A. (incorporated by reference from Exhibit 4.9 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.10	Amended and Restated Security Agreement, dated May 26, 2006, among Unifi, Inc., the subsidiaries party thereto and Bank of America N.A. (incorporated by reference from Exhibit 4.10 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).

Exhibit Number	Description
4.11	Pledge Agreement, dated May 26, 2006, among Unifi, Inc., the subsidiaries party thereto and Bank of America N.A. (incorporated by reference from Exhibit 4.11 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.12	Grant of Security Interest in Patent Rights, dated as of May 26, 2006, by Unifi, Inc. in favor of Bank of America N.A. (incorporated by reference from Exhibit 4.12 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
4.13	Grant of Security Interest in Trademark Rights, dated as of May 26, 2006, by Unifi, Inc. in favor of Bank of America N.A. (incorporated by reference from Exhibit 4.13 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
5.1	Opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP as to validity of the exchange notes and the guarantees.
5.2	Opinion of Moore & Van Allen PLLC.
8.1	Opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP as to certain tax matters.
10.1	Deposit Account Control Agreement, dated as of May 26, 2006, between Unifi Manufacturing, Inc. and Bank of America, N.A. (incorporated by reference from Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No. 001-10542) filed on September 8, 2006).
10.2	Deposit Account Control Agreement, dated as of May 26, 2006, between Unifi Kinston, LLC and Bank of America, N.A. (incorporated by reference from Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2006 (Reg. No 001-10542) filed on September 8, 2006).
10.3	Unifi, Inc. 1992 Incentive Stock Option Plan, effective July 16, 1992 (incorporated by reference from Exhibit 10c to the Company's Annual Report on Form 10-K for the fiscal year ended June 27, 1993 (Reg. No. 001-10542) filed on September 21, 1993, and included as Exhibit 99.2 to the Company's Registration Statement on Form S-8 (Reg. No. 033-53799) filed on May 25, 1994).
10.4	Unifi, Inc. 1996 Incentive Stock Option Plan (incorporated by reference from Exhibit 10f to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1996 (Reg. No. 001-10542) filed on September 27, 1996).
10.5	Unifi, Inc. 1996 Non-Qualified Stock Option Plan (incorporated by reference from Exhibit 10g to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1996 (Reg. No. 001-10542) filed on September 27, 1996).
10.6	1999 Unifi, Inc. Long-Term Incentive Plan (incorporated by reference from Exhibit 99.1 to the Company's Registration Statement on Form S-8 (Reg. No. 333-43158) filed on August 7, 2000).
10.7	Form of Option Agreement for Incentive Stock Options granted under the 1999 Unifi, Inc. Long-Term Incentive Plan (incorporated by reference from Exhibit 10.4 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated July 25, 2006).
10.8	Unifi, Inc. Supplemental Key Employee Retirement Plan, effective July 26, 2006 (incorporated by reference from Exhibit 10.4 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated July 25, 2006).
10.9	Employment Agreement between Unifi, Inc. and Brian R. Parke, dated January 23, 2002 (incorporated by reference from Exhibit 10g to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2002 (Reg. No. 001-10542) filed on September 23, 2002).

Exhibit Number	Description
10.10	Employment Agreement between Unifi, Inc. and William M. Lowe, Jr., effective July 25, 2006 (incorporated by reference from Exhibit 10.3 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated July 25, 2006).
10.11	Change of Control Agreement between Unifi, Inc. and Thomas H. Caudle, Jr., effective November 1, 2005 (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated November 1, 2005).
10.12	Change of Control Agreement between Unifi, Inc. and Benny Holder, effective November 1, 2005 (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated November 1, 2005).
10.13	Change of Control Agreement between Unifi, Inc. and Charles F. McCoy, effective November 1, 2005 (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated November 1, 2005).
10.14	Change of Control Agreement between Unifi, Inc. and William M. Lowe, Jr., effective November 1, 2005 (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated November 1, 2005).
10.15	Change of Control Agreement between Unifi, Inc. and R. Roger Berrier, Jr., effective July 25, 2006 (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated July 25, 2006).
10.16	Change of Control Agreement between Unifi, Inc. and William L. Jasper, effective July 25, 2006 (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated July 25, 2006).
10.17	Chip Supply Agreement, dated March 18, 2005, by and between Unifi Manufacturing, Inc. and Nan Ya Plastics Corp., America (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated March 18, 2005) (portions of this exhibit have been redacted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment).
10.18	Equity Joint Venture Contract, dated June 10, 2005, between Sinopec Yizheng Chemical Fibre Company Limited and Unifi Asia Holdings, SRL for the establishment of Yihua Unifi Fibre Industry Company Limited (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K (Reg. No. 001-10542) dated June 10, 2005).
12.1	Statement of Computation of Ratios of Earnings to Fixed Charges.
21.1	List of Subsidiaries.
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
23.2	Consent of Ernst & Young Hua Ming, Independent Registered Public Accounting Firm.
23.3	Consent of Grant Thornton LLP, Independent Certified Public Accounting Firm.

Exhibit Number	Description
23.4	Consent of Paul, Weiss, Rifkind, Wharton & Garrison LLP (included in Exhibits 5.1 and 8.1 to this Registration Statement).
23.5	Consent of Moore & Van Allen PLLC (included in Exhibit 5.2 to this Registration Statement).
24.1	Powers of Attorney (included on signature pages of this Registration Statement).
25.1	Form T-1 Statement of Eligibility of U.S. Bank National Association to act as trustee under the Indenture.
99.1	Form of Letter of Transmittal.
99.2	Form of Notice of Guaranteed Delivery.

Exhibit 1.1

EXECUTION COPY

$190,000,000

Unifi, Inc.

11 1/2% Senior Secured Notes due 2014

PURCHASE AGREEMENT

May 17, 2006

LEHMAN BROTHERS INC.
BANC OF AMERICA SECURITIES LLC
c/o Lehman Brothers Inc.
745 Seventh Avenue
New York, New York 10019

Ladies and Gentlemen:

Unifi, Inc., a New York corporation (the **"Company"),** proposes, upon the terms and conditions set forth in this agreement (this **"Agreement"),** to issue and sell to you, as the initial purchasers (the **"Initial Purchasers"),** $190,000,000 in aggregate principal amount of its 11 1/2% Senior Secured Notes due 2014 (the "Notes"). The Notes will (i) have terms and provisions that are summarized in the Offering Memorandum (as defined below) and (ii) are to be issued pursuant to an Indenture (the **"Indenture")** to be entered into among the Company, the Guarantors (as defined below) and U.S. Bank National Association, as trustee (the **"Trustee").** The Company's obligations under the Notes and the Exchange Notes (as defined below), including the due and punctual payment of interest on the Notes and the Exchange Notes, will be unconditionally guaranteed (the **"Guarantees")** by the guarantors listed on Schedule II hereto (together the **"Guarantors").** As used herein, the term "Notes" shall include the Guarantees, unless the context otherwise requires. This is to confirm the agreement concerning the purchase of the Notes from the Company by the Initial Purchasers.

1. *Purchase and Resale of the Notes; Security.* The Notes will be offered and sold to the Initial Purchasers without registration under the Securities Act of 1933 (the **"Securities Act"),** in reliance on an exemption pursuant to Section 4(2) under the Securities Act. The Company and the Guarantors have prepared a preliminary offering memorandum, dated May 9, 2006 (the **"Preliminary Offering Memorandum"),** a pricing supplement substantially in the form attached hereto as Schedule III (the **"Pricing Term Sheet")** setting forth the terms of the Notes omitted from the Preliminary Offering Memorandum and an offering memorandum, dated May 17, 2006 (the **"Offering Memorandum"),** setting forth information regarding the Company, the Guarantors, the Notes, the Exchange Notes, the Guarantees and the Exchange Guarantees (as defined below). The Preliminary Offering Memorandum, as supplemented and amended as of the Applicable Time (as defined below), together with the Pricing Term Sheet and any of the documents listed on Schedule IV hereto, are collectively referred to as the **"Pricing Disclosure Package."** The Company and the Guarantors hereby confirm that they have authorized the use of the Pricing Disclosure Package and the Offering Memorandum in

connection with the offering and resale of the Notes by the Initial Purchasers. “Applicable Time” means 8:00 p.m. (New York City time) on the date of this Agreement.

Any reference to the Preliminary Offering Memorandum, the Pricing Disclosure Package or the Offering Memorandum shall be deemed to refer to and include the information included under “Directors’ Compensation” and “Executive Officers and Their Compensation” in the Company’s Proxy Statement on Schedule 14A filed with the United States Securities and Exchange Commission (the **“Commission”)** on September 26, 2005. Any reference to the Preliminary Offering Memorandum, Pricing Disclosure Package or the Offering Memorandum, as the case may be, as amended or supplemented, as of any specified date, shall be deemed to include any documents filed with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the United States Securities Exchange Act of 1934 (the **“Exchange Act”**), after the date of the Preliminary Offering Memorandum, Pricing Disclosure Package or the Offering Memorandum, as the case may be, and prior to such specified date. All documents filed under the Exchange Act and so deemed to be included in the Preliminary Offering Memorandum, Pricing Disclosure Package or the Offering Memorandum, as the case may be, or any amendment or supplement thereto, are hereinafter called the **“Exchange Act Reports.”** The Exchange Act Reports, when they were or are filed with the Commission, conformed or will conform in all material respects to the applicable requirements of the Exchange Act and the applicable rules and regulations of the Commission thereunder.

It is understood and acknowledged that upon original issuance thereof, and until such time as the same is no longer required under the applicable requirements of the Securities Act, the Notes (and all securities issued in exchange therefor or in substitution thereof) shall bear the following legend (along with such other legends as the Initial Purchasers and their counsel deem necessary):

THE NOTES AND GUARANTEES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR OTHER SECURITIES LAWS. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. EACH PURCHASER OF THE SECURITY EVIDENCED HEREBY IS NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING ITS NOTE IN AN “OFFSHORE TRANSACTION” PURSUANT TO RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT PRIOR TO (X) THE DATE WHICH IS TWO YEARS (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144(K) UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION

THEREUNDER) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR OF ANY PREDECESSOR OF THIS NOTE) OR THE LAST DAY ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE "RESALE RESTRICTION TERMINATION DATE"), OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A INSIDE THE UNITED STATES; (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; PROVIDED THAT THE COMPANY, THE TRUSTEE AND THE REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATION OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THIS TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION", "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

You have advised the Company that you will make offers (the **"Exempt Resales")** of the Notes purchased by you hereunder on the terms set forth in each of the Pricing Disclosure Package and the Offering Memorandum, as amended or supplemented, solely to (i) persons whom you reasonably believe to be "qualified institutional buyers" as defined in Rule 144A under the Securities Act **("QIBs")** and (ii) outside the United States to certain persons who are not U.S. Persons (as defined in Regulation S under the Securities Act **("Regulation S"))** (such persons, "Non-U.S. Persons") in offshore transactions in reliance on Regulation S. Those persons specified in clauses (i) and (ii) are referred to herein as the **("Eligible Purchasers").**

You will offer the Notes to Eligible Purchasers initially at a price equal to 100% of the principal amount thereof. Such price may be changed at any time without notice.

Holders (including subsequent transferees) of the Notes will have the registration rights set forth in the registration rights agreement (the **"Registration Rights Agreement")** among the Company, the Guarantors and the Initial Purchasers to be dated May 26, 2006 (the **"Closing Date"),** for so long as such Notes constitute **"Transfer Restricted Securities"** (as defined in the Registration Rights Agreement). Pursuant to the Registration Rights Agreement, the Company and the Guarantors will agree to file with the Commission, under the circumstances set forth therein, a registration statement under the Securities Act (the **"Exchange Offer Registration Statement")** relating to the Company's 11 1/2% Senior Secured Notes due 2014 (the **"Exchange Notes")** and the Guarantors' Exchange Guarantees (the **"Exchange Guarantees"** and together with the Exchange Notes, the **"Exchange Securities")** to be offered in exchange for the Notes and the Guarantees. Such portion of the offering is referred to as the **"Exchange Offer."**

The Notes will be secured by (a) first-priority liens and security interests, subject to permitted liens, in substantially all of the assets (other than inventory, accounts receivable, general intangibles (other than any uncertificated securities representing capital stock of any subsidiary of the Company or the Guarantors and each person in which the Company or a Guarantor has a direct interest), investment property (other than capital stock of any subsidiary of the Company or the Guarantors and each person in which the Company or a Guarantor has a direct interest), chattel paper, documents, instruments, supporting obligations, letter of credit rights, deposit accounts and other personal property, and all proceeds relating to any of the above, which secure the Credit Agreement (as defined below) on a first-priority basis) of the Company and the Guarantors (the **"First Priority Collateral"),** including, but not limited to, the real property, fixtures, equipment, general intangibles with respect to any uncertificated securities representing the capital stock of any subsidiary of the Company or the Guarantors and any person in which the Company or a Guarantor has a direct interest, and investment property consisting of the capital stock of each Subsidiary of the Company or the Guarantors and each other person in which the Company or a Guarantor has a direct interest, now owned or hereafter acquired by the Company and the Guarantors, in each case, other than certain excluded assets and (b) second-priority liens and security interests, subject to permitted liens, in the inventory, accounts receivable, general intangibles (other than any uncertificated securities representing capital stock of any subsidiary of the Company or the Guarantors and each person in which the Company or a Guarantor has a direct interest), investment property (other than capital stock of any subsidiary of the Company or the Guarantors and each person in which the Company or a Guarantor has a direct interest), chattel paper, documents, instruments, supporting obligations, letter of credit rights, deposit accounts and other personal property, and all proceeds relating to any of the above, which secure the Credit Agreement on a first-priority basis, now owned or hereafter acquired by the Company and the Guarantors, in each case, other than certain excluded assets (the **"Second Priority Collateral"** and, together with the First Priority Collateral, the **"Collateral").** The Collateral shall be described in the mortgages, deeds of trust or deeds to secure the obligations of the Company and the Guarantors under the Notes, the Guarantees and the Exchange Securities (collectively, the **"Mortgages")** covering the properties listed on Schedule V hereto, in the Pledge Agreement to be dated the Closing Date (the **"Pledge Agreement"),** in the Account Control Agreement to be dated the Closing Date (the **"Account Control Agreement")** and in the Security Agreement to be dated the Closing Date (the

"Security Agreement" and, together with the Mortgages, the Pledge Agreement and the Account Control Agreement, the **"Collateral Documents"),** each to be delivered to the Trustee, granting a first-priority security interest, with respect to the First Priority Collateral, and a second-priority security interest, with respect to the Second Priority Collateral, in each case, subject to permitted liens, for the benefit of the Trustee and each holder of the Notes and Exchange Notes and the successors and assigns of the foregoing. The rights of the holders of the Notes and Exchange Notes with respect to the Collateral shall be further governed by the Intercreditor Agreement to be dated the Closing Date (the **"Intercreditor Agreement")** among the Company, the Guarantors, the Trustee and the agent for the lenders under the Credit Agreement.

2. *Representations, Warranties and Agreements of the Company and the Guarantors.* The Company and each of the Guarantors, jointly and severally, represent, warrant and agree as follows:

(a) When the Notes and Guarantees are issued and delivered pursuant to this Agreement, such Notes and Guarantees will not be of the same class (within the meaning of Rule 144A under the Securities Act) as securities of the Company or the Guarantors that are listed on a United States national securities exchange registered or that are quoted in a United States automated inter-dealer quotation system.

(b) Neither the Company nor any of its subsidiaries is, and after giving effect to the offer and sale of the Notes and the application of the proceeds therefrom as described under "Use of Proceeds" in each of the Pricing Disclosure Package and the Offering Memorandum will be, required to register with the Commission as an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940 and the rules and regulations thereunder.

(c) Assuming that your representations and warranties in this Agreement are true, and you have complied with your obligations under this Agreement, the purchase and resale of the Notes pursuant hereto (including pursuant to the Exempt Resales) is exempt from the registration requirements of the Securities Act. No form of general solicitation or general advertising within the meaning of Regulation D (including, but not limited to, advertisements, articles, notices or other communications published in any newspaper, magazine or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising) was used by the Company, the Guarantors or any of their respective representatives (other than you, as to whom the Company and the Guarantors make no representation) in connection with the offer and sale of the Notes.

(d) No form of general solicitation or general advertising was used by the Company, the Guarantors or any of their respective representatives (other than you, as to whom the Company and the Guarantors make no representation) with respect to Notes sold outside the United States to Non-U.S. Persons, by means of any directed selling efforts within the meaning of Rule 902 under the Securities Act, and the Company, any affiliate (as defined in Rule 501 under the Securities Act) of the Company and any person acting on its or their behalf (other than you, as to whom the Company and the Guarantors make no representation) has complied with and will implement the "offering restrictions" required by Rule 902 under the Securities Act.

(e) Each of the Preliminary Offering Memorandum, the Pricing Disclosure Package and the Offering Memorandum, each as of its respective date, contains all the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act in all material respects.

(f) The Preliminary Offering Memorandum, the Pricing Disclosure Package and the Offering Memorandum have been prepared by the Company and the Guarantors for use by the Initial Purchasers in connection with the Exempt Resales. No order or decree preventing the use of the Preliminary Offering Memorandum, the Pricing Disclosure Package or the Offering Memorandum, or any order asserting that the transactions contemplated by this Agreement are subject to the registration requirements of the Securities Act, has been issued, and no proceeding for that purpose has commenced or is pending or, to the knowledge of the Company or any of the Guarantors, is contemplated.

(g) The Preliminary Offering Memorandum, when taken together with the Pricing Term Sheet, as of its date, did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; *provided* that no representation or warranty is made as to information contained in or omitted from the Preliminary Offering Memorandum in reliance upon and in conformity with written information furnished to the Company through Lehman Brothers Inc. by or on behalf of any Initial Purchaser specifically for inclusion therein, which information is specified in Section 8(e).

(h) The Pricing Disclosure Package did not, as of the Applicable Time, and will not, as of the Closing Date, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; *provided* that no representation or warranty is made as to information contained in or omitted from the Pricing Disclosure Package in reliance upon and in conformity with written information furnished to the Company through Lehman Brothers Inc. by or on behalf of any Initial Purchaser specifically for inclusion therein, which information is specified in Section 8(e).

(i) The Offering Memorandum will not, as of its date and as of the Closing Date, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; *provided* that no representation or warranty is made as to information contained in or omitted from the Offering Memorandum in reliance upon and in conformity with written information furnished to the Company through Lehman Brothers Inc. by or on behalf of any Initial Purchaser specifically for inclusion therein, which information is specified in Section 8(e).

(j) The Company has not made any offer to sell or solicitation of an offer to buy the Notes that would constitute a “free writing prospectus” (if the offering of the Notes was made pursuant to a registered offering under the Securities Act), as defined in Rule 405 under the Securities Act (a **“Free Writing Offering Document”)** without the prior consent of Lehman Brothers Inc.; any such Free Writing Offering Document the use of which has been previously consented to by the Initial Purchasers is set forth substantially in form and substance as attached hereto on Schedule IV.

(k) The Exchange Act Reports did not, when filed with the Commission, contain an untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(l) The statistical and market-related data included under the captions "Offering Memorandum Summary," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" in the Pricing Disclosure Package and the Offering Memorandum are based on or derived from sources that the Company believes to be reliable and accurate in all material respects.

(m) Each of the Company, the Guarantors and their respective subsidiaries has been duly organized and is validly existing and in good standing as a corporation or other business entity under the laws of its jurisdiction of organization and is duly qualified to do business and in good standing as a foreign corporation or other business entity in each jurisdiction in which its ownership or lease of property or the conduct of its businesses requires such qualification, except where the failure to be so qualified or in good standing would not, in the aggregate, reasonably be expected to have a material adverse effect on the condition (financial or otherwise), results of operations, properties, business or prospects of the Company and its subsidiaries taken as a whole (a **"Material Adverse Effect");** each of the Company, the Guarantors and their respective subsidiaries has all power and authority necessary to own or hold its properties and to conduct the businesses in which it is engaged. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the entities listed on Schedule VI hereto. None of the subsidiaries of the Company (other than Unifi Manufacturing, Inc. and Unifi do Brasil (collectively, the **"Significant Subsidiaries"))** is a "significant subsidiary" (as defined in Rule 405 under the Securities Act).

(n) The Company has an authorized capitalization as set forth in each of the Pricing Disclosure Package and the Offering Memorandum, and all of the issued shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; and, except as disclosed in the Pricing Disclosure Package and the Offering Memorandum, all of the issued shares of capital stock of each subsidiary of the Company have been duly authorized and validly issued, are fully paid and non-assessable and are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims, except for such liens, encumbrances, equities or claims as would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(o) The Company and each Guarantor has all requisite corporate or limited liability company power and authority, as applicable, to execute, deliver and perform its obligations under the Indenture. The Indenture has been duly and validly authorized by the Company and the Guarantors, and upon its execution and delivery and, assuming due authorization, execution and delivery by the Trustee, will constitute the valid and binding agreement of the Company and the Guarantors, enforceable against the Company and the Guarantors in accordance with its terms, except as such enforceability may be subject to

bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally and subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law); no qualification of the Indenture under the Trust Indenture Act of 1939 (the **"1939 Act")** is required in connection with the offer and sale of the Notes contemplated hereby or in connection with the Exempt Resales. The Indenture will conform in all material respects to the description thereof in each of the Pricing Disclosure Package and the Offering Memorandum.

(p) The Company has all requisite corporate power and authority to execute, issue, sell and perform its obligations under the Notes. The Notes have been duly authorized by the Company and, when duly executed by the Company in accordance with the terms of the Indenture, assuming due authentication of the Notes by the Trustee, upon delivery to the Initial Purchasers against payment therefor in accordance with the terms hereof, will be validly issued and delivered and will constitute valid and binding obligations of the Company entitled to the benefits of the Indenture, enforceable against the Company in accordance with their terms, except as such enforceability may be subject to bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally and subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law). The Notes will conform in all material respects to the description thereof in each of the Pricing Disclosure Package and the Offering Memorandum.

(q) The Company has all requisite corporate power and authority to execute, issue and perform its obligations under the Exchange Notes. The Exchange Notes have been duly and validly authorized by the Company and if and when duly issued and authenticated in accordance with the terms of the Indenture and delivered in accordance with the Exchange Offer provided for in the Registration Rights Agreement, will be validly issued and delivered and will constitute valid and binding obligations of the Company entitled to the benefits of the Indenture, enforceable against the Company in accordance with their terms, except as such enforceability may be subject to bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally and subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(r) Each Guarantor has all requisite corporate or limited liability company power and authority, as applicable, to execute, issue and perform its obligations under the Guarantees. The Guarantees have been duly and validly authorized by the Guarantors and when the Indenture is duly executed and delivered by the Guarantors and upon the due execution, authentication and delivery of the Notes in accordance with the Indenture and the issuance of the Notes in the sale to the Initial Purchasers contemplated by this Agreement, will constitute valid and binding obligations of the Guarantors, enforceable against the Guarantors in accordance with their terms, except as such enforceability may be subject to bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally and subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law). The Guarantees will conform in all material respects to the description thereof in each of the Pricing Disclosure Package and the Offering Memorandum.

(s) Each Guarantor has all requisite corporate or limited liability company power and authority, as applicable, to execute, issue and perform its obligations under the Exchange Guarantees. The Exchange Guarantees have been duly and validly authorized by the Guarantors and when the Indenture is duly executed and delivered by the Guarantors and upon the due execution and authentication of the Exchange Notes in accordance with the Indenture and the issuance and delivery of the Exchange Notes in the Exchange Offer contemplated by the Registration Rights Agreement, will be validly issued and delivered and will constitute valid and binding obligations of the Guarantors entitled to the benefits of the Indenture, enforceable against the Guarantors in accordance with their terms, except as such enforceability may be subject to bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally and subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(t) The Company and each Guarantor has all requisite corporate and limited liability company power and authority, as applicable, to execute, deliver and perform its obligations under the Registration Rights Agreement. The Registration Rights Agreement has been duly authorized by the Company and each Guarantor and, when executed and delivered by the Company and each Guarantor in accordance with the terms hereof and thereof, will be validly executed and delivered and (assuming the due authorization, execution and delivery thereof by you) will be the legally valid and binding agreement of the Company and each Guarantor, enforceable against the Company and each Guarantor in accordance with its terms, except as such enforceability may be subject to bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium or similar laws relating to or affecting creditor's rights generally, and subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and, in each case, except to the extent that the indemnification and contribution provisions of the Registration Rights Agreement may be unenforceable. The Registration Rights Agreement will conform in all material respects to the description thereof in each of the Pricing Disclosure Package and the Offering Memorandum.

(u) The Company and each Guarantor has all requisite corporate and limited liability company power, as applicable, to execute, deliver and perform its obligations under this Agreement. This Agreement has been duly and validly authorized, executed and delivered by the Company and each of the Guarantors.

(v) The Company and each Guarantor has all requisite, corporate and limited liability company power and authority, as applicable, to execute, deliver and perform its obligations under each of the Collateral Documents to the extent a party thereto and the Intercreditor Agreement. Each of the Collateral Documents and the Intercreditor Agreement have been duly authorized by the Company and each Guarantor to the extent a party thereto and, when executed and delivered by the Company and each Guarantor to the extent a party thereto in accordance with the terms hereof and thereof, will be validly executed and delivered and (assuming the due authorization, execution and delivery thereof by each of the parties thereto) will be the legally valid and binding agreement of the Company and each Guarantor, enforceable against the Company and each Guarantor in accordance with its terms, except as such enforceability may be subject to bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium or similar laws relating to or affecting creditor's rights generally, and subject to general principles of equity (regardless of whether enforceability is considered in a

proceeding in equity or at law) and except that the enforceability of the Collateral Documents and the Intercreditor Agreement may be subject to the qualification that certain remedial provisions thereof are or may be unenforceable in whole or in part. Each of the Collateral Documents and the Intercreditor Agreement will conform in all material respects to the description thereof in each of the Pricing Disclosure Package and the Offering Memorandum.

(w) The Mortgages will be effective to grant a legal, valid and enforceable mortgage lien on all of the mortgagor's right, title and interest in the real property listed on Schedule V hereto (each, a **"Mortgaged Property"** and, collectively, the **"Mortgaged Properties").** When the Mortgages are duly recorded in the proper recorders' offices or appropriate public records and the mortgage recording fees and taxes in respect thereof are paid and compliance is otherwise had with the formal requirements of state law applicable to the recording of real estate mortgages generally, each such Mortgage shall constitute a validly perfected and enforceable first-priority lien and security interest in the related Mortgaged Property constituting First Priority Collateral for the benefit of the Trustee and the holders of the Notes, subject only to the encumbrances and exceptions to title expressly permitted in the Mortgages (including those liens expressly permitted to be incurred or exist on the Collateral pursuant to the Indenture) or expressly set forth as an exception to the policies of title insurance obtained to insure the lien of each Mortgage with respect to each of the Mortgaged Properties (such encumbrances and exceptions, together with the liens and other encumbrances permitted under clause (y) of this Section 2, the **"Permitted Exceptions"),** except as such enforceability may be subject to bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium or similar laws relating to or affecting creditor's rights generally, and subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and except that the enforceability of the Mortgages may be subject to the qualification that certain remedial provisions thereof are or may be unenforceable in whole or in part.

(x) The Security Agreement and the Pledge Agreement will be effective to grant a legal, valid and enforceable security interest on all of the grantor's right, title and interest in the Collateral (other than the Mortgaged Properties), except as such enforceability may be subject to bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium or similar laws relating to or affecting creditor's rights generally, and subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and except that the enforceability of the Security Agreement and the Pledge Agreement may be subject to the qualification that certain remedial provisions thereof are or may be unenforceable in whole or in part.

(y) Upon filing of financing statements or Mortgages, as applicable, with respect to the Collateral described in the Security Agreement and the equipment and fixtures described in the Mortgages (the **"Personal Property Collateral")** and the due execution and delivery of the Intercreditor Agreement, the security interests granted thereby will constitute valid, perfected first-priority liens and security interests in the Personal Property Collateral constituting First Priority Collateral and valid, perfected second-priority liens and security interests in the Personal Property Collateral constituting Second Priority Collateral, for the benefit of the Trustee and the holders of the Notes, enforceable in accordance with the terms contained therein against all creditors of any grantor or mortgagor and subject only to liens and

other encumbrances expressly permitted to be incurred or exist on the Personal Property Collateral under the Indenture and the Collateral Documents (the "Permitted Liens"), except as such enforceability may be subject to bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium or similar laws relating to or affecting creditor's rights generally, and subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and except that enforceability may be subject to the qualification that certain remedial provisions thereof are or may be unenforceable in whole or in part.

(z) The Company and its subsidiaries collectively own, have rights in or have the power and authority to collaterally assign rights in the Collateral, free and clear of any liens other than the Permitted Exceptions and Permitted Liens.

(aa) Except as set forth in the Offering Memorandum, assuming that (i) the Company's 6 1/2% Notes due 2008 (the **"Old** Notes") that are validly tendered and not withdrawn pursuant to the Company's tender offer and consent solicitation regarding the Old Notes, as described in the Offer to Purchase and Consent Solicitation Statement, dated April 28, 2006 (the **"Tender Offer Statement"),** are accepted for purchase by the Company and (ii) the Credit Agreement is executed and delivered by all parties thereto, and based upon the representations, warranties and agreements of the Initial Purchasers in Section 1 and Section 3 of this Agreement, the issue and sale of the Notes and the Guarantees, the execution, delivery and performance by the Company and the Guarantors of the Notes, the Guarantees, the Exchange Notes, the Exchange Guarantees, the Indenture, the Registration Rights Agreement, the Intercreditor Agreement, the Collateral Documents (including, but not limited to, the filing of any applicable financing statements pursuant to the Mortgages or the Security Agreement) and this Agreement, the application of the proceeds from the sale of the Notes as described under "Use of Proceeds" in each of the Pricing Disclosure Package and the Offering Memorandum, the grant and perfection of security interests in the Collateral pursuant to the Mortgages and the Security Agreement and compliance by the Company and each of the Guarantors with the terms thereof and the consummation of the transactions contemplated hereby and thereby, will not (i) breach, or result in a default under, or impose any lien, charge or encumbrance upon any property or assets of the Company, the Guarantors or their respective subsidiaries (other than any lien or encumbrance created or imposed pursuant to the Collateral Documents), any indenture, mortgage, deed of trust, loan agreement, license, lease or other agreement or instrument to which the Company, the Guarantors or any of their respective subsidiaries is a party or by which the Company, the Guarantors or any of their respective subsidiaries is bound or to which any of the property or assets of the Company, the Guarantors or any of their respective subsidiaries is subject, (ii) result in any violation of the provisions of the charter or by-laws of the Company or any Guarantor or (iii) violate any statute or any judgment, order, decree, rule or regulation of any court or governmental agency or body having jurisdiction over the Company, the Guarantors or any of their respective subsidiaries or any of their properties or assets, except, in regard to clauses (i) and (iii), conflicts or violations that would not reasonably be expected to have a Material Adverse Effect.

(bb) Based upon the representations, warranties and agreements of the Initial Purchasers in Section 1 and Section 3 of this Agreement, no consent, approval, authorization or order of, or filing, registration or qualification with any court or governmental agency or body having jurisdiction over the Company, the Guarantors or any of their respective subsidiaries is

required for the issue and sale of the Notes, the execution, delivery and performance by the Company and the Guarantors of the Notes, the Guarantees, the Exchange Notes, the Exchange Guarantees, the Indenture, the Registration Rights Agreement, the Intercreditor Agreement, the Collateral Documents (including, but not limited to, the filing of any applicable financing statements pursuant to the Mortgages or the Security Agreement) and this Agreement, the application of the proceeds from the sale of the Notes as described under "Use of Proceeds" in each of the Pricing Disclosure Package and the Offering Memorandum, the grant and perfection of security interests in the Collateral pursuant to the Mortgages and the Security Agreement and compliance by the Company and each of the Guarantors with the terms thereof and the consummation of the transactions contemplated hereby and thereby, except as may be required in connection with the registration of the Notes, the Guarantees and the Exchange Securities under the Registration Rights Agreement and such consents, approvals, authorizations, orders, filings, registrations or qualifications as may be required (i) under state securities or Blue Sky laws in connection with the purchase and distribution of the Notes by the Initial Purchasers and (ii) to perfect the Trustee's security interests as under the Collateral Documents.

(cc) There are no contracts, agreements or understandings between the Company or any Guarantor, on the one hand, and any person, on the other hand, granting such person the right to require the Company or any Guarantor to file a registration statement under. the Securities Act with respect to any securities of the Company or any Guarantor (other than the Registration Rights Agreement) owned or to be owned by such person or to require the Company or any Guarantor to include such securities in the securities registered pursuant to the Registration Rights Agreement or in any securities being registered pursuant to any other registration statement filed by the Company or any Guarantor under the Securities Act.

(dd) Neither the Company, any Guarantor nor any other person acting on behalf of the Company or any Guarantor has sold or issued any securities that would be integrated with the offering of the Notes and the Guarantees contemplated by this Agreement pursuant to the Securities Act, the rules and regulations thereunder or the interpretations thereof by the Commission. The Company and the Guarantors have taken and will take reasonable precautions designed to insure that any offer or sale, direct or indirect, in the United States or to any U.S. person (as defined in Rule 902 under the Securities Act), of any Notes or any substantially similar security issued by the Company or any Guarantor, within six months subsequent to the date on which the distribution of the Notes has been completed (as notified to the Company by the Initial Purchasers), is made under restrictions and other circumstances reasonably designed not to affect the status of the offer and sale of the Notes in the United States and to U.S. persons contemplated by this Agreement as transactions exempt from the registration provisions of the Securities Act, including any sales pursuant to Rule 144A under, or Regulations D or S of, the Securities Act.

(ee) Neither the Company, the Guarantors nor any of their respective subsidiaries has sustained, since the date of the latest audited financial statements included in the Pricing Disclosure Package, any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, and, since such date, there has not been any change in the capital stock or limited liability company interests, as applicable, or long-term debt of the Company, the Guarantors or any of their respective subsidiaries or any other change, or any development involving a prospective change, which loss, interference or change, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(ff) The historical financial statements (including the related notes and supporting schedules) included in the Pricing Disclosure Package and the Offering Memorandum present fairly in all material respects the financial condition, results of operations and cash flows of the entities purported to be shown thereby, at the dates and for the periods indicated, and have been prepared in conformity with accounting principles generally accepted in the United States applied on a consistent basis throughout the periods involved and as in effect as of the dates indicated therein.

(gg) Ernst & Young LLP, who have certified certain financial statements of the Company, whose report appears in the Preliminary Offering Memorandum and the Offering Memorandum and who have delivered the initial letter referred to in Section 7(i) hereof, are independent public accountants as required by the Securities Act and the rules and regulations thereunder.

(hh) The Company, the Guarantors and each of their respective subsidiaries has good and marketable title to all real property and valid title to all personal property described or referred to in the Mortgages and all other real and personal property described in the Pricing Disclosure Package as owned by them, in each case free and clear of all liens, encumbrances and defects, except for Permitted Exceptions in the case of the Mortgaged Properties, Permitted Liens and liens securing the Credit Agreement, dated as of December 7, 2001, among the financial institutions named therein, Bank of America, N.A., the Company and certain of its domestic Subsidiaries, as amended (the **"Existing Credit Agreement"),** or any of the Collateral Documents and except such as are described in the Pricing Disclosure Package and the Offering Memorandum and such as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company, the Guarantors or any of their respective subsidiaries; and all real property and other assets held under lease by the Company, the Guarantors or any of their respective subsidiaries are held by them under valid, subsisting and enforceable leases, with such exceptions as do not materially interfere with the use made and proposed to be made of such assets by the Company, the Guarantors or any of their respective subsidiaries. The Company does not own or control, directly or indirectly, any other real property, other than the real property listed on Schedule VII to this Agreement.

(ii) The Company, the Guarantors and each of their respective subsidiaries carry, or are covered by, insurance from insurers in such amounts and covering such risks as is customary for the conduct of their respective businesses and the value of their respective properties and as is customary for companies engaged in similar businesses in similar industries. All policies of insurance of the Company, the Guarantors and their respective subsidiaries are in full force and effect, except as would not reasonably be expected to result in a Material Adverse Effect; the Company, the Guarantors and their respective subsidiaries are in compliance with the terms of such policies in all material respects; and neither the Company, the Guarantors nor any of their respective subsidiaries has received notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance, except as would not reasonably be expected to result in a Material

Adverse Effect; there are no claims by the Company, the Guarantors or any of their respective subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause, except as would not reasonably be expected to result in a Material Adverse Effect; and neither the Company, the Guarantors nor any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not reasonably be expected to have a Material Adverse Effect.

(jj) The Company and each of its subsidiaries have such permits, licenses, patents, franchises, certificates of need and other approvals or authorizations of governmental or regulatory authorities **("Permits")** as are necessary under applicable law to own their properties and conduct their businesses in the manner described in the Pricing Disclosure Package and the Offering Memorandum, except for any of the foregoing that would not, in the aggregate, reasonably be expected to have a Material Adverse Effect; each of the Company and its subsidiaries has fulfilled and performed all of its obligations with respect to the Permits, and no event has occurred that allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other impairment of the rights of the holder or any such Permits, except for any of the foregoing that would not reasonably be expected to have a Material Adverse Effect.

(kk) The Company, the Guarantors and each of their respective subsidiaries own or possess adequate rights to use all material patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses, know-how, software, systems and technology (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) reasonably necessary for the conduct of their respective businesses as now conducted, and have not received any notice of any claim of conflict with any such rights of others in each case except as would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(11) Except as disclosed in the Pricing Disclosure Package and the Offering Memorandum, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property or assets of the Company or any of its subsidiaries is the subject that would, in the aggregate, reasonably be expected to have a Material Adverse Effect or to have a material adverse effect on the performance by the Company and the Guarantors of the performance of this Agreement, the Indenture, the Intercreditor Agreement, the Collateral Documents or the Notes or the consummation of any of the transactions contemplated hereby; and to the Company's and each Guarantors' knowledge, no such proceedings are threatened or contemplated by governmental authorities or others.

(mm) Neither the Company, the Guarantors nor any of their respective subsidiaries has knowledge that any other party to any contract, agreement or arrangement required to be filed as exhibits to a Company registration statement pursuant to Item 601(b)(10) of Regulation S-K has any intention not to render full performance as contemplated by the terms thereof.

(nn) The following statements, insofar as they purport to constitute summaries of the terms of statutes, rules or regulations, legal or governmental proceedings or contracts and other documents, constitute accurate summaries of the terms of such statutes, rules and regulations, legal and governmental proceedings and contracts and other documents in all material respects: (A) Under the caption "Offering Memorandum Summary - Unifi", the statements contained in the second sentence of the fourth paragraph; (B) Under the caption "Offering Memorandum Summary - Industry Overview", (i) the statements contained in the seventh paragraph (except for the last sentence thereof, as to which we express no opinion), and (ii) the following phrase in the first sentence of the eighth paragraph: "In the Americas region, regional free-trade agreements, such as NAFTA, CAFTA, ATPA and CBI,....."; (C) Under the caption "Risk Factors - Risks Related to Our Business - Changes in the trade regulatory environment could weaken our competitive position dramatically and have a material adverse effect on our business, net sales and profitability", the statements contained in the third sentence; (D) Under the caption "Business - Our Company", the statements contained in the second sentence of the fourth paragraph; (E) Under the caption "Business - Industry Overview", (i) the statements contained in the seventh paragraph (except for the last sentence thereof as to which we express no opinion), and (ii) the following phrase in the first sentence of the eighth paragraph: "In the Americas region, regional free-trade agreements, such as NAFTA, CAFTA, ATPA and CBI,....."; and (F) Under the caption "Business - Trade Regulation", the statements contained in (i) the second sentence of the first paragraph, (ii) the second, fourth, fifth, sixth and seventh paragraphs and (iii) the third paragraph (except for the last sentence thereof, as to which we express no opinion).

(oo) No relationship, direct or indirect, that would be required to be described in a Company registration statement pursuant to Item 404 of Regulation S-K, exists between or among the Company or any Guarantor or any of their respective subsidiaries, on the one hand, and the directors, officers, stockholders, customers or suppliers of the Company or any Guarantor or any of their respective subsidiaries, on the other hand, that has not been described in the Pricing Disclosure Package.

(pp) No labor disturbance by the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company or any Guarantor, is imminent that would reasonably be expected to have a Material Adverse Effect.

(qq) (i) Each "employee benefit plan" (within the meaning of Section 3(3) of the Employee Retirement Security Act of 1974, as amended **("ERISA"))** for which the Company or any member of its "Controlled Group" (defined as any organization which is a member of a controlled group of corporations within the meaning of Section 414 of the Internal Revenue Code of 1986, as amended (the "Code")) would have any liability (each a **"Plan")** has been maintained in compliance with its terms and with the requirements of all applicable statutes, rules and regulations including ERISA and the Code; (ii) with respect to each Plan subject to Title IV of ERISA (a) no "reportable event" (within the meaning of Section 4043(c) of ERISA) has occurred or is reasonably expected to occur, (b) no "accumulated funding deficiency" (within the meaning of Section 302 of ERISA or Section 412 of the Code), whether or not waived, has occurred or is reasonably expected to occur, (c) the fair market value of the assets under each Plan exceeds the present value of all benefits accrued under such Plan (determined based on those assumptions used to fund such Plan) and (d) neither the Company or any member of its

Controlled Group has incurred, or reasonably expects to incur, any liability under Title IV of ERISA (other than contributions to the Plan or premiums to the PBGC in the ordinary course and without default) in respect of a Plan (including a "multiemployer plan", within the meaning of Section 4001(c)(3) of ERISA); and (iii) each Plan that is intended to be qualified under Section 401(a) of the Code is so qualified and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification, except, in each case in clauses (i) through (iii) above, such event or condition, which individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(rr) Except as would not reasonably be expected to result in a Material Adverse Effect, the Company, each Guarantor and each of their respective subsidiaries has filed all federal, state, local and foreign income and franchise tax returns required to be filed through the date hereof, subject to permitted extensions, and has paid all taxes required to be paid thereon, and no tax deficiency has been determined adversely to the Company, the Guarantors or any of their respective subsidiaries, nor does the Company or any Guarantor have any knowledge of any such tax deficiencies that would, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(ss) Since the date as of which information is given in the Pricing Disclosure Package and except as may otherwise be described in the Pricing Disclosure Package and the Offering Memorandum, neither the Company nor any Guarantor has (i) issued or granted any securities, (ii) incurred any liability or obligation, direct or contingent, other than liabilities and obligations that were incurred in the ordinary course of business, (iii) entered into any material transaction not in the ordinary course of business or (iv) declared or paid any dividend on its capital stock.

(tt) The Company and each Guarantor and each of their subsidiaries (i) makes and keeps accurate books and records and (ii) maintains and has maintained effective internal control over financial reporting as defined in Rule 13a-5 under the Exchange Act and a system of internal accounting controls sufficient to provide reasonable assurance that (A) transactions are executed in accordance with management's general or specific authorization, (B) transactions are recorded as necessary to permit preparation of its financial statements in conformity with accounting principles generally accepted in the United States and to maintain accountability for its assets, (C) access to its assets is permitted only in accordance with management's general or specific authorization and (D) the reported accountability for its assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(uu) Neither the Company, the Guarantors nor any of their respective subsidiaries (i) is in violation of its charter or by-laws (or similar organizational documents), (ii) is in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant, condition or other obligation contained in any material indenture, mortgage, deed of trust, loan agreement, license or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties or assets is subject or (iii) except with respect to the environmental matters disclosed in the Pricing Disclosure Package and the Offering Memorandum, is in violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over it or its property or assets or has failed to obtain any license, permit, certificate,

franchise or other governmental authorization or permit necessary to the ownership of its property or to the conduct of its business, except in the case of clauses (ii) and (iii), to the extent any such conflict, breach, violation or default would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(vv) Neither the Company, the Guarantors nor any of their respective subsidiaries, nor, to the knowledge of the Company and the Guarantors, any director, officer, agent, employee or other person associated with or acting on behalf of the Company, the Guarantors or any of their respective subsidiaries, has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977; or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(ww) Except as disclosed in the Pricing Disclosure Package and the Offering Memorandum, the Company and each of its subsidiaries (i) are, and at all times prior hereto were, in compliance with all laws, regulations, ordinances, rules, orders, judgments, decrees, permits or other legal requirements of any governmental authority, including without limitation any international, national, state, provincial, regional, or local authority, relating to the protection of human health or safety, the environment, or natural resources, or to hazardous or toxic substances or wastes, pollutants or contaminants **("Environmental Laws")** applicable to such entity, which compliance includes, without limitation, obtaining, maintaining and complying with all permits and authorizations and approvals required by Environmental Laws to conduct their respective businesses, and (ii) have not received notice of any actual or alleged violation of Environmental Laws, or of any potential liability for or other obligation concerning the presence, disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, except in the case of clause (i) or (ii) where such non-compliance, violation, liability, or other obligation would not, in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as described in the Pricing Disclosure Package and the Offering Memorandum, (A) there are no proceedings that are pending, or known to be contemplated, against the Company or any of its subsidiaries under Environmental Laws in which a governmental authority is also a party, other than such proceedings regarding which it is reasonably believed no monetary sanctions of $100,000 or more will be imposed, (B) the Company, the Guarantors and their respective subsidiaries are not aware of any issues regarding compliance with Environmental Laws, or liabilities or other obligations under Environmental Laws or concerning hazardous or toxic substances or wastes, pollutants or contaminants, that would, in the aggregate, reasonably be expected to have a Material Adverse Effect, and (C) none of the Company, the Guarantors and their respective subsidiaries anticipates material capital expenditures relating to Environmental Laws.

(xx) The statements set forth in each of the Pricing Disclosure Package and the Offering Memorandum under the caption "Description of the Notes," insofar as they purport to constitute a summary of the terms of the Notes and the Guarantees and under the caption "Description of Other Indebtedness", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate in all material respects; and the statements in the Disclosure Pricing Package and the Offering Memorandum under the caption "Certain

U.S. Federal Income Tax Considerations," to the extent that they constitute summaries of United States Federal law or regulation or legal conclusions, fairly summarize the matters described under that caption in all material respects.

(yy) The Company, the Guarantors and their respective affiliates have not taken, directly or indirectly, any action designed to or that has constituted or that would reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company or the Guarantors in connection with the offering of the Notes.

(zz) (i) The Company and each of its subsidiaries have established and maintain disclosure controls and procedures (as such-term is defined in Rule 13 a-15 under the Exchange Act), (ii) such disclosure controls and procedures are designed to ensure that the information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is accumulated and communicated to management of the Company, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure to be made; and (iii) such disclosure controls and procedures were effective in all material respects to perform the functions for which they were established as of March 26, 2006.

(aaa) Since the date of the most recent balance sheet of the Company and its consolidated subsidiaries reviewed or audited by Ernst & Young LLP and the audit committee of the board of directors of the Company, (i) the Company has not been advised of (A) any significant deficiencies in the design or operation of internal controls that would adversely affect the ability of the Company and each of its subsidiaries to record, process, summarize and report financial data, or any material weaknesses in internal controls and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in the internal controls of the Company and each of its subsidiaries, and (ii) since that date, there have been no significant changes in internal controls or in other factors that would significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

(bbb) No subsidiary of the Company is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary's property or assets to the Company or any other subsidiary of the Company, except as described in the Pricing Disclosure Package and the Offering Memorandum.

(ccc) There is and has been no failure on the part of the Company and any of the Company's directors or officers, in their capacities as such, to comply with the provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith.

(ddd) Neither the Company nor any subsidiary is in violation of or has received notice of any violation with respect to any federal or state law relating to discrimination in the hiring, promotion or pay of employees, nor any applicable federal or state wage and hour laws, nor any state law precluding the denial of credit due to the neighborhood in which a property is situated, the violation of any of which would, in the aggregate, reasonably be expected to have a Material Adverse Affect.

(eee) The Company has not taken any action or omitted to take any action (such as issuing any press release relating to any Notes without an appropriate legend) which may result in the loss by any of the Initial Purchasers of the ability to rely on any stabilization safe harbor provided by the Financial Services Authority under the Financial Services and Markets Act 2000 (the "FSMA"). The Company has been informed of the guidance relating to stabilization provided by the Financial Services Authority, in particular in Section MAR 2 Annex 2G of the Financial Services Handbook.

Any certificate signed by any officer of the Company or any Guarantor and delivered to Lehman Brothers Inc. or counsel for the Initial Purchasers in connection with the offering of the Notes shall be deemed a representation and warranty by the Company or such Guarantor, as to matters covered thereby, to each Initial Purchaser.

3. *Purchase of the Notes by the Initial Purchasers, Agreements to Sell, Purchase and Resell.*

(a) The Company and the Guarantors, jointly and severally hereby agree, on the basis of the representations, warranties and agreements of the Initial Purchasers contained herein and subject to all the terms and conditions set forth herein, to issue and sell to the Initial Purchasers and, upon the basis of the representations, warranties and agreements of the Company and the Guarantors herein contained and subject to all the terms and conditions set forth herein, each Initial Purchaser agrees, severally and not jointly, to purchase from the Company, at a purchase price of 97.5% of the principal amount thereof, the principal amount of Notes set forth opposite the name of such Initial Purchaser in Schedule I hereto. The Company and the Guarantors shall not be obligated to deliver any of the securities to be delivered hereunder except upon payment for all of the securities to be purchased as provided herein.

(b) Each of the Initial Purchasers, severally and not jointly hereby represents and warrants to the Company that it will offer the Notes for sale upon the terms and conditions set forth in this Agreement and in the Pricing Disclosure Package and the Offering Memorandum. Each of the Initial Purchasers hereby represents and warrants to, and agrees with, the Company, on the basis of the representations, warranties and agreements of the Company contained herein, that such Initial Purchaser: (i) is a QIB with such knowledge and experience in financial and business matters as are necessary in order to evaluate the merits and risks of an investment in the Notes; (ii) is purchasing the Notes pursuant to a private sale exempt from registration under the Securities Act; (iii) in connection with the Exempt Resales, will solicit offers to buy the Notes only from, and will offer to sell the Notes only to, the Eligible Purchasers in accordance with this Agreement and on the terms contemplated by the Pricing Disclosure Package and the Offering Memorandum; and (iv) will not offer or sell the Notes, nor has it offered or sold the Notes by, or otherwise engaged in, any form of general solicitation or general advertising (within the meaning of Regulation D, including, but not limited to, advertisements, articles, notices or other communications published in any newspaper, magazine, or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising) and will not engage in any

directed selling efforts within the meaning of Rule 902 under the Securities Act, in connection with the offering of the Notes. The Initial Purchasers have advised the Company that they will offer the Notes to Eligible Purchasers at a price initially equal to 100% of the principal amount thereof, plus accrued interest, if any, from the date of issuance of the Notes. Such price may be changed by the Initial Purchasers at any time without notice.

(c) Each Initial Purchaser, severally and not jointly, represents and warrants to and agrees with the Company that:

(i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom, and it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes, in circumstances in which section 21(1) of the FSMA does not apply to the Company; and

(ii) in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of the Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in that Relevant Member State at any time:

(A) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(B) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

(C) in any other circumstances which do not require the publication by the issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this representation, the expression an "offer of Notes to the public" in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

(d) Such Initial Purchaser has not nor, prior to the later to occur of (A) the Closing Date and (B) completion of the distribution of the Notes, will not, use, authorize use of, refer to or distribute any material in connection with the offering and sale of the Notes other than (i) the Preliminary Offering Memorandum, the Pricing Disclosure Package, the Offering Memorandum, (ii) any written communication that contains no "issuer information" (as defined in Rule 433(h)(2) under the Act) that was not included (including through incorporation by reference) in the Preliminary Offering Memorandum or any Free Writing Offering Document listed on Schedule IV hereto, (iii) the Free Writing Offering Documents listed on Schedule IV hereto, (iv) any written communication prepared by such Initial Purchaser and approved by the Company in writing, or (v) any written communication relating to or that contains the terms of the Notes and/or other information that was included (including through incorporation by reference) in the Preliminary Offering Memorandum, the Pricing Disclosure Package or the Offering Memorandum.

Each of the Initial Purchasers understands that the Company and, for purposes of the opinions to be delivered to the Initial Purchasers pursuant to Sections 7(c) through 7(h) hereof, counsel to the Company and counsel to the Initial Purchasers, will rely upon the accuracy and truth of the foregoing representations, warranties and agreements, and the Initial Purchasers hereby consents to such reliance.

4. *Delivery of the Notes and Payment Therefor.* Delivery to the Initial Purchasers of, and payment for, the Notes shall be made at the office of Paul, Weiss, Rifkind, Wharton & Garrison LLP, at 9:00 A.M., New York City time, on the Closing Date. The place of closing for the Notes and the Closing Date may be varied by agreement between the Initial Purchasers and the Company.

The Notes will be delivered to the Initial Purchasers, or the Trustee as custodian for The Depository Trust Company ("DTC"), against payment by or on behalf of the Initial Purchasers of the purchase price therefor by wire transfer in immediately available funds, by causing DTC to credit the Notes to the account of the Initial Purchasers at DTC. The Notes will be evidenced by one or more global securities in definitive form (the **"Global Notes")** and will be registered in the name of Cede & Co. as nominee of DTC. The Notes to be delivered to the Initial Purchasers shall be made available to the Initial Purchasers in New York City for inspection and packaging not later than 2:00 P.M., New York City time, on the business day immediately preceding the Closing Date.

5. *Agreements of the Company and the Guarantors.* The Company and the Guarantors, jointly and severally, agree with each of the Initial Purchasers as follows:

(a) The Company and the Guarantors will furnish to the Initial Purchasers, without charge, within three business days of the date hereof, such number of copies of the Offering Memorandum as may then be amended or supplemented as they may reasonably request.

(b) The Company and the Guarantors will not make any amendment or supplement to the Pricing Disclosure Package or to the Offering Memorandum of which the Initial Purchasers shall not previously have been advised or to which they shall reasonably object after being so advised.

(c) The Company and each of the Guarantors consents to the use of the Pricing Disclosure Package and the Offering Memorandum in accordance with the securities or Blue Sky laws of the jurisdictions in which the Notes are offered by the Initial Purchasers and by all dealers to whom Notes may be sold, in connection with the offering and sale of the Notes.

(d) If, at any time prior to completion of the distribution of the Notes by the Initial Purchasers to Eligible Purchasers, any event occurs or information becomes known that, in the judgment of the Company or any of the Guarantors or in the opinion of counsel for the Initial Purchasers, should be set forth in the Pricing Disclosure Package or the Offering Memorandum so that the Pricing Disclosure Package or the Offering Memorandum, as then amended or supplemented, does not include any untrue statement of material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to supplement or amend the Pricing Disclosure Package or the Offering Memorandum in order to comply with any law, the Company and the Guarantors will prepare an appropriate supplement or amendment thereto, and will furnish to the Initial Purchasers and dealers a reasonable number of copies thereof as promptly as practicable.

(e) The Company will not make any offer to sell or solicitation of an offer to buy the Notes that would constitute a Free Writing Offering Document without the prior consent of Lehman Brothers Inc., which consent shall not be unreasonably withheld or delayed; if at any time following issuance of a Free Writing Offering Document any event occurred or occurs as a result of which such Free Writing Offering Document conflicts with the information in the Preliminary Offering Memorandum, the Pricing Disclosure Package or the Offering Memorandum or, when taken together with the information in the Preliminary Offering Memorandum, the Pricing Disclosure Package or the Offering Memorandum, includes an untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, as promptly as practicable after becoming aware thereof, the Company will give notice thereof to the Initial Purchasers through Lehman Brothers Inc. and, if requested by Lehman Brothers Inc., will prepare and furnish without charge to each Initial Purchaser a Free Writing Offering Document or other document which will correct such conflict, statement or omission.

(f) Promptly from time to time to take such action as the Initial Purchasers may reasonably request to qualify the Notes for offering and sale under the securities or Blue Sky laws of such jurisdictions as the Initial Purchasers may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long

as may be necessary to complete the distribution of the Notes; *provided* that in connection therewith the Company shall not be required to (i) qualify as a foreign corporation in any jurisdiction in which it would not otherwise be required to so qualify, (ii) file a general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in any jurisdiction in which it would not otherwise be subject.

(g) For a period commencing on the date hereof and ending on the 180th day after the date of the Offering Memorandum, the Company and the Guarantors agree not to, directly or indirectly, (1) offer for sale, sell, or otherwise dispose of (or enter into any transaction or device that is designed to, or would be expected to, result in the disposition by any person at any time in the future of) any debt securities of the Company substantially similar to the Notes or securities convertible into or exchangeable for such debt securities of the Company, or sell or grant options, rights or warrants with respect to such debt securities of the Company or securities convertible into or exchangeable for such debt securities of the Company, (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of such debt securities of the Company, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of debt securities of the Company or other securities, in cash or otherwise, (3) file or cause to be filed a registration statement, including any amendments, with respect to the registration of debt securities of the Company substantially similar to the Notes or securities convertible, exercisable or exchangeable into debt securities of the Company or (3) publicly announce an offering of any debt securities of the Company substantially similar to the Notes or securities convertible or exchangeable into such debt securities, in each case without the prior written consent of Lehman Brothers Inc., on behalf of the Initial Purchasers, except in exchange for the Exchange Notes and the Exchange Guarantees in connection with the Exchange Offer.

(h) The Company and the Guarantors will apply the net proceeds from the sale of the Notes to be sold by it hereunder substantially in accordance with the description set forth in the Pricing Disclosure Package and the Offering Memorandum under the caption “Use of Proceeds.”

(i) The Company, the Guarantors and their respective affiliates will not take, directly or indirectly, any action designed to or that has constituted or that can reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company or the Guarantors in connection with the offering of the Notes.

(j) The Company and the Guarantors will use their commercially reasonable efforts to permit the Notes to be designated as Private Offerings, Resales and Trading through Automated Linkages (**PORTAL**) Market[SM] (the **“PORTAL Market[SM]”)** securities in accordance with the rules and regulations adopted by the National Association of Securities Dealers, Inc. relating to trading in the **PORTAL Market[SM]** and to permit the Notes to be eligible for clearance and settlement through DTC.

(k) The Company and the Guarantors will not, and will not permit any of their affiliates (as defined in Rule 144 under the Securities Act) to, resell any of the Notes that have been acquired by any of them, except for Notes purchased by the Company, the Guarantors or any of their affiliates and resold in a transaction registered under the Securities Act.

(l) The Company and the Guarantors agree not to sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the Securities Act) that would be integrated with the sale of the Notes in a manner that would require the registration under the Securities Act of the sale to the Initial Purchasers or the Eligible Purchasers of the Notes.

(m) The Company and the Guarantors agree to comply with all agreements set forth in the representation letters of the Company and the Guarantors to DTC relating to the approval of the Notes by DTC for "book entry" transfer.

(n) The Company and the Guarantors will take such steps as shall be necessary to ensure that neither the Company nor any of the Company's subsidiaries is required to be registered as an "investment company" under the Investment Company Act of 1940.

(o) Neither the Company nor any Guarantor will take any action or omit to take any action (such as issuing any press release relating to the Notes without an appropriate legend) which may result in the loss by any of the Initial Purchasers of the ability to rely on any stabilization safe harbor provided by the Financial Services Authority under the FSMA.

(p) The Lehman Brothers Inc. shall receive within 60 days of the Closing Date, and the title company issuing the policy referred to in clause (s) below (the **"Title Insurance Company")** shall receive within 60 days of the Closing Date, maps or plats of an as-built survey of the sites of the Mortgaged Properties which were delivered to Lehman Brothers Inc. by an independent professional licensed land surveyor reasonably satisfactory to Lehman Brothers Inc. and the Title Insurance Company.

(q) The Lehman Brothers Inc. shall receive within 30 days of receipt of the related survey referred to in clause (r) above in respect of each of the Mortgaged Properties a mortgagee's title insurance policy (or policies) or marked up signed title commitment pursuant to a "New York" style real estate closing with the Title Insurance Company; each such policy or commitment shall (A) be in an amount equal to an amount mutually and reasonably agreeable by the Company and Lehman Brothers Inc.; (B) be issued at ordinary rates; (C) insure that the Mortgage insured thereby creates a valid first-priority lien and security interest in each such Mortgaged Property constituting First Priority Collateral, free and clear of all defects and encumbrances, except for those defects and encumbrances expressly permitted as a Permitted Exception; (D) name the Trustee for the benefit of the holders of the Notes as the insured thereunder; (E) contain such endorsements and affirmative coverage as Lehman Brothers Inc. shall reasonably request; and (F) be issued by title companies reasonably satisfactory to Lehman Brothers Inc. (including any such title companies acting as co-insurers or reinsurers, at the option of Lehman Brothers Inc.); Lehman Brothers Inc. shall have received evidence satisfactory to them that all premiums in respect of such policy or commitment, all charges for mortgage recording tax and all related expenses, if any, have been paid. The Lehman Brothers Inc. shall also receive a copy (to the extent obtainable) of all recorded documents referred to, or listed as exceptions to title in, the title policies or policies referred to in this clause.

(r) Upon delivery of the survey and title insurance policy for each Mortgaged Property, the applicable Guarantors shall, if reasonably necessary, have executed an amendment to the applicable Mortgage that is reasonably requested by Lehman Brothers Inc. to more accurately reflect the real property that is intended to be covered thereby.

(s) The Company and each Guarantor (i) shall use their commercially reasonable efforts to complete on or prior to the Closing Date all filings and other similar actions required in connection with the perfection of security interests as and to the extent contemplated by the Mortgages and the Security Agreement and (ii) shall take all actions necessary to maintain such security interests and to perfect security interests in any collateral acquired after the Closing Date, in each case as and to the extent contemplated by the Mortgages and the Security Agreement.

(t) The Company and the Guarantors will use commercially reasonable efforts to do and perform all things required or necessary to be done and performed under this Agreement by them prior to the Closing Date, and to satisfy all conditions precedent to the Initial Purchasers' obligations hereunder to purchase the Notes.

6. *Expenses*. Whether or not the transactions contemplated by this Agreement are consummated or this Agreement becomes effective or is terminated, the Company and the Guarantors, jointly and severally, agree, to pay all costs, expenses, fees and taxes incident to and in connection with: (i) the preparation, printing, filing and distribution of the Preliminary Offering Memorandum, the Pricing Disclosure Package and the Offering Memorandum (including, without limitation, financial statements and exhibits) and all amendments and supplements thereto (including the fees, disbursements and expenses of the Company's accountants and counsel, but not, however, legal fees and expenses of the Initial Purchasers' counsel incurred in connection therewith); (ii) the preparation, printing (including, without limitation, word processing and duplication costs) and delivery of this Agreement, the Indenture, the Registration Rights Agreement, the Intercreditor Agreement, the Collateral Documents, all Blue Sky memoranda and all other agreements, memoranda, correspondence and other documents printed and delivered in connection therewith and with the Exempt Resales (but not, however, legal fees and expenses of the Initial Purchasers' counsel incurred in connection with any of the foregoing other than reasonable and documented fees of such counsel plus reasonable and documented disbursements incurred in connection with the preparation, printing and delivery of such Blue Sky memoranda); (iii) the issuance and delivery by the Company of the Notes and by the Guarantors of the Guarantees and any taxes payable in connection therewith; (iv) the qualification of the Notes and: Exchange Notes for offer and sale under the securities or Blue Sky laws of the several states or other jurisdictions (including, without limitation, the reasonable and documented fees and disbursements of the Initial Purchasers' counsel relating to such registration or qualification); (v) the reasonable and documented costs of perfecting the security interest in the Collateral as contemplated by the Mortgages and the Security Agreement; (vi) the furnishing of such copies of the Pricing Disclosure Package and the Offering Memorandum, and all amendments and supplements thereto, as may be reasonably requested for use in connection with the Exempt Resales; (vii) the preparation of certificates for the Notes (including, without limitation, printing and engraving thereof); (viii) the application for quotation of the Notes in the PORTAL Market[SM] (including all disbursements and listing fees); (ix) the approval of the Notes by DTC for "book-entry" transfer (including fees and expenses of counsel); (x) the rating of the Notes and the Exchange Notes; (xi) the obligations of the Trustee and any collateral agent, any agent of the Trustee and any collateral agent and the counsel for the Trustee and any collateral

agent in connection with the Indenture, the Intercreditor Agreement, the Collateral Documents, the Notes, the Guarantees, the Exchange Notes and the Exchange Guarantees; (xii) the performance by the Company and the Guarantors of their other obligations under this Agreement; and (xiii) all travel expenses (including expenses related to chartered aircraft) of each Initial Purchaser and the Company's officers and employees and any other expenses of each Initial Purchaser and the Company in connection with attending or hosting meetings with prospective purchasers of the Notes, and expenses associated with any electronic road show.

7. *Conditions to Initial Purchasers' Obligations.* The respective obligations of the Initial Purchasers hereunder are subject to the accuracy, when made and on and as of the Closing Date, of the representations and warranties of the Company and the Guarantors contained herein, to the performance by the Company and the Guarantors of their respective obligations hereunder, and to each of the following additional terms and conditions:

(a) The Initial Purchasers shall not have discovered and disclosed to the Company on or prior to the Closing Date that the Pricing Disclosure Package or the Offering Memorandum, or any amendment or supplement thereto, contains an untrue statement of a fact which, in the opinion of Simpson Thacher & Bartlett LLP, counsel to the Initial Purchasers, is material or omits to state a fact which, in the opinion of such counsel, is material and is necessary to make the statements therein not misleading.

(b) All corporate proceedings and other legal matters incident to the authorization, form and validity of this Agreement, the Notes, the Guarantees, the Exchange Notes, the Exchange Guarantees, the Registration Rights Agreement, the Indenture, the Intercreditor Agreement, the Collateral Documents, the Pricing Disclosure Package and the Offering Memorandum, and all other legal matters relating to this Agreement and the transactions contemplated hereby shall be reasonably satisfactory in all material respects to counsel for the Initial Purchasers, and the Company and the Guarantors shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

(c) Paul, Weiss, Rifkind, Wharton & Garrison LLP shall have furnished to the Initial Purchasers its written opinion, as counsel to the Company and the Guarantors, addressed to the Initial Purchasers and dated the Closing Date, substantially in the form of Exhibit B-l hereto.

(d) Kelly Drye & Warren LLP shall have furnished to the Initial Purchasers its written opinion, as regulatory counsel to the Company and the Guarantors, addressed to the Initial Purchasers and dated the Closing Date, substantially in the form of Exhibit B-2 hereto.

(e) Charles F. McCoy shall have furnished to the Initial Purchasers his written opinion, as General Counsel of the Company and the Guarantors, addressed to the Initial Purchasers and dated the Closing Date, substantially in the form of Exhibit B-3 hereto.

(f) Moore & Van Allen shall have furnished to the Initial Purchasers its written opinion, as North Carolina counsel to the Company and the Guarantors, addressed to the Initial Purchasers and dated the Closing Date, substantially in the form of Exhibit B-4 hereto.

(g) Thompson & McMullan shall have furnished to the Initial Purchasers its written opinion, as Virginia counsel to the Company and the Guarantors, addressed to the Initial Purchasers and dated the Closing Date, substantially in the form of Exhibit B-5 hereto.

(h) The Initial Purchasers shall have received from Simpson Thacher & Bartlett LLP, counsel for the Initial Purchasers, such opinion or opinions, dated the Closing Date, with respect to the issuance and sale of the Notes, the Pricing Disclosure Package, the Offering Memorandum and other related matters as the Initial Purchasers may reasonably require, and the Company shall have furnished to such counsel such documents and information as they reasonably request for the purpose of enabling them to pass upon such matters.

(i) At the time of execution of this Agreement, the Initial Purchasers shall have received from Ernst & Young LLP a letter, in form and substance satisfactory to the Initial Purchasers, addressed to the Initial Purchasers and dated the date hereof (i) confirming that they are independent public accountants within the meaning of the Securities Act and are in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X of the Commission and (ii) stating, as of the date hereof (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the Pricing Disclosure Package, as of a date not more than three days prior to the date hereof), the conclusions and findings of such firm with respect to the financial information contained in the Pricing Disclosure Package and the Offering Memorandum and (iii) covering such other matters as are ordinarily covered by accountants' "comfort letters" to underwriters in connection with registered public offerings.

(j) With respect to the letter of Ernst & Young LLP referred to in the preceding paragraph and delivered to the Initial Purchasers concurrently with the execution of this Agreement (the **"initial letter"),** the Company shall have furnished to the Initial Purchasers a letter (the **"bring-down letter")** of such accountants, addressed to the Initial Purchasers and dated the Closing Date (i) confirming that they are independent public accountants within the meaning of the Securities Act and are in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X of the Commission, (ii) stating, as of the Closing Date (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in each of the Pricing Disclosure Package and the Offering Memorandum, as of a date not more than three days prior to the date of the Closing Date), the conclusions and findings of such firm with respect to the financial information and other matters covered by the initial letter and (iii) confirming in all material respects the conclusions and findings set forth in the initial letter.

(k) Neither the Company, any Guarantor nor any of their respective subsidiaries shall have sustained, since the date of the latest audited financial statements included in the Pricing Disclosure Package, any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree or since such date, there shall not have been any change in the capital stock or long-term debt of the Company, any Guarantor or any of their respective subsidiaries or any change, or any development involving a prospective change, in or affecting the condition (financial or otherwise), results of operations, stockholders' equity, properties, management, business or prospects of the Company, the Guarantors and their respective

subsidiaries, taken as a whole, the effect of which loss, interference or change, individually or in the aggregate, is, in the judgment of Lehman Brothers Inc., so material and adverse as to make it impracticable or inadvisable to proceed with the offering or the delivery of the Notes being delivered on the Closing Date on the terms and in the manner contemplated in the Pricing Disclosure Package.

(1) The Company shall have furnished or caused to be furnished to the Initial Purchasers on the Closing Date certificates of officers of the Company reasonably satisfactory to the Initial Purchasers as to such matters as Lehman Brothers Inc. may reasonably request, including, without limitation, a statement that:

(i) The representations, warranties and agreements of the Company and the Guarantors in Section 2 are true and correct on and as of the Closing Date, and the Company and the Guarantors have complied in all material respects with all their agreements contained herein and satisfied in all material respects all the conditions on their part to be performed or satisfied hereunder at or prior to the Closing Date; and

. (ii) They have carefully examined the Pricing Disclosure Package and the Offering Memorandum, and, in their opinion, (A) the Pricing Disclosure Package, as of the Applicable Time, and the Offering Memorandum, as of its date and as of the Closing Date, did not and do not contain any untrue statement of a material fact and did not and do not omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (B) since the date of the Pricing Disclosure Package and the Offering Memorandum, no event has occurred which should have been set forth in a supplement or amendment to the Pricing Disclosure Package or the Offering Memorandum.

(m) Subsequent to the execution and delivery of this Agreement (i) no downgrading shall have occurred in the rating accorded the Company's debt securities by any "nationally recognized statistical rating organization," as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Securities Act and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities.

(n) The Notes shall have been designated for trading on the PORTAL Market[SM].

(o) The Company and the Guarantors shall have executed and delivered the Registration Rights Agreement, and the Initial Purchasers shall have received a copy thereof, duly executed by the Company and the Guarantors.

(p) The Company, the Guarantors and the Trustee shall have executed and delivered the Indenture, and the Initial Purchasers shall have received a copy thereof, duly executed by the Company, the Guarantors and the Trustee.

(q) Subsequent to the execution and delivery of this Agreement there shall not have occurred any of the following: (i) trading in securities generally on the New York Stock Exchange or the American Stock Exchange or in the over-the-counter market, or trading in any

securities of the Company on any exchange or in the over-the-counter market, shall have been suspended or materially limited or the settlement of such trading generally shall have been materially disrupted or minimum prices shall have been established on any such exchange or such market by the Commission, by such exchange or by any other regulatory body or governmental authority having jurisdiction, (ii) a banking moratorium shall have been declared by federal or state authorities, (iii) the United States shall have become engaged in hostilities, there shall have been an escalation in hostilities involving the United States or there shall have been a declaration of a national emergency or war by the United States or (iv) there shall have occurred such a material adverse change in general economic, political or financial conditions, including, without limitation, as a result of terrorist activities after the date hereof (or the effect of international conditions on the financial markets in the United States shall be such), as to make it, in the judgment of Lehman Brothers Inc., impracticable or inadvisable to proceed with the offering or delivery of the Notes being delivered on the Closing Date on the terms and in the manner contemplated in the Offering Memorandum or that, in the judgment of Lehman Brothers Inc., would materially and adversely affect the financial markets or the markets for the Notes and other debt securities.

(r) Concurrently with or prior to the issue and sale of the Notes by the Company, the Company shall (i) have entered into that certain Amended and Restated Revolving Credit Agreement, to be dated as of the Closing Date (the "**Credit Agreement**"), in form and substance reasonably satisfactory to Lehman Brothers Inc.; Lehman Brothers Inc. shall have received conformed counterparts thereof and all other documents and agreements entered into and received thereunder in connection with the closing of the Credit Agreement, including, but not limited to, a security agreement, in form and substance reasonably satisfactory to Lehman Brothers Inc. and (ii) have accepted for purchase the Old Notes that are validly tendered and not withdrawn pursuant to the Company's tender offer and consent solicitation regarding the Old Notes, as described in the Tender Offer Statement.

(s) Lehman Brothers Inc. shall have received the results of a recent lien search in each of the jurisdictions where assets of the Company and the Guarantors are located and any jurisdictions in which valid filings with respect to such assets of the Company and the Guarantor may be in effect, and such search shall reveal no liens on any of the assets of the Company and the Guarantors or their respective subsidiaries except for Permitted Exceptions, liens existing pursuant to the Existing Credit Agreement or Permitted Liens or liens that will be released concurrently with or prior to the issuance and sale of the Notes by the Company.

(t) The Initial Purchasers shall have received conformed counterparts of the Security Agreement and Pledge Agreement that shall have been executed and delivered by duly authorized officers of each party thereto.

(u) The Initial Purchasers shall have received conformed counterparts of the Intercreditor Agreement that shall have been executed and delivered by duly authorized officers of each party thereto.

(v) Except as otherwise contemplated by the Mortgages, the Security Agreement and this Agreement, each document (including any Uniform Commercial Code financing statement) required by the Mortgages and the Security Agreement, or under applicable

law or reasonably requested by Lehman Brothers Inc., in each case, to be filed, registered or recorded, or delivered for filing on or prior to the Closing Date, in order to create in favor of the Trustee, for the benefit of the holders of the Notes, a perfected first-priority lien and security interest in the Personal Property Collateral constituting First Priority Collateral and a perfected second-priority lien and security interest in the Personal Property Collateral constituting Second Priority Collateral, subject to Permitted Liens, shall be in proper form for filing, registration or recordation.

(w) The Lehman Brothers Inc. shall have received a first-priority Mortgage (or deed of trust or deed to secure debt, as applicable) with respect to each of the Mortgaged Properties constituting First Priority Collateral executed and delivered by a duly authorized officer of the Company or Guarantor party thereto.

(x) Prior to the Closing Date, the Initial Purchasers shall have received satisfactory evidence that any and all collateral accounts have been established pursuant to the terms of the Indenture and the Security Agreement.

(y) On or prior to the Closing Date, the Initial Purchasers shall have received satisfactory evidence that the Company and the Guarantors maintain insurance with respect to the Collateral as specified by the Security Agreement.

(z) On the Closing Date, the Trustee, or the collateral agent, shall have received the stock certificates and blank, undated stock powers for each of the entities designated with an asterisk on Schedule VI hereto; provided that with respect to foreign subsidiaries, such stock certificates shall only represent 65% of the voting stock thereof.

All opinions, letters, evidence and certificates mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Initial Purchasers.

8. *Indemnification and Contribution.*

(a) The Company and each Guarantor, hereby agree, jointly and severally, to indemnify and hold harmless each Initial Purchaser, its directors, officers and employees and each person, if any, who controls any Initial Purchaser within the meaning of Section 15 of the Securities Act, from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof (including, but not limited to, any loss, claim, damage, liability or action relating to purchases and sales of Notes), to which that Initial Purchaser, director, officer, employee or controlling person may become subject, under the Securities Act or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained (A) in the Free Writing Offering Document, Preliminary Offering Memorandum, the Pricing Disclosure Package or the Offering Memorandum or in any amendment or supplement thereto, or (B) in any materials or information provided to investors by, or with the approval of, the Company in connection with the marketing of the offering of the Notes ("Marketing Materials"), including any roadshow or investor presentations made to investors by the Company (whether in person or electronically), (ii) the omission or alleged omission to state in any Free Writing Offering Document,

Preliminary Offering Memorandum, the Pricing Disclosure Package or the Offering Memorandum, or in any amendment or supplement thereto, or in any Marketing Materials, any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (iii) any act or failure to act or any alleged act or failure to act by any Initial Purchaser in connection with, or relating in any manner to, the Notes or the offering contemplated hereby, and that is included as part of or referred to in any loss, claim, damage, liability or action arising out of or based upon matters covered by clause (i) or (ii) above *{provided* that the Company and the Guarantors shall not be liable under this clause (iii) to the extent that it is determined in a final judgment by a court of competent jurisdiction that such loss, claim, damage, liability or action resulted directly from any such acts or failures to act undertaken or omitted to be taken by such Initial Purchaser through its gross negligence or willful misconduct), and shall reimburse each Initial Purchaser and each such director, officer, employee or controlling person promptly upon demand for any legal or other expenses reasonably incurred by that Initial Purchaser, director, officer, employee or controlling person in connection with investigating or defending or preparing to defend against any such loss, claim, damage, liability or action as such expenses are incurred; *provided, however,* that the Company and the Guarantors shall not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, any untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Offering Memorandum, the Pricing Disclosure Package or Offering Memorandum, or in any such amendment or supplement thereto, or in any Marketing Materials, in reliance upon and in conformity with written information concerning such Initial Purchaser furnished to the Company through Lehman Brothers Inc. by or on behalf of any Initial Purchaser specifically for inclusion therein, which information consists solely of the information specified in Section 8(e). The foregoing indemnity agreement is in addition to any liability that the Company or the Guarantors may otherwise have to any Initial Purchaser or to any director, officer, employee or controlling person of that Initial Purchaser.

(b) Each Initial Purchaser, severally and not jointly, hereby agrees to indemnify and hold harmless the Company, each Guarantor, their respective officers and employees, each of their respective directors, and each person, if any, who controls the Company or any Guarantor within the meaning of Section 15 of the Securities Act, from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof, to which the Company, any Guarantor or any such director, officer, employee or controlling person may become subject, under the Securities Act or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained (A) in any Free Writing Offering Document, Preliminary Offering Memorandum, the Pricing Disclosure Package or the Offering Memorandum or in any amendment or supplement thereto or (B) in any Marketing Materials or (ii) the omission or alleged omission to state in any Free Writing Offering Document, Preliminary Offering Memorandum, the Pricing Disclosure Package or the Offering Memorandum, or in any amendment or supplement thereto, or in any Blue Sky Application or in any Marketing Materials any material fact necessary to make the statements therein not misleading, but in each case only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information concerning such Initial Purchaser furnished to the Company by or on behalf of that Initial Purchaser specifically for inclusion therein, which information is limited to the information set forth in Section 8(e).

The foregoing indemnity agreement is in addition to any liability that any Initial Purchaser may otherwise have to the Company, any Guarantor or any such director, officer, employee or controlling person.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the claim or the commencement of that action; *provided, however,* that the failure to notify the indemnifying party shall not relieve it from any liability that it may have under this Section 8 except to the extent it has been materially prejudiced by such failure and; *provided, further,* that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under this Section 8. If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 8 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation; *provided, however,* that the Initial Purchasers shall have the right to employ counsel to represent jointly the Initial Purchasers and their respective directors, officers, employees and controlling persons who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the Initial Purchasers against the Company or any Guarantor under this Section 8, if (i) the Company, the Guarantors and the Initial Purchasers shall have so mutually agreed; (ii) the Company and the Guarantors have failed within a reasonable time to retain counsel reasonably satisfactory to the Initial Purchasers; (iii) the Initial Purchasers and their respective directors, officers, employees and controlling persons shall have reasonably concluded, based on the advice of counsel, that there may be legal defenses available to them that are different from or in addition to those available to the Company and the Guarantors; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Initial Purchasers or their respective directors, officers, employees or controlling persons, on the one hand, and the Company and the Guarantors, on the other hand, and representation of both sets of parties by the same counsel would present a conflict due to actual or potential differing interests between them, and in any such event the fees and expenses of such separate counsel shall be paid by the Company and the Guarantors ; provided, however, that the indemnifying party shall only be liable for the reasonable and documented legal expenses of one firm of counsel (in addition to local counsel, as necessary) for all indemnified parties. No indemnifying party shall (i) without the prior written consent of the indemnified parties (which consent shall not be unreasonably withheld), settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding, or (ii) be liable for any settlement of any such action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with the consent of the indemnifying party or if there be a final judgment of the

plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment.

(d) If the indemnification provided for in this Section 8 shall for any reason be unavailable to or insufficient to hold harmless an indemnified party under Section 8(a) or 8(b) in respect of any loss, claim, damage or liability, or any action in respect thereof, referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Company and the Guarantors on the one hand and the Initial Purchasers on the other from the offering of the Notes or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Guarantors, on the one hand, and the Initial Purchasers, on the other, with respect to the statements or omissions that resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Guarantors, on the one hand, and the Initial Purchasers, on the other, with respect to such offering shall be deemed to be in the same proportion as the total net proceeds from the offering of the Notes purchased under this Agreement (before deducting expenses) received by the Company and the Guarantors on the one hand, and the total underwriting discounts and commissions received by the Initial Purchasers with respect to the Notes purchased under this Agreement, on the other hand, bear to the total gross proceeds from the offering of the Notes under this Agreement as set forth on the cover page of the Offering Memorandum. The relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company, the Guarantors or the Initial Purchasers, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. For purposes of the preceding two sentences, the net proceeds deemed to be received by the Company shall be deemed to be also for the benefit of the Guarantors, and information supplied by the Company shall also be deemed to have been supplied by the Guarantors. The Company, the Guarantors, and the Initial Purchasers agree that it would not be just and equitable if contributions pursuant to this Section 8(d) were to be determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section 8(d) shall be deemed to include, for purposes of this Section 8(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8(d), no Initial Purchaser shall be required to contribute any amount in excess of the amount by which the net proceeds from the sale to Eligible Purchasers of the Notes initially purchased by it exceeds the amount of any damages that such Initial Purchaser has otherwise paid or become liable to pay by reason of any untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 1 l(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. No party shall be liable for contribution with respect to any action or claim

settled without its prior written consent (which consent shall not be unreasonably withheld or delayed). The Initial Purchasers' obligations to contribute as provided in this Section 8(d) are several in proportion to their respective underwriting obligations and not joint.

(e) The Initial Purchasers severally confirm and the Company and the Guarantors acknowledge and agree that the statements with respect to the offering of the Notes by the Initial Purchasers set forth in the fifth sentence of the sixth paragraph, the first sentence of the seventh paragraph and the tenth paragraph of the section entitled "Plan of Distribution" in the Pricing Disclosure Package and the Offering Memorandum are correct and constitute the only information concerning such Initial Purchasers furnished in writing to the Company or any Guarantor by or on behalf of the Initial Purchasers specifically for inclusion in the Preliminary Offering Memorandum, the Pricing Disclosure Package and the Offering Memorandum or in any amendment or supplement thereto.

9. *Defaulting Initial Purchasers.* If, on the Closing Date, any Initial Purchaser defaults in the performance of its obligations under this Agreement, the remaining non-defaulting Initial Purchasers shall be obligated to purchase the Notes that the defaulting Initial Purchaser agreed but failed to purchase on the Closing Date in the respective proportions that the number of Notes set opposite the name of each remaining non-defaulting Initial Purchaser in Schedule I hereto bears to the total number of Notes set opposite the names of all the remaining non-defaulting Initial Purchasers in Schedule I hereto; *provided, however,* that the remaining non-defaulting Initial Purchasers shall not be obligated to purchase any of the Notes on the Closing Date if the aggregate principal amount of Notes that the defaulting Initial Purchaser or Initial Purchasers agreed but failed to purchase on such date exceeds 9.09% of the aggregate principal amount of Notes to be purchased on the Closing Date, and any remaining non-defaulting Initial Purchasers shall not be obligated to purchase more than 110% of the aggregate principal amount of Notes that it agreed to purchase on the Closing Date pursuant to the terms of Section 3. If the foregoing maximums are exceeded, the remaining non-defaulting Initial Purchasers, or those other Initial Purchasers satisfactory to the Initial Purchasers who so agree, shall have the right, but shall not be obligated, to purchase, in such proportion as may be agreed upon among them, all the Notes to be purchased on the Closing Date. If the remaining Initial Purchasers or other Initial Purchasers satisfactory to the Initial Purchasers do not elect to purchase the Notes that the defaulting Initial Purchaser or Initial Purchasers agreed but failed to purchase on the Closing Date, this Agreement shall terminate without liability on the part of any non-defaulting Initial Purchaser or the Company or the Guarantors, except that the Company and the Guarantors will continue to be liable for the payment of expenses to the extent set forth in Sections 6 and 11. As used in this Agreement, the term "Initial Purchaser" includes, for all purposes of this Agreement unless the context requires otherwise, any party not listed in Schedule I hereto that, pursuant to this Section 9, purchases Notes that a defaulting Initial Purchaser agreed but failed to purchase.

Nothing contained herein shall relieve a defaulting Initial Purchaser of any liability it may have to the Company or any Guarantor for damages caused by its default. If other Initial Purchasers are obligated or agree to purchase the Notes of a defaulting or withdrawing Initial Purchaser, either the remaining Initial Purchasers or the Company may postpone the Closing Date for up to seven full business days in order to effect any changes that in the opinion of counsel for the Company or counsel for the Initial Purchasers may be necessary

in the Pricing Disclosure Package, the Offering Memorandum or in any other document or arrangement.

10. *Termination.* The obligations of the Initial Purchasers hereunder may be terminated by the Initial Purchasers by written notice given to and received by the Company prior to delivery of and payment for the Notes if, prior to that time, any of the events described in Sections 7(k), 7(m) or 7(q) shall have occurred or if the Initial Purchasers shall decline to purchase the Notes for any reason permitted under this Agreement.

11. *Reimbursement of Initial Purchasers' Expenses.* If (a) the Company fails to tender the Notes for delivery to the Initial Purchasers by reason of any failure, refusal or inability on the part of the Company or any Guarantor to perform any agreement on their part to be performed, or because any other condition of the obligations hereunder required to be fulfilled by the Company or any Guarantor is not fulfilled or (b) the Initial Purchasers shall decline to purchase the Notes for any reason permitted under this Agreement, the Company and the Guarantors shall reimburse the Initial Purchasers for all reasonable out-of-pocket expenses (including the reasonable and documented fees and disbursements of counsel) incurred by the Initial Purchasers in connection with this Agreement and the proposed purchase of the Notes, and upon demand the Company and the Guarantors shall pay the full amount thereof to the Initial Purchasers. If this Agreement is terminated pursuant to Section 9 by reason of the default of one or more Initial Purchasers, the Company and the Guarantors shall not be obligated to reimburse any defaulting Initial Purchaser on account of those expenses.

12. *Notices, etc.* All statements, requests, notices and agreements hereunder shall be in writing, and:

(a) if to any Initial Purchaser, shall be delivered or sent by hand delivery, mail, telex, overnight courier or facsimile transmission to Lehman Brothers Inc., 745 Seventh Avenue, New York, New York 10019, Attention: Syndicate Registration (Fax: 646-834-8133) with a copy to Simpson Thacher & Bartlett LLP, Attention: Kenneth B. Wallach, Esq. (Fax: 212-455-2502), and with a copy, in the case of any notice pursuant to Section 8(c), to the Director of Litigation, Office of the General Counsel, Lehman Brothers Inc., 399 Park Avenue, 10th Floor, New York, New York 10022 (Fax: 212-520-0421);

(b) if to the Company or any Guarantor, shall be delivered or sent by hand delivery, mail, telex, overnight courier or facsimile transmission to Unifi, Inc., P.O. Box 19109, Greensboro, North Carolina 27419-9109, Attention: General Counsel, (Fax: (336) 856-4364), with a copy to Paul Weiss, Rifkind, Wharton & Garrison LLP, Attention: Lawrence G. Wee, Esq. (Fax: (212) 757-3990), 1285 Avenue of the Americas, New York, New York 10019;

provided, however, that any notice to an Initial Purchaser pursuant to Section 8(c) shall be delivered or sent by hand delivery, mail, telex or facsimile transmission to such Initial Purchaser at its address set forth in its acceptance telex to Lehman Brothers Inc., which address will be supplied to any other party hereto by Lehman Brothers Inc. upon request. Any such statements, requests, notices or agreements shall take effect at the time of receipt thereof. The Company shall be entitled to act and rely upon any request, consent, notice or agreement given or made on behalf of the Initial Purchasers by Lehman Brothers Inc.

13. *Persons Entitled to Benefit of Agreement.* This Agreement shall inure to the benefit of and be binding upon the Initial Purchasers, the Company, the Guarantors and their respective successors. This Agreement and the terms and provisions hereof are for the sole benefit of only those persons, except that the representations, warranties, indemnities and agreements of the Company and the Guarantors contained in this Agreement shall also be deemed to be for the benefit of directors, officers and employees of the Initial Purchasers and each person or persons, if any, controlling any Initial Purchaser within the meaning of Section 15 of the Securities Act. Nothing in this Agreement is intended or shall be construed to give any person, other than the persons referred to in this Section 13, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

14. *Survival.* The respective indemnities, representations, warranties and agreements of the Company, the Guarantors and the Initial Purchasers contained in this Agreement or made by or on behalf on them, respectively, pursuant to this Agreement, shall survive the delivery of and payment for the Notes and shall remain in full force and effect, regardless of any investigation made by or on behalf of any of them or any person controlling any of them.

15. *Definition of the Terms "Business Day," "Affiliate" and "Subsidiary."* For purposes of this Agreement, (a) "business day" means any day on which the New York Stock Exchange, Inc. is open for trading and (b) "affiliate" and "subsidiary" have the meanings set forth in Rule 405 under the Securities Act.

16. Governing Law. **This Agreement shall be governed by and construed in accordance with the laws of New York.**

17. *No Fiduciary Duty.* The Company and the Guarantors acknowledge and agree that in connection with this offering, or any other services the Initial Purchasers may be deemed to be providing hereunder, notwithstanding any preexisting relationship, advisory or otherwise, between the parties or any oral representations or assurances previously or subsequently made by the Initial Purchasers: (i) no fiduciary or agency relationship between the Company, any Guarantor and any other person, on the one hand, and the Initial Purchasers, on the other, exists; (ii) the Initial Purchasers are not acting as advisors, expert or otherwise, to the Company or the Guarantors, including, without limitation, with respect to the determination of the purchase price of the Notes, and such relationship between the Company and the Guarantors, on the one hand, and the Initial Purchasers, on the other, is entirely and solely commercial, based on arms-length negotiations; (iii) any duties and obligations that the Initial Purchasers may have to the Company and the Guarantors shall be limited to those duties and obligations specifically stated herein; and (iv) the Initial Purchasers and their respective affiliates may have interests that differ from those of the Company and the Guarantors. The Company and the Guarantors hereby waive any claims that the Company and the Guarantors may have against the Initial Purchasers with respect to any breach of fiduciary duty in connection with the Notes.

18. *Counterparts.* This Agreement may be executed in one or more counterparts and, if executed in more than one counterpart, the executed counterparts shall each be deemed to be an original but all such counterparts shall together constitute one and the same instrument.

19. *Headings.* The headings herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

If the foregoing correctly sets forth the agreement among the Company, the Guarantors, and the Initial Purchasers, please indicate your acceptance in the space provided for that purpose below.

Very truly yours,

UNIFI, INC.

By /s/ Charles F. McCoy
Name: Charles F. McCoy
Title: Vice President

UNIFI MANUFACTURING VIRGINIA, LLC

By: Unifi, Inc., as member

By /s/ Charles F. McCoy
Name: Charles F. McCoy
Title: Vice President

By: Unifi Manufacturing, Inc., as member

By /s/ Charles F. McCoy
Name: Charles F. McCoy
Title: Vice President

UNIFI MANUFACTURING, INC.

By /s/ Charles F. McCoy
Name: Charles F. McCoy
Title: Vice President

UNIFI EXPORT SALES, LLC

By: Unifi, Inc., as member

By /s/ Charles F. McCoy
Name: Charles F. McCoy
Title: Vice President

By: Unifi Manufacturing, Inc., as member

By /s/ Charles F. McCoy
Name: Charles F. McCoy
Title: Vice President

UNIFI SALES & DISTRIBUTION, INC.

By /s/ Charles F. McCoy
Name: Charles F. McCoy
Title: Vice President

UNIFI INTERNATIONAL SERVICE, INC.

By /s/ Charles F. McCoy
Name: Charles F. McCoy
Title: Vice President

GLENTOUCH YARN COMPANY, LLC

By /s/ Charles F. McCoy
Name: Charles F. McCoy
Title: Vice President

SPANCO INDUSTRIES, INC.

By /s/ Charles F. McCoy
Name: Charles F. McCoy
Title: Vice President

SPANCO INTERNATIONAL, INC.

By /s/ Charles F. McCoy
Name: Charles F. McCoy
Title: Vice President

UNIFIKINSTON, LLC

By: Unifi Manufacturing, Inc. as sole member

By /s/ Charles F. McCoy
Name: Charles F. McCoy
Title: Vice President

UNIFI TEXTURED POLYESTER, LLC

By /s/ Charles F. McCoy
Name: Charles F. McCoy
Title: Vice President

UNIFI TECHNICAL FABRICS, LLC

By /s/ Charles F. McCoy
Name: Charles F. McCoy
Title: Vice President

CHARLOTTE TECHNOLOGY GROUP, INC.

By /s/ Charles P. McCoy
Name: Charles P. McCoy
Title: Vice President

UTG SHARED SERVICES, INC.

By /s/ Charles F. McCoy
Name: Charles F. McCoy
Title: Vice President

UNIMATRIX AMERICAS, LLC

By /s/ Charles F. McCoy
Name: Charles F. McCoy
Title: Vice President

Accepted:
LEHMAN BROTHERS INC.
BANC OF AMERICA SECURITIES LLC

By LEHMAN BROTHERS INC., as *Authorized Representative*

By _____
Name: [ELLIGIBLE]
Title: Managing Director

SCHEDULE I

Initial Purchasers	Principal Amount of Notes to be Purchased
Lehman Brothers Inc.	$ 152,000,000
Bane of America Securities LLC	38,000,000
Total	$ 190,000,000

SCHEDULE II

Guarantors

Unifi Manufacturing Virginia, LLC

Unifi Manufacturing, Inc.

Unifi Export Sales, LLC

Unifi Sales & Distribution, Inc.

Unifi International Service, Inc.

Glentouch Yarn Company, LLC

Spanco Industries, Inc.

Spanco International, Inc.

Unifi Kinston, LLC

Unifi Textured Polyester, LLC

Unifi Technical Fabrics, LLC

Charlotte Technology Group, Inc.

UTG Shared Services, Inc.

Unimatrix Americas, LLC

SCHEDULE III

Unifi, Inc.
Pricing Supplement

SCHEDULE III

May 17,2006
Strictly Confidential

UnifL Inc.

Pricing Supplement

Pricing Supplement dated May 17,2006 to Preliminary Offering Memorandum dated May 9,2006 of Unifi, Inc. This Pricing Supplement is qualified in its entirety by reference to the Preliminary Offering Memorandum. The information in this Pricing Supplement supplements the Preliminary Offering Memorandum and supersedes the information in the Preliminary Offering Memorandum to the extent it is inconsistent with the information in the Preliminary Offering Memorandum.

Issuer	Unifi, Inc.
Security,,	Senior Secured Notes
Maturity	May 15,2014
Amount	$190,000,000
Coupon	11.500%
Price.	100.000%
Yield to Maturity	11.500% (637 bps vs. 4 *V,%* of 5/14)
Interest Payment Dates	May 15 and November 15, commencing on November 15, 2006
Redemption Provisions.	The notes -will be non-callable until May 15,2010. Beginning on May 15 of the years indicated below, redeemable from time to time, in whole or in part, at the prices set forth below: 2010 at 105.750% 2011 at 102.875% 2012 and thereafter at 100.000%
Equity Clawback	Prior to May 15,2009, up to 35% of the notes may be redeemed with the proceeds of certain equity offerings at a price equal to 111.50% of the principal amount of the notes redeemed.
Change of Control	101%
Trade Date	May 18,2006
Settlement Date	May 26,2006 (T+6)
Ratings	Caal/CCC+
Book-Running Manager	Lehman Brothers
Joint Lead Manager	Bane of America Securities LLC
CUSIPS	144A: 904677 AF8 REG.S:U9043NAA4

Certain Financial and Other Information

As a result of the aggregate principal amount of the notes offered being reduced from $225.0 million to $190.0 million, the estimated sources and uses of gross proceeds from this offering of notes are as follows (in millions):

Sources		Uses	
Senior secured notes offered hereby	$190.0	Repurchase of 6 ½% senior unsecured notes due 2008 in tender offer	$250.0
Cash and cash equivalents	55.0	Estimated fees and expenses	7.7
Borrowings under our amended revolving credit facility	12.7		
Total Sources	$257.7	Total Uses	$257.7

Unifi's as adjusted capitalization, as of March 26,2006, giving effect to the refinancing transactions (including $12.7 million of borrowings under our amended revolving credit facility), would be as follows (in millions):

Cash and cash equivalents	$ 33.4
Short-term and long-term debt	
Revolving credit facility(l)	$ 12.7
2008notes(2) :	—
Senior secured notes offered hereby	190.0
Other debt(3)	18.5
Total debt	221.2
Shareholders' equity(4)	386.4
Total capitalization	$607.6

(1) The amended revolving credit facility is expected to consist of a revolving asset-based loan facility of $100.0 million. Upon consummation of this offering and the other refinancing transactions, $12.7 million is expected to be drawn, and $81.0 million will be available for borrowing under the borrowing base of this facility (net of approximately $5.5 million as of March 26,2006 to support outstanding letters of credit).

(2) Assumes that all 2008 notes will be tendered in the tender offer at or prior to the consent time and that the payment date will be simultaneous with the closing of this offering. Further assumes that the total consideration paid in the tender offer will be 100% of the principal amount of the 2008 notes tendered. As of May 12,2006, the consent date for the tender offer, $248.1 million aggregate principal amount of 2008 notes had been tendered, representing 99.26% of the outstanding aggregate principal amount of 2008 notes.

(3) Includes $11.2 million of indebtedness in Brazil that is collateralized by cash that is classified as other current and non-current assets on our balance sheet. See "Description of Other Indebtedness—Indebtedness of Unifi do Brasil" in the Preliminary Offering Memorandum. As adjusted other debt reflects the write-off of unamortized discount associated with the 2008 notes.

(4) As adjusted shareholders' equity reflects the write-off of unamortized debt financing costs and the expensing of certain fees associated with the refinancing transactions, net of taxes.

Unifi's interest expense, net as adjusted to give effect to the refinancing transactions, for the twelve months ended March 26,2006 would have been $21.3 million.

As of March 26,2006, after giving effect to the refinancing transactions, Unifi and its guarantor subsidiaries would have had total indebtedness of $221.2 million, including $190.0 million outstanding under the notes and $12.7 million outstanding under the $100.0 million amended revolving credit facility, both of which would have been senior debt. As of March 26,2006, on the same basis, the notes would have been effectively subordinated to $20.4 million of indebtedness and other liabilities of Unifi's non-guarantor subsidiaries.

Change to Description of the Notes

Item (17) of the definition *of* "*Permitted Investments*" on page 146 of the Preliminary Offering Memorandum is amended and restated in its entirety to read as follows:

"(17) Investments in Permitted Joint Ventures or Unrestricted Subsidiaries engaged in a Permitted Business made with the net proceeds from the sale or other disposition of Equity Interests in any Permitted Joint Venture in existence on the Issue Date, less the amount of any Investment made in such Permitted Joint Venture after the Issue Date, provided, however, that, in the case of sales of Equity Interests in a Permitted Joint Venture directly held on the Issue Date by Unifi or a Guarantor, (i) up to $15.0 million of the proceeds from such sales in the aggregate since the Issue Date may be used to make Investments pursuant to this clause (17) in any Permitted Joint Venture or Unrestricted Subsidiary engaged in a Permitted Business, and (ii) otherwise, the proceeds from such sales used to make Investments pursuant to this clause (17) shall be used to make Investments in a Permitted Joint Venture or Unrestricted Subsidiary engaged in a Permitted Business that is directly held by Unifi or a Guarantor (and such Equity Interests in such Permitted Joint Venture or Unrestricted Subsidiary shall be included in the First Priority Collateral in accordance with the terms, provisions and exclusions of the Collateral Documents);"

SCHEDULE IV

1. The Company's "electronic road show" posted on NetRoadshow Inc.;

2. Term sheet containing the terms of the securities, substantially in the form of Schedule III.

SCHEDULE V

Mortgaged Properties

LEHMAN/UNIFI
LIST OF MORTGAGED PROPERTIES

ST. ADDRESS	CITY/COUNTY/ STATE
800 S. Ayersville Road	Mayodan, Rockingham, NC
800 S. Ayersville Road	Mayodan, Rockingham, NC
144 Turner Road	Mayodan, Rockingham, NC
805 Island Drive	Madison, Rockingham, NC
715 West Decatur Street	Madison, Rockingham, NC
4721 NC 770	Stoneville, Rockingham, NC
2900 Vance Street Extension 2920 Vance Street Extension	Reidsville, Rockingham, NC
Old Highway 421 East (also known as 601 East Main St.)	Yadkinville, Yadkin, NC
1641 Shacktown Road	Yadkinville, Yadkin, NC
7201 West Friendly Ave.	Greensboro, Guilford, NC
4965 Highway 11 North	Grifton, Lenoir, North Carolina
4610 Braxton Road (Kentec Facility) 8167 Morris Mill Road)	Staunton, City of Staunton, VA

SCHEDULE VI Subsidiaries and Equity Investments

Unifi Textured Yarns Europe, Ltd.
Unifi Dyed Yarns, Ltd.
Unifi International Service, Inc.*
Unifi International Services Europe
Unifi GmbH
U.N.F. Industries, Ltd. (50%)
Unifi Holding 1, BV*
Unifi Holding 2, BV
Unifi Asia, Ltd.
Unifi Asia Holding, SRL
Unifi do Brasil, Ltda*
Unifi Manufacturing, Inc.*
Unifi Sales & Distribution, Inc.*
Unifi Manufacturing Virginia, LLC*
Unifi Export Sales, LLC*
Unifi-SANS Technical Fiber, LLC (50%)
Unifi Technical Fabrics, LLC*
Charlotte Technology Group, Inc.*
UTG Shared Services, Inc.*
Unifi Textured Polyester, LLC*
Unifi Kinston, LLC*
Glentouch Yarn Company, LLC*
Unimatrix Americas, LLC*
Spanco Industries, Inc.*
Spanco International, Inc.*
Unifi Latin America, S.A.*
Unifi Asia Holdings, SRL
Parkdale America, LLC (34%)
Yihua Unifi Fibre Company Limited (50%)

SCHEDULE VII

Owned and Leased Properties

- Corporate Offices (owned)
  7201 West Friendly Avenue
  Greensboro, NC 27410
  (P.O. Box 19109, Greensboro, NC 27419)
- New York Sales office (leased) (Lease terminates June 30, 2006)
  1441 Broadway
  Suite 2304
  New York, NY 10018
  Former location:
  104 W. 40th Street, 7th Floor
- New York Apartment (owned)
  112 West 56* St., Apt. 21S
  New York, NY 10019
- Tennessee Sales office (leased)
  Suite 307, James Building
  735 Broad Street
  Chattanooga, TN 34702
- California Warehouse (leased)
  Schenkers Warehouse
  990 East 233rd Street
  Carson, CA 90745
- Yadkinville–Tl, T2 & T4 (owned)
  P.O. Box 698
  Old Highway 421 East
  Yadkinville, NC 27055
- Yadkinville – T5 & F1 (owned)
  P.O. Box 698
  1641 Shacktown Road
  Yadkinville, NC 27055
- Topsider Warehouse (Recycling Center) (owned)
  Lynch Property (guest house) (owned)
  Yadkinville, NC 27055
- Yadkinville-Mills Tract (owned)
  East Main Street
  Yadkinville, NC 27055
  (11.165 Acres, vacant land) (Part of land bridge)

- Yadkinville-Lynch Property (owned)
  Lots 70 & 71 R.S. Shore Dev.
  (Vacant residential lots, part of land bridge)
  Yadkinville, NC 27055
- Yadkinville-Doss Tract (vacant) (owned)
  Woodridge Lane
  Yadkinville, NC 27055
- Reidsville-Texturing Serv., Inc. (owned)
  2900 Vance Street Ext.***
  Reisdsville, NC 27320
  (Lease terminates 10/31/06)
- Reidsville – Plants 2 & 4 (owned)
  P.O. Box 1437-Zip 27323
  2920 Vance Street Ext.
  Reidsville, NC 27320
- Mayodan – Plant 15 (leased)
  P.O. Box 250
  271 Cardwell Road
  Mayodan, NC 27027
- Mayodan – Plants 1 ** & 5** (owned)
  P.O. Box 737
  Madison, NC 27025
  Street Address:
  802 S. Ayersville Road
  Mayodan, NC 27027
- Madison – Plant 3 (owned)
  P.O. Box 737
  805 Island Drive
  Madison, NC 27025
- Madison – Plant 7** (owned)
  P.O. Box 737
  144 Turner Road
  Madison, NC 27027
- Decatur Street Warehouse (owned)
  Island Drive Warehouse
  Madison, NC 27025

- Stoneville—Plant 8* (owned)
  4721 Highway 770 East
  P.O. Box 937
  Stoneville, NC 27048
- Mulligan Property (73.058 Acres, vacant) (owned)
  Mayodan, NC 27027
- Central Distribution Center (owned)
  P.O. Box 135, 12.8 acres
  Houston Loop Road
  Fort Payne, AL 35968
- Staunton—Plant 1 (owned)
  P.O. Box 2525
  Morris Mill Road
  Staunton, VA 24401
- Staunton—Plant 2 (leased)
  Morris Mill Road
  Staunton, VA 24401
- Yadkinville—T3 * * (owned)
  PO Box 698
  Old Highway 421 East
  Yadkinville, NC 27055
- Kinston Spinning Plant (leased)
  4965 North Highway 11
  Grifton, NC 28530
- Kentec Pack Cleaning Facility (owned)
  4610 Braxton Road
  Grifton, NC 28530
- Kenta Warehouse (leased)
  4681 North Highway 11
  Grifton, NC 28530
- Columbia Texturing Plant (leased)
  Unit! Latin America
  Km 3 Via Funza-Siberia
  Parque Industrial Argelia
  Bodega 1
  Funza-Cundinamarca
  Columbia

- Columbia Covering Plant (owned)
  Unifi Latin America
  Transversal 5N6-67
  Zona Ind Cazuca
  Soacha
  Cundina Marca
  Columbia
- Brazil Corporate Office (leased)
  Engenheiro Luis Carlos Berrini, Avenue.
  Number: 716-3 floor. Brooklin.
  Zip-code: 04571-000
  Sao Paulo-SP / Brazil.
- Brazil Plant and Warehouse (owned)
  Alberto Vieira Romao, Avenue.
  Number: 1.717—Parque Industrial.
  Zip-code: 37130-000
  Alfenas- MG /Brazil.

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* This Plant is being leased to the Unifi-Sans Technical Fibers, LLC joint venture.
** These Plants/Properties are vacant and listed for sale with Binswanger under an Exclusive Listing Agreement effective December 12, 2005.
*** This Plant is being leased to Texturing Services, Inc. until October 31, 2006.

Exhibit 3.2(i)

[STAMP]

ARTICLES OF ORGANIZATION

OF

UNIFI Manufacturing Virginia, LLC

Pursuant to §57 C-2-20 of the General Statutes of North Carolina, the undersigned hereby submit these Articles of Organization for the purpose of forming a limited liability company.

1. The name of the limited liability company is UNIFI Manufacturing Virginia, LLC.

2. The latest date on which this limited liability company is to dissolve is October 31, 2026.

3. The name and address of each organizer executing these Articles of Organization are:

Name:	Address:
Charles F. McCoy	Frazier, Frazier & Mahler, L.L.P. Post Office Drawer 1559 Greensboro, NC 27402
Ben Sirmons	Frazier, Frazier & Mahler, L.L.P. Post Office Drawer 1559 Greensboro, NC 27402

4. The address of the initial registered office of the limited liability company in the State of North Carolina is 102 North Elm Street, Suite 206, Southeastern Building, Greensboro, Guilford County, North Carolina 27401; and the name of the initial registered agent is Clifford Frazier, Jr.

5. The Limited Liability Company is a Member-managed Limited Liability Company and all the members by virtue of their status as members shall be Managers of this Limited Liability Company.

6. To the fullest extent permitted by the North Carolina Limited Liability Company Act as it exists or may hereafter be amended, no person who is serving or who has served as a Member-Manager of the limited liability company shall be personally liable to the limited liability company or any of its members for monetary damages for breach of duty as a Member-Manager, and the limited liability company shall indemnify the Member-Managers and make advances for expenses to them with respect to matters capable of indemnification under the Act. The company shall indemnify its employees and other agents provided that such indemnification in any given situation

is approved by a majority in interest of the Members. No amendment or repeal of this article, nor the adoption of any provision to these Articles of Organization inconsistent with this article, shall eliminate or reduce the protection granted herein with respect to any matter that occurred prior to such amendment, repeal or adoption.

These articles will become effective upon filing.

This is the 22nd day of November, 1996.

/s/ Charles F. McCoy
Charles F. McCoy
Organizer

/s/ Ben Sirmons
Ben Sirmons
Organizer

Exhibit 3.2(ii)

OPERATING AGREEMENT

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OPERATING AGREEMENT

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OPERATING AGREEMENT OF

UNIFI Manufacturing Virginia, LLC

(a North Carolina limited liability company)

THIS OPERATING AGREEMENT, effective as of 12:00 AM on February 2, 1997 (this "Agreement"), between Unifi, Inc., a New York corporation ("Unifi") and UNIFI Manufacturing, Inc. a North Carolina corporation ("UNIFI Manufacturing") (referred to collectively as the "Members"), governs the operations and management of the North Carolina limited liability company named above (the "Company").

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto hereby agree to operate a limited liability company under the laws of the State of North Carolina, pursuant to the following terms and conditions:

ARTICLE 1

GENERAL PROVISIONS

Section 1.1. *Purposes.* The purposes of the Company shall be the maximization of profits and operational efficiencies from Unifi's Staunton, Virginia plant operations and to engage in any other lawful business as shall be determined by the Members.

Section 1.2. *Management.* The Company shall be managed by its Members.

Section 1.3. *Principal Office.* The principal office of the Company shall be maintained at 7201 West Friendly Avenue, Greensboro, Guilford County, North Carolina 27401 or at such other place as the Members may designate from time to time.

Section 1.4. *Registered Agent and Office.* The registered agent and office of the Company in North Carolina shall be as provided in the Articles of Organization or as the Members may designate from time to time.

Section 1.5. *Term.* The existence of the Company shall terminate upon the earlier completion of liquidation and distribution of the assets of the Company after the occurrence of an Event of Dissolution (as defined in Section 11.1 hereof) or October 31, 2026.

Section 1.6. *Independent Activities.* Except as expressly provided otherwise herein and subject to applicable law, unless a Member agrees otherwise with the Company, such Member may engage in any activity in addition to the business of the Company, whether or not competitive with or in conflict with the business of the company, and shall not be required to disclose such activity to or offer any interest in any such activity to the Company or to any other Member.

ARTICLE II

CAPITAL AND CONTRIBUTIONS

Upon execution of this Agreement and the commencement of the Company, the Members shall make initial capital contributions to the Company, the nature and value of which are set forth on Exhibit A attached hereto. All capital contributions other than cash shall be valued at their fair market values as of the date of contribution. No Member shall have any obligation to make additional capital contributions to the Company, and no Member shall make any voluntary additional capital contributions to the Company without authorization by the Members.

ARTICLE III

ACCOUNTING

Section 3.1. *Books and Records.* At all times during the continuation of the Company, the Members shall keep or cause to be kept true and full books of account and all other records necessary for recording the Company's business and affairs in compliance with applicable laws.

Section 3.2. *Fiscal Year.* The fiscal year of the Company shall be the period designated by the Members.

Section 3.3. *Bank Accounts*. All funds of the Company shall be deposited in its name in such checking or savings accounts as shall be designated from time to time by the Members. Withdrawals therefrom shall be made upon such signature or signatures as the Members may designate.

Section 3.4. *Income Tax Returns and Elections.* The Company shall provide the Members information on the Company's taxable income or loss that is relevant to reporting the Company's income as well as all other filings, forms, or other information required by federal or state taxing and regulatory authorities. This information shall also show each Member's distributive share of each class of income, gain, loss or deduction. This information shall be furnished to the Members as soon as possible after the close of the Company's taxable year. All elections required or permitted to be made by the Company under the Internal Revenue Code of 1986, as amended (the "Code") shall be made by the Members.

Section 3.5. *Loans to the Company.* The amount of a loan, if any, made to the Company by a Member shall not be considered a contribution to capital of the Company nor shall the making of such loan entitle such Member to an increased share of the profits or losses to be made pursuant to the provisions of this Agreement. All such loans shall be documented by a promissory note of the company and shall bear interest at the rate, and be subject to the other terms, agreed to by the lending Member and the Members.

ARTICLE IV

CAPITAL ACCOUNTS

Section 4.1. *Capital Accounts.* An individual capital account shall be established and maintained for each Member. Unless otherwise specifically provided herein, all references to "capital accounts" shall be references to "book" capital accounts and not "tax" capital accounts. Book and tax capital accounts shall be maintained in accordance with Treasury Regulation §1.704-l(b), as those regulations may be amended from time to time. No Member shall be entitled to withdraw any part of such Member's capital account or to receive any distributions except as specifically provided herein. No interest shall be paid on any capital invested in the Company except as expressly provided herein.

Section 4.2. *Adjustments to Capital Accounts.* The capital account of each Member shall be (a) increased by the initial and authorized additional capital contributions of such Member and by such Member's share of the Net Profits (as defined in Section 5.1) and items of income that are either nontaxable or otherwise not taken into account for federal income tax purposes and (b) decreased by the share of such Member's Net Losses (as defined in Section 5.1), distribution, and items of expense or cost that are either nondeductible or otherwise not taken into account for federal income tax purposes, unless otherwise prescribed by Treasury Regulations § 1.704-l(b), as amended.

ARTICLE V

ALLOCATION OF PROFITS AND LOSSES

Section 5.1. *Profits and Losses.* Any Net Loss or Net Profit of the Company for any year shall be allocated among the Members in accordance with the following rations (the "Profit-sharing Percentages"), except as otherwise provided in Section 5.2 hereof:

Unifi	95 %
UNIFI Manufacturing	5 %

The allocation of Net Profit or Net Loss of the Company shall be determined for each fiscal year and shall be prorated for any fractional part of a fiscal year. For purposes of this Agreement, "Net Profit" or "Net Loss" shall be determined in accordance with the accrual method of accounting, consistently applied, and as required by the regulations promulgated under Section 704 of the Code.

Section 5.2. *Special Allocations.* The following special allocations shall be made in the following order and priority:

(a) *Minimum Gain Charge-Back.* Notwithstanding any other provision of this Article V, if there is a net decrease in Company minimum gain during any fiscal year or other period, prior to any other allocation pursuant hereto, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent

years) in an amount and manner required by Treasury Regulation § 1.704-2(f) or 1.704-2(i). The items to be so allocated shall be determined in accordance with Treasury Regulation § 1.704-2.

(b) *Qualified Income Offset.* Any Member who unexpectedly receives an adjustment, allocation or distribution described in Treasury Regulation § 1.704-l(b)(2)(ii)(d)(4), (5) or (6) that causes or increases a negative balance in its capital account (in excess of any amount that Member is obligated to restore) shall be allocated items of income and gain sufficient to eliminate such increase or negative balance caused thereby, as quickly as possible, to the extent required by such Treasury Regulation.

(c) *Gross Income Allocation.* In the event any Member has a deficit capital account at the end of any Company fiscal year which is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation §§ 1.704-2(g)(l) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 5.2(c) shall be made only if and to the extent that such Member would have a deficit capital account in excess of such sum after all other allocations provided for in this Article V have been made as if this Section 5.2(c) were not in this Agreement.

(d) *Section 704(b) Limitation.* Notwithstanding any other provision of this Agreement to the contrary, no allocation of any item of income or loss shall be made to a Member if such allocation would not have "economic effect" pursuant to Treasury Regulation § 1.704-l(b)(2)(ii) or otherwise be in accordance with its interest in the Company within the meaning of Treasury Regulation §§ 1.704-l(b)(3) and 1.704-2. To the extent an allocation cannot be made to a Member due to the application of this Section 5.2(d), such allocation shall be made to the other Member(s) entitled to receive such allocation hereunder.

(e) *Curative Allocations.* Any allocations of items of income, gain, or loss pursuant to Sections 5.2(a)-(d) hereof shall be taken into account in computing subsequent allocations pursuant to this Article V, so that the net amount of any items so allocated and the income, losses, and other items allocated to each Member pursuant to this Article V shall, to the extent possible, be equal to the net amount that would have been allocated to each Member had no allocations ever been made pursuant to Sections 5.2(a)-(d).

(f) *Tax Allocations: Code Section 704(c).* In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value at the time of its contribution. Allocations pursuant to this Section

5.2(f) are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's capital account or share of income, losses, other items, or distributions pursuant to any provision of this Agreement.

ARTICLE VI

DISTRIBUTIONS

Section 6.1. *Cash Flow Distribution.* Except as otherwise provided in **Section 6.2** hereof, the "Net Cash Flow" (as defined in Section 6.3) of the Company shall be distributed at such times as the Members deem advisable, but not less frequently than annually, to the Members in accordance with their respective Profit-sharing Percentages.

Section 6.2. *Sale or Dissolution.* Upon the sale of all or substantially all of the property of the Company or upon dissolution of the Company, distribution of the proceeds of such sale or the distributable proceeds of liquidation shall be made, subject to the provisions of Section 11.2, to the Members in accordance with their then capital account balances (after reflecting the Net Profit or Net Loss on any such sale and any Net Profit, Net Loss and other capital account adjustments for such year).

Section 6.3. *Net Cash Flow Defined.* For purposes of this Agreement, the term "Net Cash Flow" shall mean the Net Profit of the Company as ascertained through the use of sound accounting principles, consistently applied, except that (a) depreciation of buildings, improvements, personalty and all other depreciated items and amortization of leasehold improvements and all other amortized items shall not be considered a deduction, (b) mortgage amortization and loan payments shall be considered a deduction, (c) any amounts expended by the Company for capital items shall be considered a deduction, (d) if the Members deem it necessary or advisable, a reasonable reserve shall be deducted for working capital needs, to provide funds for improvements or for any contingencies of the Company, and (e) all other actual expenditures of the Company (except for distributions to Members pursuant to this Article VI) shall be considered deductions. Net proceeds from refinancing or sale, excess insurance and any condemnation award of all or any portion of real property owned by the Company and additional capital contributions by Members shall be deemed profits for purposes of determining Net Cash Flow except as otherwise provided in Section 6.2 hereof.

ARTICLE VII

MEETINGS OF MEMBERS; ACTION BY MEMBERS

Section 7.1. *Meetings.* Meetings of the Members may be called at any time by any Member.

Section 7.2. *Notice of Meetings.* Written notice stating the date, time and place of the meeting shall be given by the Member or Members calling the meeting to each Member not less than ten (10) nor more than sixty (60) days before the date of any meeting of the Members and such notice need not specify the purpose for which the meeting is called. When a meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment.

Section 7.3. *Waiver of Notice.* Any Member may waive notice of any meeting before, during or after the meeting. The waiver must be in writing, signed by the Member and delivered to the Company for inclusion in the minutes or filing with the Company's records. A Member's attendance, in person or by proxy, at a meeting (a) waives objection to lack of notice or defective notice of the meeting unless the Member or its proxy at the beginning of the meeting objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to any action taken at the meeting; and (b) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice unless the Member or its proxy objects to considering the matter before it is voted upon.

Section 7.4. *Quorum.* Members may take action on a matter at the meeting only if Members representing a majority of the Profit-sharing Percentages (a "Quorum") are present in person or by proxy. Once a Member is represented for any purpose at a meeting, such Member is deemed present for Quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting. In the absence of a Quorum at the opening of any meeting of Members holding not less than fifty-one percent (51*%)* of the Profit-sharing Percentages cast on the motion to adjourn; and, subject to the provisions of Section 7.2, at any adjourned meeting any business may be transacted that might have ben transacted at the original meeting if a Quorum exists with respect to the matter proposed.

Section 7.5. *Proxies.* Members may vote either in person or by one or more proxies authorized by a written appointment of proxy signed by the Member or by a Member's duly authorized attorney-in-fact and delivered to the Company for inclusion in the minutes or filing with the Company's records. An appointment of proxy is valid for eleven months from the date of its execution unless a different period is expressly provided in the appointment form.

Section 7.6. *Action by Members.* Except as otherwise provided herein, if a Quorum exists, action on a matter is approved if Members holding a majority of the Profit-sharing Percentages vote in favor of the action. As used in this Agreement, the phrase "the approval of the Members," "the consent of the Members," and similar phrases shall mean the approval as set forth in the foregoing sentence except as expressly provided otherwise in this Agreement.

Section 7.7. *Unanimous Written Consent.* Any action that is required or permitted to be taken at a meeting of the Members may be taken without a meeting if one or more written consents, describing the action so taken, shall be signed by all of the Members and delivered to

the Company for inclusion in the minutes or filing with the Company's records.

Section 7.8. *Delegation of Authority; Officers.*

(a) Subject to their duties hereunder and under applicable law, the Members may from time to time delegate to one or more persons other than Members such authority, powers and duties as the members shall deem appropriate.

(b) The Members may from time to time designate one or more individuals who are Members and, subject to their duties hereunder and under applicable-law, individuals who are not Members, as officers of the Company. An officer so designated shall have such authority, powers and duties as the members shall delegate to him or her. Any two or more offices may be held by the same individual, but no officer may act in more than one capacity where the action of two or more officers is specifically required by law or by the Members to be taken by two different individuals. The officers shall serve without compensation in such capacity unless otherwise determined by the members. The designation of an officer does not itself create contract rights.

(c) Each officer shall hold office until such officer's death, mental incapacity, resignation or removal or until the appointment of a successor. Any officer may be removed as an officer by the Members at any time with or without cause. An officer may resign as an officer at any time by communicating a resignation to the Company, orally or in writing. A resignation is effective when communicated unless it specifies in writing a later effective date. If a resignation is made effective at a later date, the Members may fill the pending vacancy before the effective date provided that the successor does not take office until the effective date.

Section 7.9. *Major Decisions.* Neither the Company nor any Member or officer thereof shall take or agree to take any of the following actions without the consent of all of the Members.

(a) Take any action which would make impossible the ordinary conduct of Company business, including selling, transferring or otherwise disposing of all or substantially all of the Company's assets;

(b) Take any action in contravention of this Agreement;

(c) Confess a judgment against the Company;

(d) File or consent to the filing of a petition for or against the Company under any federal or state bankruptcy, insolvency or reorganization act;

(e) Make a non-pro rata distribution or return of capital to any Member, except as otherwise provided in this Agreement;

(f) Amend this Agreement;

(g) Change or reorganize the Company into any other legal form; or

(h) Merge the Company into another limited liability company.

Section 7.10. *Expenses.* The Company shall reimburse the Members and the officers for all reasonable expenses, if any, incurred in connection with the organization of this Company and in connection with the ownership, operation, and management of the property owned by the Company. In addition, the Company shall reimburse the Members and the officers for all reasonable expenses incurred in connection with the performance of duties and responsibilities hereunder, including such expenses as shall be incurred by the Members in connection with the keeping of books and records and other administrative expenses.

ARTICLE VIII

INDEMNIFICATION

The Company shall indemnify each Member to the extent permitted or required by law.

ARTICLE IX

WITHDRAWAL OF A MEMBER

No Member may voluntarily withdraw from the Company, by voluntary dissolution or otherwise, except as expressly permitted by this Agreement.

ARTICLE X

TRANSFER RESTRICTIONS; PURCHASE RIGHTS

Section 10.1. *General.* A Member may not sell or transfer all or any part of its membership interest except as provided in this Article. Any sale, assignment or transfer or purported sale or transfer of a membership interest, or any portion thereof, shall be null and void unless made strictly in accordance with the provisions of this Article.

Section 10.2. *Transfer to Related Party.* Each individual Member's membership interest may be transferred, during such Member's lifetime or by testamentary or intestate transfer, to any Related Party (as defined below) of such Member, and any transferee thereof shall become a Member only in accordance with Section 10.5. No further transfer of such membership interest shall be made by such transferee except back to the Member who originally owned it or to a Related Party of such Member who originally owned it, or except in accordance with the provisions of Section 10.2 through 10.6. For purposes of this Agreement, "Related Party" shall

mean a spouse, any issue, spouse of issue, ancestor, trust for the sole benefit of any such Related Party or Parties, or partnership or limited liability company owned entirely by Members and Related Parties of Members, or any one of them; provided, however, that any spouse living separate and apart from the other spouse with the intention by either spouse to cease their matrimonial cohabitation shall not be deemed a Related Party.

Section 10.3. *Right of Refusal upon Voluntary Transfer.*

(a) Upon receipt of a bona fide offer from a non-related party to purchase a Member's membership interest or any portion thereof, the selling Member shall first offer to sell such membership interest, upon the same price, terms and conditions of the bona fide offer, to the other Members (the "offeree Members") on a pro rata basis determined by reference to the relative Profit-sharing Percentages of each of the offeree Members accepting such offer or as otherwise agreed by the offeree Members.

(b) Notice of such offer shall be given in accordance with Section 13.1 to each offeree Member, with copies to the company at its principal address, and must specify the price, terms and conditions of the bona fide offer and the identity and address of the proposed third party transferee. Each offeree Member shall have a period of thirty (30) days from the date of effective notice of such offer to accept such offer by written notice in accordance with Section 13.1 to all Members and the company at its principal office.

(c) If the entire membership interest offered by the selling Member is not purchased by the offeree Members, then the selling Member may sell such interest to the third person identified to the members during the ninety (90) day period following the expiration of all offer periods referred to in subsection (b) above, but at a price and on terms no more favorable than the price and terms offered to the offeree members. After the expiration of the 90-day period, no portion of the membership interest of the selling Member shall be sold without first being reoffered in accordance with this Section 10.3.

Section 10.4. *Purchase Option upon Involuntary Transfer or Breach.*

(a) Upon the occurrence of any of the following events concerning any Member, the other Members shall have the right to purchase at the Purchase Price (as defined below) the entire membership interest held by such Member on the terms and conditions set forth in this Article:

(i) the filing of a petition by a Member for relief as a debtor or bankrupt under the U.S. Bankruptcy Code or any similar federal or state law affording debtor relief proceedings; the adjudication of insolvency of a Member as finally determined by a court proceeding or the filing by or on behalf of a Member to accomplish the same or for the appointment of a receiver, custodian, assignee or trustee for the benefit of creditors of a member;

(ii) the commencement of any proceedings relating to a member by a third party under the U.S. Bankruptcy Code or similar federal or state law or other reorganization, arrangement, insolvency, adjustment of debt or liquidation law; the allowance of a Member's membership interest (or portion thereof) to become subject to attachment, garnishment, charging order, or similar charge unless any such preceding enumerated event is susceptible to cure and is cured within 90 days;

(iii) any voluntary withdrawal or attempted withdrawal of a Member other than as a result of a transfer of such Member's membership interest pursuant to Section 10.2 or 10.3; or

(iv) the change in control of a Member.

For purposes of this Section 10.4, "change of control" of any Member which is not a natural person shall mean any person or entity who is not now an equity owner of such Member shall hereafter own, or have the right to acquire, a majority of the voting power of such corporation or shall otherwise have the right, by contract or otherwise, to elect a majority of the directors or other management body of such Member.

(b) Any Member whose membership interest is subject to the purchase rights created by this Section 10.4 is referred to as the "Defaulting Member." Any Defaulting Member shall have the obligation to give notice to the other Members and the Company of any event triggering purchase rights under this Section 10.4.

(c) The Members' collective purchase rights under this Section 10.4 shall be allocated to the Members in accordance with the relative profit-sharing Percentages of such Members electing to exercise such rights or as they otherwise agree. The right to purchase a Defaulting Member's interest pursuant to this Section 10.4 may be exercised by delivery of written notice to the Defaulting Member no later than sixty (60) days after the last to occur of (i) the occurrence of the event giving rise to the purchase right and (ii) actual receipt by all of the Members and the Company of written notice of the occurrence of such event. Upon delivery of such notice to purchase, the purchasing Member(s) shall have the right and obligation to purchase the Defaulting Member's interests, and the Defaulting Member shall be required to sell such interest for the Purchase Price in accordance with this Article.

(d) If no Member elects to exercise purchase rights pursuant to this Section 10.4, the membership interest of any Defaulting Member shall be and become the interest of an assignee as set forth in the second and third sentences of Section 10.5.

(e) The "Purchase Price" of any membership interest shall mean such price as agreed by the parties, or if such parties cannot agree, the Purchase Price shall equal the fair market value of such membership interest as determined by an appraiser jointly selected

by such parties no later than the initially scheduled Closing Date, or if the parties cannot agree on the selection of an appraiser, by three appraisers, the first of whom is selected by the purchasing party (or parties), the second of whom is selected by the selling party (or parties), and the third of whom is selected by the two appraisers so selected. If the three appraisers cannot agree on the Purchase Price, the Purchase Price shall equal the appraised value determined by the appraiser whose appraised value is not the lowest or the highest of the three appraised values. The appraisers shall be directed to submit their determinations in writing within thirty (30) days after their selection.

(f) The closing of the purchase of any membership interest shall occur within ninety (90) days after any obligation to close such purchase shall arise under this Section 10.4, such date being referred to herein as the "Closing Date". On the Closing Date, the selling Member shall convey its membership interest-free and clear of all liens, claims and encumbrances and pursuant to such instruments of conveyance and warranties as the purchasing Member shall reasonably request. The purchasing Member shall pay all fees and expenses in connection with such transaction, except the attorneys' fees of the selling Member. The failure of any party to satisfy the obligation to close the purchase and sale of a membership interest in accordance with this Article shall entitle the other party to specific performance of such obligation, in addition to all other equitable and legal remedies available.

Section 10.5. *Rights of Assignors and Assignees.* Any transfer to an existing Member pursuant to Section 10.3(a) or 10.4 shall be effective to make the transferee thereof a Member without further action by any person. Any other sale, assignment or transfer, whether voluntary or involuntary of any membership interest shall be effective to give the assignee only the right to receive the share of income, losses and distributions to which the assignor would otherwise be entitled and shall not be effective to constitute the assignee as a Member. Any assignee who assigns all of its membership interest shall be removed automatically as a Member without further action or approval by any person. An assignee who does not become a Member shall have no right to share in any management decisions, no voting rights, no right to examine Company books and records, and no other rights of any kind whatsoever except as described in the preceding sentence. Any assignee of the interest of a Member shall be admitted as a Member of the Company only after the following conditions are satisfied:

(a) Members holding at least a majority of the profit-sharing percentages and capital account balances of the members (exclusive of the assignor and assignee) consent in writing to the admission of the assignee as a Member, which consent may be granted or denied in the absolute discretion of such Members;

(b) the duly executed and acknowledged written instrument of assignment has been filed with the Company, setting forth the intention of the assignor that the assignee become a Member;

(c) the assignee has consented in writing in a form satisfactory to the Members (exclusive of the assignor and assignee) to be bound by all of the terms of this Agreement in the place and stead of the assignor; and

(d) the assignor and assignee have executed and acknowledged such other instruments as the Members (exclusive of the assignor and assignee) may deem necessary or desirable to effect such admission.

Any assignee of a membership interest who does not become a Member, whether or not admitted as a Member, shall be subject to all terms of this Agreement. Without limiting the generality of the foregoing, any such assignee who desires to make a further assignment of such membership interest shall be subject to all provisions of this Article X to the same extent and in the same manner as any Member desiring to make an assignment of its interest.

Section 10.6. *Further Restriction on Transfer.* Notwithstanding any provision of this Agreement to the contrary, (a) no Member may pledge or hypothecate a membership interest to secure a debt or other obligation of such Member; and (b) no interest in the Company may be transferred unless (i) such transfer will not cause a termination of the Company for federal tax purposes within the meaning of Section 708 of the Code, and (ii) the sale or transfer of such interest is registered under the applicable federal and state securities laws and regulations or the Company is furnished with an opinion of counsel (at the transferor's expense) satisfactory to the Members that such registration is not required.

ARTICLE XI

DISSOLUTION AND TERMINATION OF THE COMPANY

Section 11.1. *Events of Dissolution.* The Company shall be dissolved (a) upon the mutual consent of all Members; or (b) upon the sale by the Company of all or substantially all its right, title, and interest in and to the Company property and receipt by the Company of the purchase price in full; or (c) upon the entry of a decree of judicial dissolution, or the filing of a certificate of administrative dissolution, pursuant to the North Carolina Limited Liability Company Act (the "Act"), in either case that is not reversed, revoked or rescinded within sixty (60) days thereafter; or (d) upon the occurrence of any event described in Section 10.4(a), unless within ninety days after such event Members holding at least a majority of the Profit-sharing Percentages and capital account balances of the remaining Members consent to the continuation of the company; or (e) in any event at midnight on the 31st day of October, 2026.

Section 11.2. *Winding-Up the Company.* In the event of a dissolution of the Company, a reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to creditors so as to enable the Members to minimize the normal losses attendant upon a liquidation. The Members shall continue to share profits or losses during the liquidation in the same proportion as before dissolution. The proceeds from liquidation of Company assets shall be applied as follows: (a) payment to creditors of the Company in the

order of priority provided by law, and the establishment of a reserve for any unforeseen liabilities or obligations; and (b) in accordance with Section 6.2 hereof.

ARTICLE XII

MISCELLANEOUS

Section 12.1. *Notices.* All notices and other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed to have been given three (3) days after deposit in the United States mails if mailed by first class, certified or registered mail, postage prepaid, or on the date of delivery if delivered by overnight delivery service, hand, telegram or facsimile transmission, addressed to the Company at its principal office or to a Member at such Member's address then contained in the records of the Company. Any Member may change its notice address by giving written notice of such change to the Company.

Section 12.2. *Amendments.* This Agreement may not be modified or amended except with the written consent of Members holding a majority of the Profit-sharing Percentages (or such greater percentage as expressly required hereunder or as required by law or in order to maintain the tax status of the Company), and such writing must refer specifically to this Agreement.

Section 12.3. *Captions.* The captions and headings as used in this Agreement are used for convenience and reference only, and do not constitute substantive matter to be considered in construing the terms of this Agreement.

Section 12.4. *Variations in Pronouns.* All personal pronouns used in this Agreement, whether used in masculine, feminine, or neuter gender, shall include all other genders; singular shall include plural, and vice versa; and shall refer solely to the parties signatory thereto except where otherwise specifically provided.

Section 12.5. *Cumulative Remedies.* Each right, power, and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise.

Section 12.6. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina.

Section 12.7. *Merger and Modification.* This Agreement expresses the entire agreement between the parties hereto and supersedes any prior written or oral understanding or agreements. These terms and conditions may not be waived except by a writing signed by all of the Members, and such writing must refer specifically to this Agreement. A waiver of any breach on any one occasion shall not constitute a waiver of any other or subsequent breach whether of like or different nature.

Section 12.8. *Severability.* Every provision of this Agreement is intended to be severable, and if any term or provision hereof shall be declared illegal, invalid, or in conflict with the Act, or the purposes of this Agreement for any reason whatsoever, such term or provision shall be ineffectual and void, and the validity of the remainder of this Agreement shall not be affected thereby, unless the invalidity of any such provision substantially deprives either party of the practical benefits intended to be conferred by this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed under seal as of the day and year first above written.

Unifi, Inc.

By: /s/ William T. Kretzer (Seal)
William T. Kretzer
President and
Chief Executive Officer

UNIFI Manufacturing, Inc.

By: /s/ Willis C. Moore, III (Seal)
Willis C. Moore, III
Vice President and
Chief Financial Officer

UNIFI MANUFACTURING VIRGINIA, LLC
OPERATING AGREEMENT
EXHIBIT A

MEMBER	TYPE OF PROPERTY	AGREED UPON VALUE	PERCENTAGE INTEREST
Unifi, Inc.	Cash	$ 9,500.00	95
UNIFI Manufacturing, Inc.	Cash	$ 500.00	5

Exhibit 3.3(i)

[STAMP]

ARTICLES OF INCORPORATION

OF

UNIFI MANUFACTURING, INC.

Pursuant to Section 55-2-02 of the General Statutes of North Carolina, the undersigned does hereby submit these Articles of Incorporation for the purpose of forming a business corporation.

ARTICLE I

The name of the corporation is Unifi Manufacturing, Inc.

ARTICLE II

The purpose for which the corporation is formed is to engage in any lawful activity in which corporations may be organized under the North Carolina Business Corporation Act, Chapter 55 of the General Statutes of the State of North Carolina, including, but not limited to, texturing, preparing, buying, selling, dealing in, trading, importing, exporting, and generally dealing in synthetic and natural yarns of every type and description.

ARTICLE III

The aggregate number of shares of capital stock which the corporation shall have the authority to issue is 100,000 shares, all of which are to consist of one class of common stock at a par value of $.10 each.

ARTICLE IV

The address of the initial registered office of the corporation in the State of North Carolina is Southeastern Bldg. Suite 206, 102 N. Elm Street, Greensboro, Guilford County, North Carolina 27401; and the name of the initial registered agent at such address is Clifford Frazier, Jr.

ARTICLE V

The incorporator is Clifford Frazier, Jr., whose address is Southeastern Bldg. Suite 206, 102 N. Elm Street, Greensboro, North Carolina 27401.

ARTICLE VI

The number of directors constituting the initial Board of Directors shall be one (1) to wit: Clifford Frazier, Jr., whose address is Southeastern Bldg. Suite 206, 102 N. Elm Street, Greensboro, Guilford County, North Carolina, 27401.

ARTICLE VII

The number of Directors may be increased or decreased to any number and their authority to act on certain corporate matters may be limited or enlarged in the manner provided in the By-Laws; provided, however, that the number of Directors will not at any time be fewer than the number of Shareholders, if the number of Shareholders is three or less.

ARTICLE VIII

No person who is serving or who has served as a Director of the corporation shall be personally liable to the corporation or any of its Shareholders for monetary damages for breach of duty as a Director except for liability with respect to (i) acts or omissions that the Director, at the time of such breach, knew or believed were clearly in conflict with the best interest of the corporation; (ii) any transaction from which the Director derives an improper personal benefit; (iii) acts or omission with respect to which the North Carolina Business Corporation Act does not permit the limitation of liability. As used herein, the term "improper personal benefit" does not include a Director's reasonable compensation or other reasonable incidental benefits for or on account of his services as a Director, Officer, Employee, Independent Contractor, Attorney, or Consultant to the corporation. No amendment or repeal of this article or the adoption of any provisions to these Articles of Incorporation inconsistent with this article shall eliminate or reduce the protection granted herein with respect to any matters that occur prior to such amendment, repeal or adoption.

ARTICLE IX

The provisions of the North Carolina Business Corporation Act, entitled "North Carolina Shareholder Protection Act" and "North Carolina Control Share Acquisitions Act" shall not be applicable to this corporation.

The corporation elects not to have pre-emptive rights and the Shareholders of the corporation are not entitled to cumulate their votes for Directors.

ARTICLE X

In furtherance and not in limitation of the powers conferred upon it by law, the Board of Directors of the corporation shall have the power, from time to time, without the consent or vote of the stockholders of the corporation, except to the extent to which such consent or vote is required by By-Laws adopted by the stockholders; to make, alter, amend and rescind the By-Laws of the corporation; to fix the amount to be reserved by the corporation as working capital; to set apart out of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created; to create and designate an executive committee which shall consist of two or more directors of the corporation, and to the extent provided for in the By-Laws of the corporation, shall have and may exercise all the powers of the Board of Directors with regard to the management of the business and affairs of the corporation which may lawfully be delegated.

IN WITNESS WHEREOF, I have hereunto set my hand on this the 22nd day of November, 1996.

/s/ Clifford Frazier, Jr.
Clifford Frazier, Jr.
INCORPORATOR

Exhibit 3.3(ii)

BY-LAWS

OF

UNIFI MANUFACTURING, INC.

ARTICLE I

OFFICES

SECTION 1. PRINCIPAL OFFICE. The principal office of the Corporation, shall be located at 7201 W. Friendly Avenue, Greensboro, Guilford County, North Carolina, 27410.

SECTION 2. REGISTERED OFFICE. The registered office of the Corporation required by law to be maintained in the State of North Carolina may be, but need not be identical with, the principal office.

SECTION 3. OTHER OFFICES. The Corporation may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may designate or as the affairs of the Corporation may require from time to time.

ARTICLE II

MEETING OF SHAREHOLDERS

SECTION 1. PLACE OF MEETINGS. All meetings of Shareholders shall be held at the principal office of the Corporation, or at such other place, either within or without the State of North Carolina, as shall be designated in the Notice of the meeting or agreed upon by a majority of the Shareholders entitled to vote thereat.

SECTION 2. ANNUAL MEETINGS. The Annual Meeting of the Shareholders shall be held on such date in each calendar year, not later than the 120th day after the close of the Corporation’s fiscal year (except Saturday, Sunday or legal holidays) as shall be

fixed by the Board of Directors or the President and stated in the Notice or Waiver of Notice of Annual Meeting, for the purpose of electing Directors of the Corporation and for the transaction of such other business as may be brought before the meeting.

SECTION 3. SUBSTITUTE ANNUAL MEETING. If the Annual Meeting shall not be held on the day designated by these By-Laws, a substitute Annual Meeting may be called in accordance with the provisions of Section 4 of this Article II. A meeting so called shall be designated and treated for all purposes as the Annual Meeting.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Shareholders may be called at any time by the President, Secretary and Board of Directors of the Corporation or within thirty (30) days after the holders of at least ten percent (10%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting, sign, date and deliver to the corporate secretary one or more written demands for the meeting, describing the purpose or purposes for which it is to be held.

SECTION 5. NOTICE OF MEETINGS. Written or printed notice stating the date, time, place and purpose of the meeting shall be given not less than ten (10) nor more than fifty (50) days before the date of any Shareholders' meeting, either by personal delivery, telegram, by mail, or by private carrier, by or at the direction of the Board of Directors, President, the Secretary or other person calling the meeting, to each Shareholder of record entitled to vote at such meeting, provided that such notice must be given not less than twenty (20) days before the date of any meeting in which a merger or consolidation is to be considered. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Shareholder at his address as it appears on the current record of Shareholders of the Corporation, with postage thereon prepaid.

In the case of a special meeting, the Notice of Meeting shall specifically state the purpose or purposes for which the meeting is called; but in the case of an annual or substitute annual meeting, the Notice of Meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of the North Carolina Business Corporation Act.

When an annual or special shareholder meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment. If a new record date is fixed for the adjourned meeting (which must be done if the new date is more than 120 days after the date of the original notice) notice of the adjourned meeting must be given as provided in this Section to persons who are Shareholders as of the new record date.

SECTION 6. LIST OF SHAREHOLDERS. The Secretary of the Corporation shall prepare or have prepared an alphabetical list of Shareholders entitled to vote at any meeting of the Shareholders or any adjournment thereof showing the address of and number of shares held by each Shareholder. The list shall be arranged by voting group (and within each voting group by class or series of shares). The Shareholders list will be available for inspection by any Shareholder, beginning two business days after Notice of the Shareholder Meeting is given for which the list was prepared and continuing through the meeting, at the Corporation's principal office or a place identified in the meeting notice in the city where the meeting will be held. A Shareholder, or his agent or attorney, is entitled on written demand to inspect and to copy the list, during regular business hours and at his expense, during the period it is available for inspection. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by the Shareholder, his agent or attorney during the whole time of the meeting.

SECTION 7. QUORUM. A majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Shareholders.

Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set before that adjourned meeting, notwithstanding the withdrawal of enough Shareholders to leave less than a quorum.

In the absence of a quorum at the opening of any Meeting of Shareholders, such meeting may be adjourned from time to time by a vote of the majority of the shares voting on the motion to adjourn, and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

SECTION 8. PROXIES. Shares may be voted either in person or by one or more agents authorized by a written proxy executed by the Shareholder or by his duly authorized attorney-in-fact. A proxy is not valid after the expiration of eleven months from the date of its execution, unless the person executing it specifies therein the length of time for which it is to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten years from the date of its execution.

SECTION 9. VOTING OF SHARES. Subject to the provisions of Section 4 of Article III, each outstanding share entitled to vote shall be entitled to one vote on each matter submitted to a vote at a Meeting of Shareholders.

Except in the election of Directors as governed by the provisions of Section 3 of Article III, the vote of a majority of the shares voted on any matter at a Meeting of Shareholders at which a quorum is present shall be the act of the Shareholders on that matter.

Absent special circumstances, shares of the Corporation are not entitled to vote if they are owned, directly or indirectly, by another corporation in which the Corporation owns, directly or indirectly, a majority of the shares entitled to vote for Directors of the second corporation; provided that this provision does not limit the power of the Corporation to vote its own shares held by it in a fiduciary capacity.

SECTION 10. INFORMAL ACTION BY SHAREHOLDERS. Any action which may be taken at a Meeting of the Shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the persons who would be entitled to vote upon such action at a meeting, and filed with the Secretary of the Corporation to keep as part of the corporate records.

ARTICLE III

BOARD OF DIRECTORS

SECTION 1. GENERAL POWERS. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors.

SECTION 2. NUMBER, TERM AND QUALIFICATIONS. The number of Directors constituting the Board of Directors shall be six (6). Each Director shall hold office until his or her death, resignation, retirement, removal, disqualification, or his or her successor shall have been elected and qualified. Directors need not be residents of the State of North Carolina or Shareholders of the Corporation.

SECTION 3. ELECTION OF DIRECTORS. Except as provided in Section 6 of this Article III, the Directors shall be elected at an Annual Meeting of the Shareholders, and those persons who receive the highest number of votes shall be deemed to have been elected. If any Shareholder so demands, the election of Directors shall be by ballot.

SECTION 4. INCREASE OR DECREASE IN NUMBER OF DIRECTORS. The number of Directors may be increased or decreased to any number, however, the number of Directors will not at any time be fewer than the number of Shareholders if the number of Shareholders is three

(3) or less, by the affirmative vote of a majority of the shares voted at the annual meeting or a special meeting of the Shareholders, or any other meeting in which all Shareholders are present or to which they consent and in such case the additional Directors may be chosen at said meeting to hold office until a successor is elected and qualified.

SECTION 5. REMOVAL. Any Director may be removed at any time with or without cause by a vote of the Shareholders holding a majority of the outstanding shares entitled to vote at an election of Directors. However, unless the entire Board of Directors is removed, an individual Director shall not be removed when the number of shares voting against the proposal for removal would be sufficient to elect a Director if such shares could be voted cumulatively at an annual election. If any Directors are so removed, new Directors may be elected at the same meeting.

SECTION 6. VACANCIES. Any vacancy occurring in the Board of Directors, including any directorship to be filled by reason of an increase in the authorized number of Directors or the removal of a Director, may be filled by the affirmative vote of a majority of all of the remaining Directors even though less than a quorum, or by the sole remaining Director. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

SECTION 7. CHAIRMAN OF THE BOARD. There may be a Chairman of the Board of Directors elected by the Directors from their number at any meeting of the Board of Directors. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board of Directors, or as specified in the By-Laws of the Corporation.

SECTION 8. COMPENSATION. The Board of Directors may compensate Directors for their services as such and may provide for the payment of any or all expenses incurred by Directors in attending regular and special meetings of the Board of Directors.

ARTICLE IV

MEETINGS OF THE BOARD OF DIRECTORS

SECTION 1. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of the Shareholders. In addition, the Board of Directors may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, if any, by the President or any two Directors. Such a meeting may be held either within or without the State of North Carolina, as fixed by the person or persons calling the meeting.

SECTION 3 . NOTICE OF MEETINGS. Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board of Directors shall, at least two days before the meeting, give notice thereof, by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

SECTION 4. WAIVER OF NOTICE. Any Director may waive notice of any meeting before or after the meeting. The waiver must be in writing, signed by the Director entitled to notice and delivered to the Corporation for inclusion in the minutes or filing with the corporate records. A Director's attendance at or participation in a meeting waives any required notice of such meeting unless such Director, at the beginning of the meeting or promptly upon arrival, objects to the holding of the meeting or to transacting business at the meeting and does not thereafter vote for or against to actions taken at the meeting.

SECTION 5. QUORUM. A majority of the number of Directors fixed by these By-Laws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

SECTION 6. MANNER OF ACTING. Except as otherwise provided in these By-Laws, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 7. PRESUMPTION OF ASSENT. A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

SECTION 8. INFORMAL ACTION BY DIRECTORS. Action taken by a majority of the Directors without a meeting is nevertheless the Board of Directors action if written consent to the action in question is signed by all the Directors and filed with the Minutes of the proceedings of the Board of Directors, whether done before or after the action so taken, such consents may be signed in counterpart.

ARTICLE V

OFFICERS

SECTION 1. OFFICERS OF THE CORPORATION. The Officers of the Corporation shall consist of a Chairman of the Board, a President, one or more Vice Presidents, and a Secretary. The same person may hold more than one office, but no Officer may act in more than one capacity where action of two or more Officers is required. The Secretary and any Vice President need not be Directors of the Corporation. The President shall be chosen from among the Directors.

SECTION 2. ADDITIONAL OFFICERS AND AGENTS. The Board of Directors in its discretion may elect a Chairman of the Board of Directors, additional Vice Presidents, Assistant Secretaries, Assistant Treasurers, a General Manager and such other officers or agents as it may deem desirable from time to time and prescribe the duties thereof.

SECTION 3. ELECTION AND TERM. The Officers of the Corporation shall be elected by the Board of Directors at its Annual Meeting and the Officers shall hold office for one year or until their successors are elected and qualified; provided, however, if the need for any additional Officer or Officers, as herein before provided, shall occur during the year, such additional Officer or Officers may be elected at a special meeting held by the Board of Directors or by consent to action without meeting of the Board of Directors.

SECTION 4. COMPENSATION OF OFFICERS. The compensation of all Officers of the Corporation shall be fixed by or under the authority of the Board of Directors and no Officer shall serve the Corporation in any other capacity and receive compensation therefore unless such additional compensation is authorized by the Board of Directors.

SECTION 5. REMOVAL. Any Officer or Agent elected or appointed by the Board of Directors shall be subject to removal at any time by the affirmative vote of a majority of the Board of Directors or a majority of the Shareholders whenever in the judgment of the majority of the Board of Directors or a majority of the Shareholders the best interest of the Corporation would be served thereby.

SECTION 6. VACANCIES. If any vacancy shall occur among the Officers of the Corporation by death, resignation or otherwise, the Chairman of the Board of Directors, if one be elected, the President, or a majority of the Board of Directors of the Corporation will call a special meeting of the Board of Directors at which meeting the Directors shall elect a successor or successors to hold office for the unexpired term of the Officer or Officers whose place has been vacated.

SECTION 7. BONDS. The Board of Directors may, by resolution, require any Officer, Agent or employee of the Corporation to give bond to the Corporation, with sufficient sureties, conditioned on the faithful performance of the duties of his respective office or position, and to comply with such other conditions as may from time to time be required by the Board of Directors.

SECTION 8. CHAIRMAN OF THE BOARD. The Chairman of the Board of Directors, if one is elected, shall oversee the general operation of the Corporation and discuss with the President the Corporation's policies, the implementation and interpretation and carrying out of said policies, and shall be an executive officer of the Corporation. The Chairman shall, when present, preside at all meetings of the Shareholders.

SECTION 9. PRESIDENT. The President shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall, in general, supervise and control all the business and affairs of the Corporation. The President shall, when present, preside at all meetings of the Shareholders. The President shall sign, with the Secretary, an Assistant Secretary, or any other proper officer of the Corporation thereunto authorized by the Board of Directors, certificates for shares of the Corporation, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other Officer or Agent of the Corporation, or shall be required by law to be otherwise signed or executed and, in general, shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 10. VICE PRESIDENT. In the absence of the President or in the event of his death, inability or refusal to act, a Vice President, unless otherwise determined by the Board of Directors, shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President may sign, with the Secretary or an Assistant Secretary, certificates for shares of the Corporation, and shall perform

such other duties as from time to time may be assigned to him by the President or Board of Directors.

SECTION 11. SECRETARY. The Secretary shall keep accurate Minutes of all meetings of the Shareholders and the Board of Directors and shall perform all the duties commonly incident to his office, and shall perform such other duties and have such other powers as the Board of Directors shall designate. The Secretary, together with the President, shall have the power to sign certificates of stock of the Corporation. In his absence at any meeting, an Assistant Secretary or Secretary Pro Tempore, shall perform his duties thereat.

SECTION 12. ASSISTANT SECRETARIES. In the absence of the Secretary, or in the event of his death, inability or refusal to act, the Assistant Secretaries, if any are elected, in the order of their length of service as Assistant Secretary, unless otherwise determined by the Board of Directors, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, by the President, or by the Board of Directors. Any Assistant Secretary may sign, with the President, or a Vice President, certificates for shares of the corporation.

SECTION 13. TREASURER. The Treasurer, subject to the order of the Board of Directors, shall have the care and custody of the money, funds, valuable papers and documents of the Corporation (other than his own bond, if any, which shall be in the custody of the President), and shall have and exercise, under the supervision of the Board of Directors, all the powers and duties commonly incident to his office, and shall give bond in such form and with such sureties as shall be required by the Board of Directors. He shall deposit all funds of the Corporation in such bank or banks, trust company or trust companies, or with such firm or firms doing a banking business as the Board of Directors shall designate. He may endorse for deposit or collection all checks and notes payable to the Corporation or to its order, may accept drafts on behalf of the Corporation and, together with the President, may sign certificates of stock. He shall keep accurate books of account of the Corporation’s transactions, which shall be subject at all times to the inspection of the Board of Directors.

SECTION 14. ASSISTANT TREASURERS. In the absence of the Treasurer, or in the event of his death, inability or refusal to act, the Assistant Treasurers, if any are elected, in the order of their length of service as Assistant Treasurer, unless otherwise determined by the Board of Directors, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the

Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, by the President, or by the Board of Directors.

ARTICLE VI

CONTRACTS, LOANS, CHECKS, AND DEPOSITS

SECTION 1. CONTRACTS. The Board of Directors may authorize any Officer or Officers, Agent or Agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

SECTION 2. LOAN. No loan shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 3. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time in the credit of the Corporation in such depositories as authorized by a resolution adopted by the Board of Directors.

SECTION 4. CHECKS AND DRAFTS. All checks, drafts and other orders for the payment of monies, issued in the name of the Corporation, shall be signed by such Officer or Officers, agent or agents of the Corporation, and in such manner as shall, from time to time, be determined by the Board of Directors.

ARTICLE VII

CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. CERTIFICATES FOR SHARES. Certificates representing shares of the Corporation shall be in such form as shall be determined by the Board of Directors. The Corporation shall issue and deliver to each Shareholder certificates representing all fully paid shares owned by him. Certificates shall be signed by the President, or a Vice President and by

the Secretary or Treasurer, or any Assistant Secretary or an Assistant Treasurer. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number and class of shares and the date of issue, shall be entered on the stock transfer books of the Corporation.

SECTION 2. SALE OF STOCK. The Board of Directors shall from time to time authorize the sale of the capital stock of the Corporation and, in its sole discretion, establish the terms and conditions, including, but not limited to, the number of shares to be sold and the purchase price upon which the capital stock of the Corporation shall be sold.

SECTION 3. SHAREHOLDERS' PREEMPTIVE RIGHTS. The Shareholders of the Corporation do not have preemptive rights as the term is used in the North Carolina Business Corporation Act.

SECTION 4. TRANSFER OF SHARES. Transfer of shares of the Corporation shall be made only on the stock transfer books of the Corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney-in-fact thereunto authorized by power of attorney duly executed and filed with the Secretary and on surrender for cancellation of the certificate for such shares.

SECTION 5. LOST CERTIFICATE. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore destroyed, upon receipt of any affidavit of such fact from the person claiming the certificate of stock to have been lost or destroyed. When authorizing such issue of a new certificate, the Board of Directors shall require that the owner of such lost or destroyed certificate, or his legal representative, give the Corporation a bond in such sum as the Board of Directors may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate claimed to have been lost or destroyed, except where the Board of Directors by resolution find that in the judgment of the Directors the circumstances justify omission of a bond.

SECTION 6. CLOSING TRANSFER BOOKS AND FIXING RECORD DATE. For the purpose of determining Shareholders entitled to notice of or to vote at any meeting of the Shareholders, or any adjournment thereof, or entitled to receive payment of any dividend or, in order to make a determination of shareholders for any other property purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period, but not to exceed, in any case, fifty days. If

the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of the shareholders, such books shall be closed for at least ten days immediately preceding such meeting.

In lieu of closing the stock transfer books, the authorized Directors may fix in advance a date as the record date for any such determination of the Shareholders, such record date in any case to be not more than fifty days and, in case of a meeting of the Shareholders, not less than ten days immediately preceding the date on which the particular action, requiring such determination of the Shareholders, is to be taken.

If the stock transfer books are not closed and no record date is fixed for the determination of the Shareholders entitled to notice of or to vote at a meeting of the Shareholders, or the Shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of the Shareholders.

When a determination of the Shareholders entitled to vote at any meeting of the Shareholders has been made as provided in this Section, such determination shall apply to any adjournment thereof, except where the determination has been made through the closing of the stock transfer books and the stated period of closing has expired.

SECTION 7. HOLDER OF RECORD. The Corporation may treat as absolute owner of shares the person in whose name the shares stand of record on its stock transfer books just as if that person had full competency, capacity and authority to exercise all rights of ownership irrespective of any knowledge or notice to the contrary or any description indicating a representative, pledge or other fiduciary relation or any reference to any other instrument or to the rights of any other person appearing upon its record or upon the share certificate as a fiduciary shall be treated as if he were a holder of record of its shares.

SECTION 8. RETIREMENT OF STOCK. The Corporation may, with the approval of the Board of Directors, retire such outstanding capital stock as may be tendered or offered to the Corporation by paying par value thereof, or such amount as may be decided by the Board of Directors and hold such stock as Treasury Stock or cancel the same.

SECTION 9. FRACTIONAL SHARES. There shall be no fractional shares of stock sold by this Corporation. When any

amount of stock issuable for stock dividends shall be less than one (1) share, such fractional share shall not be issued, but an equivalent payment shall be made in cash, the basis of the value of the share of stock being the book value thereof.

ARTICLE VIII

GENERAL PROVISIONS

SECTION 1. DISTRIBUTIONS. The Board of Directors may, from time to time, authorize and the Corporation may grant and make distributions on its outstanding shares in cash, property or its own shares pursuant to law and subject to the provisions of its Certificate of Incorporation.

SECTION 2. SEAL. The seal of the Corporation shall consist of two concentric circles between which is the name of the Corporation and in the center of which is inscribed SEAL; and such seal of the Corporation, as impressed on the margin hereof, is hereby adopted as the corporate seal of the Corporation.

SECTION 3. WAIVER OF NOTICE. Whenever any notice is required to be given to any Shareholder or Director by law, by the Articles of Incorporation or by these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

SECTION 4. FISCAL OR CALENDAR YEAR. The fiscal or calendar year of the Corporation shall be fixed by the Board of Directors.

SECTION 5. INDEMNIFICATION. Any person who at any time serves or has served as a Director, Officer, employee or Agent of the Corporation, or in such capacity at the request of the Corporation for any other Corporation, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the Corporation to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Corporation, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any

judgment, money decree, fine, penalty or settlement for which he may have become liable in any such action, suit or proceeding.

The Board of Directors of the Corporation shall take all such action as may be necessary and appropriate to authorize the Corporation to pay the indemnification required by this By-Law, including, without limitation to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval by, the Shareholders of the Corporation.

Any person who at any time after the adoption of this By-Law serves or has served in any of the aforesaid capacities for or on behalf of the Corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representative of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this By-Law.

SECTION 6. AMENDMENTS. Except as otherwise provided herein, these By-Laws may be amended or repealed and new By-Laws may be adopted by the affirmative vote of a majority of the Board of Directors at any regular or special meeting.

The Board of Directors shall have no power to adopt a By-Law: (1) requiring more than a majority of the voting shares for a quorum at a meeting of the Shareholders, or more than a majority of the votes cast to constitute action by the Shareholders, except where higher percentages are required by law; (2) providing for the management of the Corporation otherwise than by the Board of Directors; and (3) increasing or decreasing the number of Directors, except as provided in the Certificate of Incorporation.

No By-Laws adopted, amended or repealed by the Shareholders shall be readopted, amended or repealed by the Board of Directors unless the Articles of Incorporation or a By-Law adopted by the Shareholders authorizes the Board of Directors to adopt, amend or repeal that particular By-Law or the By-Laws generally.

SECTION 7. DEFINITIONS. Unless the contacts otherwise require, terms used in these By-Laws shall have the same meaning assigned to them as in the North Carolina Business Corporation Act to the extent defined therein.

KNOW ALL MEN BY THESE PRESENTS that we, the undersigned Directors of Unifi Sales & Distribution, Inc., do hereby certify that the above and foregoing By-Laws are duly adopted By-Laws of this Corporation and that the same do constitute the By-Laws of this Corporation.

This the 18th day of December, 1996.

/s/ Clifford Frazier, Jr.
Clifford Frazier, Jr.
Initial Director (Named in the Articles of Incorporation)

Exhibit 3.4(i)

SOSID: 591116
Date Filed: 5/14/2001 4:16 PM
Elaine F. Marshall
North Carolina Secretary of State

ARTICLES OF ORGANIZATION
OF
GLENTOUCH YARN COMPANY, LLC

Pursuant to Section 57C-2-20 of the General Statutes of North Carolina, the undersigned hereby submits these Articles of Organization for the purpose of forming a limited liability company.

1. The name of the limited liability company is GLENTOUCH YARN COMPANY, LLC.

2. The name and address of the organizer executing these Articles of Organization is:

Name:	**Address:**
Charles F. McCoy	Unifi, Inc. P. O. Box 19109 Greensboro, NC 27419-9109

3. The street address of the initial registered office of the limited liability company in the State of North Carolina is 7201 W. Friendly Avenue, Greensboro, Guilford County, North Carolina, 27410; and the name of its initial registered agent at such address is Charles F. McCoy.

4. The Limited Liability Company is a Manager-Managed Limited Liability Company and, except as provided by N.C.G.S. §57C-3-20(a), the members, by virtue of their status as members shall not be Managers of this limited liability company.

5. To the fullest extent permitted by the North Carolina Limited Liability Company Act as it exists or may hereafter be amended, no person who is serving or who has served as a Manager of the limited liability company shall be personally liable to the limited liability company or any of its members for monetary damages for breach of duty as a Manager, and the limited liability company shall indemnify the Managers and make advances for expenses to them with respect to matters capable of indemnification under the Act. The company shall indemnify its employees and other agents provided that such indemnification in any given situation is approved by a majority in interest of the Members. No amendment or repeal of this article, nor the adoption of any provision to these Articles of Organization inconsistent with this article, shall eliminate or reduce the protection granted herein with respect to any matter that occurred prior to such amendment, repeal or adoption.

6. These articles will be effective upon filing.

This the 11TH day of May, 2001.

/s/ Charles F. McCoy
Charles F. McCoy, ORGANIZER

BY-LAWS

OF

GLENTOUCH YARN COMPANY, LLC

EFFECTIVE MAY 21, 2001

ARTICLE I

OFFICES

SECTION 1. PRINCIPAL OFFICE. The principal office of GlenTouch Yarn Company, LLC ("LLC") shall be located at 7201 W. Friendly Avenue, Greensboro, Guilford County, North Carolina, 27410.

SECTION 2. REGISTERED OFFICE. The registered office of the LLC required by law to be maintained in the State of North Carolina may be, but need not be identical with, the principal office.

SECTION 3. OTHER OFFICES. The LLC may have offices at such other places, either within or without the State of North Carolina, as the Board of Managers may designate or as the affairs of the LLC may require from time to time.

ARTICLE II

MEETING OF MEMBERS

SECTION 1. PLACE OF MEETINGS. All meetings of Members shall be held at the principal office of the LLC, or at such other place, either within or without the State of North Carolina, as shall be designated in the Notice of the meeting or agreed upon by a majority of the Members entitled to vote thereat.

SECTION 2. ANNUAL MEETINGS. The Annual Meeting of the Members shall be held on such date in each calendar year, not later than the 120th day after the close of the LLC's fiscal year (except Saturday, Sunday or legal holidays) as shall be fixed by the Board of Managers or the President and stated in the Notice or Waiver of Notice of Annual Meeting, for the purpose of electing Managers of the LLC and for the transaction of such other business as may be brought before the meeting.

SECTION 3. SUBSTITUTE ANNUAL MEETING. If the Annual Meeting shall not be held on the day designated by these By-Laws, a substitute Annual Meeting may be called in accordance with the provisions of Section 4 of this Article II. A meeting so called shall be designated and treated for all purposes as the Annual Meeting.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Members may be called at any time by the President, a Vice President, the Secretary and Board of Managers of the LLC or within thirty (30) days after the holders of at least ten percent (10%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting, sign, date and deliver to the Secretary one or more written demands for the meeting, describing the purpose or purposes for which it is to be held.

SECTION 5. NOTICE OF MEETINGS. Written or printed notice stating the date, time, place and purpose of the meeting shall be given not less than ten (10) nor more than fifty (50) days before the date of any Members' meeting, either by personal delivery, telegram, by mail, or by private carrier, by or at the direction of the Board of Managers, President, a Vice President, the

Secretary or other person calling the meeting, to each Member of record entitled to vote at such meeting, provided that such notice must be given not less than twenty (20) days before the date of any meeting in which a merger or consolidation is to be considered. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the current record of Members of the LLC, with postage thereon prepaid.

In the case of a special meeting, the Notice of Meeting shall specifically state the purpose or purposes for which the meeting is called; but in the case of an annual or substitute annual meeting, the Notice of Meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of the North Carolina Limited Liability Company Act.

When an annual or special member meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment. If a new record date is fixed for the adjourned meeting (which must be done if the new date is more than 120 days after the date of the original notice) notice of the adjourned meeting must be given as provided in this. Section to persons who are Members as of the new record date.

SECTION 6. LIST OF MEMBERS. The Secretary of the LLC shall prepare or have prepared an alphabetical list of Members entitled to vote at any meeting of the Members or any adjournment thereof showing the address of and percentage of ownership interest held by each Member. The Members list will be available for inspection by any Member, beginning two business days after Notice of the Member Meeting is given for which the list was prepared and continuing through the meeting, at the LLC's principal office or a place identified in the meeting notice in the city where the meeting will be held. A Member, or his agent or attorney, is entitled on written demand to inspect and to copy the list, during regular business hours and at his expense, during the period it is available for inspection. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by the Member, his agent or attorney during the whole time of the meeting.

SECTION 7. QUORUM. A majority in interest of the Members of the LLC entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Members.

Once a Member is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set before that adjourned meeting, notwithstanding the withdrawal of enough Members to leave less than a quorum.

In the absence of a quorum at the opening of any Meeting of Members, such meeting may be adjourned from time to time by a vote of a majority in interest of the Members voting on the motion to adjourn, and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

SECTION 8. PROXIES. Membership interest may be voted either in person or by one or more agents authorized by a written proxy executed by the Member or by his duly authorized attorney-in-fact. A proxy is not valid after the expiration of eleven months from the date of its execution, unless the person executing it specifies therein the length of time for which it is to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten years from the date of its execution.

SECTION 9. VOTING OF MEMBERS. Except as otherwise expressly provided in these By-Laws, all action by the Members shall be made by vote of a Majority in Interest of the Members, including (without limitation) any action for which Section 57C-3-03 of the Act, in the absence of this provision, would otherwise require unanimous consent. Voting on all matters shall be by voice vote or by a show of hands, unless the holders of one-fourth of the Membership Interest represented at the meeting shall demand a ballot vote on a particular matter.

SECTION 10. ACTION WITHOUT MEETING. Any action which the Members could take at a meeting may be taken without a meeting if one or more written consents, setting forth the action taken, shall be signed, before or after such action, by Members having such percent of the Membership Interest as would be required to take the action at a meeting. The consent shall be delivered to the Company for inclusion in the minutes or filing with the Company's records and shall be circulated to all Members not signing the consent within thirty days of the Company's receipt of such action.

ARTICLE III

BOARD OF MANAGERS

SECTION 1. GENERAL POWERS. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the LLC shall be managed under the direction of, the Board of Managers.

SECTION 2. NUMBER, TERM AND QUALIFICATIONS. The number of Managers constituting the Board of Managers shall be four (4). Each Manager shall hold office until his or her death, resignation, retirement, removal, disqualification, or his or her successor shall have been elected and qualified. Managers need not be residents of the State of North Carolina or Members of the LLC.

SECTION 3. ELECTION OF MANAGERS. Except as provided in Section 6 of this Article III, the Managers shall be elected at an Annual Meeting of the Members, and those persons who receive the highest percentage interest of the votes cast shall be deemed to have been elected. If any Member so demands, the election of Managers shall be by ballot.

SECTION 4. INCREASE OR DECREASE IN NUMBER OF MANAGERS. The number of Managers may be increased or decreased to any number, however, the number of Managers will not at any time be fewer than the number of Members if the number of Members is three (3) or less.

SECTION 5. REMOVAL. Any Manager may be removed at any time with or without cause by a vote of the Members holding a majority of the ownership interest in the LLC entitled to vote at an election of Managers. However, unless the entire Board of Managers is removed, an individual Manager shall not be removed when the percentage interest voting against the proposal for removal would be sufficient to elect a Manager if such shares could be voted cumulatively at an annual election. If any Managers are so removed, new Managers may be elected at the same meeting.

SECTION 6. VACANCIES. Any vacancy occurring in the Board of Managers, including any managership to be filled by reason of an increase in the authorized number of Managers or the removal of a Manager, may be filled by the affirmative vote of a majority of all of the remaining Managers even though less than a quorum, or by the sole remaining Manager. A Manager elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

SECTION 7. CHAIRMAN OF THE BOARD. There may be a Chairman of the Board of Managers elected by the Managers from their number at any meeting of the Board of Managers. The Chairman shall preside at all meetings of the Board of Managers and perform such other duties as may be directed by the Board of Managers, or as specified in the By-Laws of the LLC.

SECTION 8. COMPENSATION. The Board of Managers may compensate Managers for their services as such and may provide for the payment of any or all expenses incurred by Managers in attending regular and special meetings of the Board of Managers.

ARTICLE IV

MEETINGS OF THE BOARD OF MANAGERS

SECTION 1. REGULAR MEETINGS. A regular meeting of the Board of Managers shall be held immediately after, and at the same place as, the annual meeting of the Members. In addition, the Board of Managers may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board of Managers may be called by or at the request of the Chairman of the Board, if any, by the President, a Vice President or any two Managers. Such a meeting may be held either within or without the State of North Carolina, as fixed by the person or persons calling the meeting.

SECTION 3. NOTICE OF MEETINGS. Regular meetings of the Board of Managers may be held without notice. The person or persons calling a special meeting of the Board of Managers shall, at least two days before the meeting, give notice thereof, by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

SECTION 4. WAIVER OF NOTICE. Any Manager may waive notice of any meeting before or after the meeting. The waiver must be in writing, signed by the Manager entitled to notice and delivered to the LLC for inclusion in the minutes or filing with the corporate records. A Manager's attendance at or participation in a meeting waives any required notice of such meeting unless such Manager, at the beginning of the meeting or promptly upon arrival, objects to the holding of the meeting or to transacting business at the meeting and does not thereafter vote for or against actions taken at the meeting.

SECTION 5. QUORUM. A majority of the number of Managers fixed by these By-Laws shall constitute a quorum for the transaction of business at any meeting of the Board of Managers.

SECTION 6. MANNER OF ACTING. Except as otherwise provided in these By-Laws, the act of the majority of the Managers present at a meeting at which a quorum is present shall be the act of the Board of Managers.

SECTION 7. PRESUMPTION OF ASSENT. A Manager of the LLC who is present at a meeting of the Board of Managers at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the LLC immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Manager who voted in favor of such action.

SECTION 8. INFORMAL ACTION BY MANAGERS. Any action which the Board of Managers could take at a meeting may be taken without a meeting if one or more written consents, setting forth the action taken, shall be signed, before or after such action, by a sufficient number of Managers as would be required to take the action at a meeting. The consent, which may be signed in counterparts, shall be delivered to the Secretary of the Company for inclusion in the minutes of the Company and shall be circulated to all Managers not signing the consent within thirty days of the Secretary's receipt of such consent to action.

ARTICLE V

OFFICERS

SECTION 1. OFFICERS OF THE LLC. The Officers of the LLC shall consist of a President, one or more Vice Presidents, Secretary and a Treasurer. The same person may hold more than one office, but no Officer may act in more than one capacity where action of two or more Officers is required. The Secretary, Treasurer and any Vice President need not be Managers of the LLC. The President shall be chosen from among the Managers.

SECTION 2. ADDITIONAL OFFICERS AND AGENTS. The Board of Managers in its discretion may elect a Chairman of the Board of Managers, additional Vice Presidents, Assistant Secretaries, Assistant Treasurers, a General Manager and such other officers or agents as it may deem desirable from time to time and prescribe the duties thereof.

SECTION 3. ELECTION AND TERM. The Officers of the LLC shall be elected by the Board of Managers at its Annual Meeting and the Officers shall hold office for one year or until their successors are elected and qualified; provided, however, if the need for any additional Officer or Officers, as hereinbefore provided, shall occur during the year, such additional Officer or Officers may be elected at a special meeting held by the Board of Managers or by consent to action without meeting of the Board of Managers.

SECTION 4. COMPENSATION OF OFFICERS. The compensation of all Officers of the LLC shall be fixed by or under the authority of the Board of Managers and no Officer shall serve the LLC in any other capacity and receive compensation therefore unless such additional compensation is authorized by the Board of Managers.

SECTION 5. REMOVAL. Any Officer or Agent elected or appointed by the Board of Managers shall be subject to removal at any time by the affirmative vote of a majority of the Board of Managers or a majority of the Members whenever in the judgment of the majority of the Board of Managers or a majority of the Members the best interest of the LLC would be served thereby.

SECTION 6. VACANCIES. If any vacancy shall occur among the Officers of the LLC by death, resignation or otherwise, the Chairman of the Board of Managers, if one be elected, the President, or a majority of the Board of Managers of the LLC will call a special meeting of the Board of Managers at which meeting the Managers shall elect a successor or successors to hold office for the unexpired term of the Officer or Officers whose place has been vacated.

SECTION 7. BONDS. The Board of Managers may, by resolution, require any Officer, Agent or employee of the LLC to give bond to the LLC, with sufficient sureties, conditioned on the faithful performance of the duties of his respective office or position, and to comply with such other conditions as may from time to time be required by the Board of Managers.

SECTION 8. CHAIRMAN OF THE BOARD. The Chairman of the Board of Managers, if one is elected, shall oversee the general operation of the LLC and discuss with the President the LLC's policies, the implementation and interpretation and carrying out of said policies, and shall be an executive officer of the LLC. The Chairman shall, when present, preside at all meetings of the Members.

SECTION 9. PRESIDENT. The President shall be the principal executive officer of the LLC and, subject to the control of the Board of Managers, shall, in general, supervise and control all the business and affairs of the LLC. The President shall sign, with the Secretary, an Assistant Secretary, or any other proper officer of the LLC thereunto authorized by the Board of Managers, any deeds, mortgages, bonds, contracts or other instruments which the Board of Managers has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Managers or by these By-Laws to some other Officer or Agent of the LLC, or shall be required by law to be otherwise signed or executed and, in general, shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Managers from time to time.

SECTION 10. VICE PRESIDENT. In the absence of the President or in the event of his death, inability or refusal to act, a Vice President, unless otherwise determined by the Board of Managers, shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such duties as from time to time may be assigned to him by the President or Board of Managers.

SECTION 11. SECRETARY. The Secretary shall keep accurate Minutes of all meetings of the Members and the Board of Managers and shall perform all the duties commonly incident to his office, and shall perform such other duties and have such other powers as the Board of Managers shall designate. In his absence at any meeting, an Assistant Secretary or Secretary Pro Tempore, shall perform his duties thereat.

SECTION 12. ASSISTANT SECRETARIES. In the absence of the Secretary, or in the event of his death, inability or refusal to act, the Assistant Secretaries, if any are elected, in the order of their length of service as Assistant Secretary, unless otherwise determined by the Board of Managers, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, by the President, or by the Board of Managers.

SECTION 13. TREASURER. The Treasurer, subject to the order of the Board of Managers, shall have the care and custody of the money, funds, valuable papers and documents

of the LLC (other than his own bond, if any, which shall be in the custody of the President), and shall have and exercise, under the supervision of the Board of Managers, all the powers and duties commonly incident to his office, and shall give bond in such form and with such sureties as shall be required by the Board of Managers. He shall deposit all funds of the LLC in such bank or banks, trust company or trust companies, or with such firm or firms doing a banking business as the Board of Managers shall designate. He may endorse for deposit or collection all checks and notes payable to the LLC or to its order, may accept drafts on behalf of the LLC. He shall keep accurate books of account of the LLC's transactions, which shall be subject at all times to the inspection of the Board of Managers.

SECTION 14. ASSISTANT TREASURERS. In the absence of the Treasurer, or in the event of his death, inability or refusal to act, the Assistant Treasurers, if any are elected, in the order of their length of service as Assistant Treasurer, unless otherwise determined by the Board of Managers, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, by the President, or by the Board of Managers.

ARTICLE VI

CONTRACTS, LOANS, CHECKS, AND DEPOSITS

SECTION 1. CONTRACTS. The Board of Managers may authorize any Officer or Officers, Agent or Agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the LLC, and such authority may be general or confined to specific instances.

SECTION 2. LOAN. No loan shall be contracted on behalf of the LLC and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Managers. Such authority may be general or confined to specific instances.

SECTION 3. DEPOSITS. All funds of the LLC not otherwise employed shall be deposited from time to time in the credit of the LLC in such depositories as authorized by a resolution adopted by the Board of Managers.

SECTION 4. CHECKS AND DRAFTS. All checks, drafts and other orders for the payment of monies, issued in the name of the LLC, shall be signed by such Officer or Officers, agent or agents of the LLC, and in such manner as shall, from time to time, be determined by the Board of Managers.

ARTICLE VII

INTENTIONALLY OMITTED

ARTICLE VIII

GENERAL PROVISIONS

SECTION 1. DISTRIBUTIONS. The Board of Managers may, from time to time, authorize and the LLC may grant and make distributions to its Members in cash or property pursuant to law.

SECTION 2. SEAL. Intentionally Omitted.

SECTION 3. WAIVER OF NOTICE. Whenever any notice is required to be given to any Member or Manager by law, by the Articles of Organization of the LLC or by these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

SECTION 4. FISCAL OR CALENDAR YEAR. The fiscal or calendar year of the LLC shall be fixed by the officers in their discretion.

SECTION 5. INDEMNIFICATION. Any person who at any time serves or has served as a Manager, Officer, employee or Agent of the LLC, or in such capacity at the request of the LLC for any other LLC, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the LLC to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the LLC, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty or settlement for which he may have become liable in any such action, suit or proceeding.

The Board of Managers of the LLC shall take all such action as may be necessary and appropriate to authorize the LLC to pay the indemnification required by this By-Law, including, without limitation to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval by, the Members of the LLC.

Any person who at any time after the adoption of this By-Law serves or has served in any of the aforesaid capacities for or on behalf of the LLC shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representative of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this By-Law.

SECTION 6. AMENDMENTS. Except as otherwise provided herein, these By-Laws may be amended or repealed and new By-Laws may be adopted by the affirmative vote of a majority of the Board of Managers at any regular or special meeting.

The Board of Managers shall have no power to adopt a By-Law: (1) requiring more than a majority in interests of the Members for a quorum at a meeting of the Members, or more than a majority in interests of the Members to constitute action by the Members, except where higher percentages are required by law; or (2) providing for the management of the LLC otherwise than by the Board of Managers.

No By-Laws adopted, amended or repealed by the Members shall be readopted, amended or repealed by the Board of Managers unless the Articles of Organization of the LLC or a By-Law adopted by the Members authorizes the Board of Managers to adopt, amend or repeal that particular By-Law or the By-Laws generally.

SECTION 7. DEFINITIONS. The terms used in these By-Laws shall have the same meaning assigned to them as in the North Carolina Limited Liability Company Act to the extent defined therein.

Exhibit 3.5(i)

[STAMP]

ARTICLES OF ORGANIZATION

OF

UNIFI Equipment Leasing, LLC

Pursuant to §57C-2-20 of the General Statutes of North Carolina, the undersigned hereby submit these Articles of Organization for the purpose of forming a limited liability company.

1. The name of the limited liability company is UNIFI Equipment Leasing, LLC.

2. The latest date on which this limited liability company is to dissolve is October 31, 2026.

3. The name and address of each organizer executing these Articles of Organization are:

Name:	**Address:**
Charles F. McCoy	Frazier, Frazier & Mahler, L.L.P. Post Office Drawer 1559 Greensboro, NC 27402
Ben Sirmons	Frazier, Frazier & Mahler, L.L.P. Post Office Drawer 1559 Greensboro, NC 27402

4. The address of the initial registered office of the limited liability company in the State of North Carolina is 102 North Elm Street, Suite 206, Southeastern Building, Greensboro, Guilford County, North Carolina 27401; and the name of the initial registered agent is Charles F. McCoy.

5. The Limited Liability Company is a Member-managed Limited Liability Company and all the members by virtue of their status as members shall be Managers of this Limited Liability Company.

6. To the fullest extent permitted by the North Carolina Limited Liability Company Act as it exists or may hereafter be amended, no person who is serving or who has served as a Member-Manager of the limited liability company shall be personally liable to the limited liability company or any of its members for monetary damages for breach of duty as a Member-Manager, and the limited liability company shall indemnify the Member-Managers and make advances for expenses to them with respect to matters capable of indemnification under the Act. The company shall indemnify its employees and other agents provided that such indemnification in any given situation

is approved by a majority in interest of the Members. No amendment or repeal of this article, nor the adoption of any provision to these Articles of Organization inconsistent with this article, shall eliminate or reduce the protection granted herein with respect to any matter that occurred prior to such amendment, repeal or adoption.

These articles will become effective upon filing.

This is the 23rd day of June, 1997

/s/ Charles F. McCoy
Charles F. McCoy
Organizer

/s/ Ben Sirmons
Ben Sirmons
Organizer

SOSID: 0430407
Date Filed: 7/27/2004 2:54:00 PM
Elaine F. Marshall
North Carolina Secretary of State
C200420900560

State of North Carolina
Department of the Secretary of State

Limited Liability Company
AMENDMENT OF ARTICLES OF ORGANIZATION

Pursuant to §57C-2-22 of the General Statutes of North Carolina, the undersigned limited liability company hereby submits the following Articles of Amendment for the purpose of amending its Articles of Organization.

1. The name of the limited liability company is: UNIFI EQUIPMENT LEASING. LLC

2. The text of each amendment adopted is as follows (attach additional pages if necessary):

   The Articles of Organization of the limited liability company are hereby amended to change the name of the limited liability company to UNIFI KINSTON, LLC, and in relation thereto Article 1 of the Articles of Organization is hereby deleted in its entirety and a new Article 1 is hereby inserted to henceforth read as follows:

   "1. The name of the limited liability company is UNIFI KINSTON, LLC."

3. (Check either a or b, whichever is applicable)

   a. ☐ The amendment(s) was (were) duly adopted by the unanimous vote of the organizers of the limited liability company prior to the identification of initial members of the limited liability company.

   b. ☒ The amendment(s) was (were) duly adopted by the unanimous vote of the members of the limited liability company or was (were) adopted as otherwise provided in the limited liability company's Articles of Organization or a written operating agreement.

4. These articles will be effective upon filing, unless a date and/or time is specified: _____

This the 14th day of July, 2004.

UNIFI EQUIPMENT LEASING, LLC
Name of Limited Liability Company

/s/ Charles F. McCoy
Signature
Charles F. McCoy
Vice President of Unifi, Inc., Member-Manager
Type or Print Name and Title

NOTES:

1. Filing fee is $50. This document must be filed with the Secretary of State.

(Revised January 2000) *(Form L-17)*
CORPORATIONS DIVISION P. O. BOX 29622 RALEIGH, NC 27626-0622

Exhibit 3.5(ii)

OPERATING AGREEMENT

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OPERATING AGREEMENT

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OPERATING AGREEMENT OF

UNIFI Equipment Leasing, LLC

(a North Carolina limited liability company)

THIS OPERATING AGREEMENT, effective as of JUNE 23, 1997 (this "Agreement"), by Unifi, Inc., a New York corporation ("Unifi" or the "Members") and owner of one hundred percent (100%) of the ownership interest in Unifi Equipment Leasing, LLC (the "Company" or "LLC"), governs the operations and management of the LLC.

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto hereby agree to operate a limited liability company under the laws of the State of North Carolina, pursuant to the following terms and conditions:

ARTICLE 1

GENERAL PROVISIONS

Section 1.1. *Purposes.* The purposes of the Company shall be to engage in such lawful business as shall be determined by the Members.

Section 1.2. *Management.* The Company shall be managed by its Members.

Section 1.3. *Principal Office.* The principal office and place of business of the Company shall be maintained at 7201 West Friendly Avenue, Greensboro, Guilford County, North Carolina 27419 or at such other place as the Members may designate from time to time.

Section 1.4. *Registered Agent and Office.* The registered agent and office of the Company in North Carolina shall be as provided in the Articles of Organization or as the Members may designate from time to time.

Section 1.5. *Term.* The existence of the Company shall terminate upon the earlier completion of liquidation and distribution of the assets of the Company after the occurrence of an Event of Dissolution (as defined in Section 11.1 hereof) or October 31, 2026.

Section 1.6. *Independent Activities.* Except as expressly provided otherwise herein and subject to applicable law, unless a Member agrees otherwise with the Company, such Member may engage in any activity in addition to the business of the Company, whether or not competitive with or in conflict with the business of the Company, and shall not be required to disclose such activity to or offer any interest in any such activity to the Company or to any other Member.

ARTICLE II

CAPITAL AND CONTRIBUTIONS

Upon execution of this Agreement and the commencement of the Company, the Members shall make initial capital contributions to the Company, the nature and value of which are set forth on Exhibit A attached hereto. All capital contributions other than cash shall be valued at their fair market values as of the date of contribution. No Member shall have any obligation to make additional capital contributions to the Company, and no Member shall make any voluntary additional capital contributions to the Company without authorization by the Members.

ARTICLE III

ACCOUNTING

Section 3.1. *Books and Records.* At all times during the continuation of the Company, the Members shall keep or cause to be kept true and full books of account and all other records necessary for recording the Company's business and affairs in compliance with applicable laws.

Section 3.2. *Fiscal Year.* The fiscal year of the Company shall be the period designated by the Members.

Section 3.3. *Bank Accounts.* All funds of the Company shall be deposited in its name in such checking or savings accounts as shall be designated from time to time by the Members. Withdrawals therefrom shall be made upon such signature or signatures as the Members may designate.

Section 3.4. *Income Tax Returns and Elections.* The Company shall provide the Members information on the Company's taxable income or loss that is relevant to reporting the Company's income as well as all other filings, forms, or other information required by federal or state taxing and regulatory authorities. This information shall also show each Member's distributive share of each class of income, gain, loss or deduction. This information shall be furnished to the Members as soon as possible after the close of the Company's taxable year. All elections required or permitted to be made by the Company under the Internal Revenue Code of 1986, as amended (the "Code") shall be made by the Members.

Section 3.5. *Loans to the Company.* The amount of a loan, if any, made to the Company by a Member shall not be considered a contribution to capital of the Company nor shall the making of such loan entitle such Member to an increased share of the profits or losses to be made pursuant to the provisions of this Agreement. All such loans shall be documented by a promissory note of the company and shall bear interest at the rate, and be subject to the other terms, agreed to by the lending Member and the Members.

ARTICLE IV

CAPITAL ACCOUNTS

Section 4.1. *Capital Accounts.* An individual capital account shall be established and maintained for each Member. Unless otherwise specifically provided herein, all references to "capital accounts" shall be references to "book" capital accounts and not "tax" capital accounts. Book and tax capital accounts shall be maintained in accordance with Treasury Regulation §1.704-1(b), as those regulations may be amended from time to time. No Member shall be entitled to withdraw any part of such Member's capital account or to receive any distributions except as specifically provided herein. No interest shall be paid on any capital invested in the Company except as expressly provided herein.

Section 4.2. *Adjustments to Capital Accounts.* The capital account of each Member shall be (a) increased by the initial and authorized additional capital contributions of such Member and by such Member's share of the Net Profits (as defined in Section 5.1) and items of income that are either nontaxable or otherwise not taken into account for federal income tax purposes and (b) decreased by the share of such Member's Net Losses (as defined in Section 5.1), distributions, and items of expense or cost that are either nondeductible or otherwise not taken into account for federal income tax purposes, unless otherwise prescribed by Treasury Regulations § l.704-1(b), as amended.

ARTICLE V

ALLOCATION OF PROFITS AND LOSSES

Section 5.1. *Profits and Losses.* Any Net Loss or Net Profit of the Company for any year shall be allocated, among the Members in accordance with the following rations (the "Profit-sharing Percentages"), except as otherwise provided in Section 5.2 hereof:

Unifi	100%

The allocation of Net Profit or Net Loss of the Company shall be determined for each fiscal year and shall be prorated for any fractional part of a fiscal year. For purposes of this Agreement, "Net Profit" or "Net Loss" shall be determined in accordance with the accrual method of accounting, consistently applied, and as required by the regulations promulgated under Section 704 of the Code.

Section 5.2. *Special Allocations.* The following special allocations shall be made in the following order and priority:

(a) *Minimum Gain Charge-Back.* Notwithstanding any other provision of this Article V, if there is a net decrease in Company minimum gain during any fiscal year or other period, prior to any other allocation pursuant hereto, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount and manner required by Treasury Regulation § 1.704-2(f) or 1.704-2(i). The items to be so allocated shall be determined in accordance with Treasury Regulation § 1.704-2.

(b) *Qualified Income Offset.* Any Member who unexpectedly receives an adjustment, allocation or distribution described in Treasury Regulation § 1.704-l(b)(2)(ii)(d)(4), (5) or (6) that causes or increases a negative balance in its capital account (in excess of any amount that Member is obligated to restore) shall be allocated items of income and gain sufficient to eliminate such increase or negative balance caused thereby, as quickly as possible, to the extent required by such Treasury Regulation.

(c) *Gross Income Allocation.* In the event any Member has a deficit capital account at the end of any Company fiscal year which is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation §§ 1.704-2(g)(l) and 1.704-2(i)(5), each such Member, shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 5.2(c) shall be made only if and to the extent that such Member would have a deficit capital, account in excess of such sum after all other allocations provided for in this Article V have been made as if this Section 5.2(c) were not in this Agreement.

(d) *Section 704(b) Limitation.* Notwithstanding any other provision of this Agreement to the contrary, no allocation of any item of income or loss shall be made to a Member if such allocation would not have "economic effect" pursuant to Treasury Regulation § 1.704-l(b)(2)(ii) or otherwise be in accordance with its interest in the Company within the meaning of Treasury Regulation §§ 1.704-l(b)(3) and 1.704-2. To the extent an allocation cannot be made to a Member due to the application of this Section 5.2(d), such allocation shall be made to the other Member(s) entitled to receive such allocation hereunder.

(e) *Curative Allocations.* Any allocations of items of income, gain, or loss pursuant to Sections 5.2(a)-(d) hereof shall be taken into account in computing subsequent allocations pursuant to this Article V, so that the net amount of any items so allocated and the income, losses, and other items allocated to each Member pursuant to this Article V shall, to the extent possible, be equal to the net amount that would have been allocated to each Member had no allocations ever been made pursuant to Sections 5.2(a)-(d).

(f) *Tax Allocations: Code Section 704(c).* In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes,

be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value at the time of its contribution. Allocations pursuant to this Section 5.2(f) are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's capital account or share of income, losses, other items, or distributions pursuant to any provision of this Agreement.

ARTICLE VI

DISTRIBUTIONS

Section 6.1. *Cash Flow Distribution.* Except as otherwise provided in Section 6.2 hereof, the "Net Cash Flow" (as defined in Section 6.3) of the Company shall be distributed at such times as the Members deem advisable, but not less frequently than annually, to the Members in accordance with their respective Profit-sharing Percentages.

Section 6.2. *Sale or Dissolution.* Upon the sale of all or substantially all of the property of the Company or upon dissolution of the Company, distribution of the proceeds of such sale or the distributable proceeds of liquidation shall be made, subject to the provisions of Section. 11.2, to the Members in accordance with their then capital account balances (after reflecting the Net Profit or Net Loss on any such sale and any Net Profit, Net Loss and other capital account adjustments for such year).

Section 6.3. *Net Cash Flow Defined.* For purposes of this Agreement, the term "Net Cash Flow" shall mean the Net Profit of the Company as ascertained through the use of sound accounting principles, consistently applied, except that (a) depreciation of buildings, improvements, personalty and all other depreciated items and amortization of leasehold improvements and all other amortized items shall not be considered a deduction, (b) mortgage amortization and loan payments shall be considered a deduction, (c) any amounts expended by the Company for capital items shall be considered a deduction, (d) if the Members deem it necessary or advisable, a reasonable reserve shall be deducted for working capital needs, to provide funds for improvements or for any contingencies of the Company, and (e) all other actual expenditures of the Company (except for distributions to Members pursuant to this Article VI) shall be considered deductions. Net proceeds from refinancing or sale, excess insurance and any condemnation award of all or any portion of real property owned by the Company and additional capital contributions by Members shall be deemed profits for purposes of determining Net Cash Flow except as otherwise provided in Section 6.2 hereof.

ARTICLE VII

MEETINGS OF MEMBERS; ACTION BY MEMBERS

Section 7.1. *Meetings.* Meetings of the Members may be called at any time by any Member.

Section 7.2. *Notice of Meetings.* Written notice stating the date, time and place of the meeting shall be given by the Member or Members calling the meeting to each Member not less than ten (10) nor more than sixty (60) days before the date of any meeting of the Members and such notice need not specify the purpose for which the meeting is called. When a meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment.

Section 7.3. *Waiver of Notice.* Any Member may waive notice of any meeting before, during or after the meeting. The waiver must be in writing, signed by the Member and delivered to the Company for inclusion in the minutes or filing with the Company's records. A Member's attendance, in person or by proxy, at a meeting (a) waives objection to lack of notice or defective notice of the meeting unless the Member or its proxy at the beginning of the meeting objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to any action taken at the meeting; and (b) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice unless the Member or its proxy objects to considering the matter before it is voted upon.

Section 7.4. *Quorum.* Members may take action on a matter at the meeting only if Members representing a majority of the Profit-sharing Percentages (a "Quorum") are present in person or by proxy. Once a Member is represented for any purpose at a meeting, such Member is deemed present for Quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting. In the absence of a Quorum at the opening of any meeting of Members holding not less than fifty-one percent (51%) of the Profit-sharing Percentages cast on the motion to adjourn; and, subject to the provisions of Section 7.2, at any adjourned meeting any business may be transacted that might have been transacted at the original meeting if a Quorum exists with respect to the matter proposed.

Section 7.5. *Proxies.* Members may vote either in person or by one or more proxies authorized by a written appointment of proxy signed by the Member or by a Member's duly authorized attorney-in-fact and delivered to the Company for inclusion in the minutes or filing with the Company's records. An appointment of proxy is valid for eleven months from the date of its execution unless a different period is expressly provided in the appointment form.

Section 7.6. *Action by Members.* Except as otherwise provided herein, if a Quorum exists, action on a matter is approved if Members holding a majority of the Profit-sharing

Percentages vote in favor of the action. As used in this Agreement, the phrase “the approval of the Members,” “the consent of the Members,” and similar phrases shall mean the approval as set forth in the foregoing sentence except as expressly provided otherwise in this Agreement.

Section 7.7. *Unanimous Written Consent.* Any action that is required or permitted to be taken at a meeting of the Members may be taken without a meeting if one or more written consents, describing the action so taken, shall be signed by all of the Members and delivered to the Company for inclusion in the minutes or filing with the Company’s records.

Section 7.8. *Delegation of Authority; Officers.*

(a) Subject to their duties hereunder and under applicable law, the Members may from time to time delegate to one or more persons other than Members such authority, powers and duties as the members shall deem appropriate.

(b) The Members may from time to time designate one or more individuals who are Members and, subject to their duties hereunder and under applicable law, individuals who are not Members, as officers of the Company. An officer so designated shall have such authority, powers and duties as the Members shall delegate to him or her. Any two or more offices may be held by the same individual, but no officer may act in more than one capacity where the action of two or more officers is specifically required by law or by the Members to be taken by two different individuals. The officers shall serve without compensation in such capacity unless otherwise determined by the Members. The designation of an officer does not itself create contract rights.

(c) Each officer shall hold office until such officer’s death, mental incapacity, resignation or removal or until the appointment of a successor. Any officer may be removed as an officer by the Members at any time with or without cause. An officer may resign as an officer at any time by communicating a resignation to the Company, orally or in writing. A resignation is effective when communicated unless it specifies in writing a later effective date. If a resignation is made effective at a later date, the Members may fill the pending vacancy before the effective date provided that the successor does not take office until the effective date.

Section 7.9. *Major Decisions.* Neither the Company nor any Member or officer thereof shall take or agree to take any of the following actions without the consent of all of the Members.

(a) Take any action which would make impossible the ordinary conduct of Company business, including selling, transferring or otherwise disposing of all or substantially all of the Company’s assets;

(b) Take any action in contravention of this Agreement;

(c) Confess a judgment against the Company;

(d) File or consent to the filing of a petition for or against the Company under any federal or state bankruptcy, insolvency or reorganization act;

(e) Make a non-pro rata distribution or return of capital to any Member, except as otherwise provided in this Agreement;

(f) Amend this Agreement;

(g) Change or reorganize the Company into any other legal form; or

(h) Merge the Company into another limited liability company.

Section 7.10. *Expenses.* The Company shall reimburse the Members and the officers for all reasonable expenses, if any, incurred in connection with the organization of this Company and in connection with the ownership, operation, and management of the property owned by the Company. In addition, the Company shall reimburse the Members and the officers for all reasonable expenses incurred in connection with the performance of duties and responsibilities hereunder, including such expenses as shall be incurred by the Members in connection with the keeping of books and records and other administrative expenses.

ARTICLE VIII

INDEMNIFICATION

The Company shall indemnify each Member to the extent permitted or required by law.

ARTICLE IX

WITHDRAWAL OF A MEMBER

No Member may voluntarily withdraw from the Company, by voluntary dissolution or otherwise, except as expressly permitted by this Agreement.

ARTICLE X

TRANSFER RESTRICTIONS; PURCHASE RIGHTS

Section 10.1. *General.* A Member may not sell or transfer all or any part of its membership interest except as provided in this Article. Any sale, assignment or transfer or purported sale or transfer of a membership interest, or any portion thereof, shall be null and void unless made strictly in accordance with the provisions of this Article.

Section 10.2. *Transfer to Related Party.* Each individual Member's membership interest may be transferred, during such Member's lifetime or by testamentary or intestate transfer, to any Related Party (as defined below) of such Member, and any transferee thereof shall become a Member only in accordance with Section 10.5. No further transfer of such membership interest shall be made by such transferee except back to the Member who originally owned it or to a Related Party of such Member who originally owned it, or except in accordance with the provisions of Section 10.2 through 10.6. For purposes of this Agreement, "Related Party" shall mean a spouse, any issue, spouse of issue, ancestor, trust for the sole benefit of any such Related Party or Parties, or partnership or limited liability company owned entirely by Members and Related Parties of Members; or any one of them; provided, however, that any spouse living separate and apart from the other spouse with the intention by either spouse to cease their matrimonial cohabitation shall not be deemed a Related Party.

Section 10.3. *Right of Refusal upon Voluntary Transfer.*

(a) Upon receipt of a bona fide offer from a non-related party to purchase a Member's membership interest or any portion thereof, the selling Member shall first offer to sell such membership interest, upon the same price, terms and conditions of the bona fide offer, to the other Members (the "offeree Members") on a pro rata basis determined by reference to the relative Profit-sharing Percentages of each of the offeree Members accepting such offer or as otherwise agreed by the offeree Members.

(b) Notice of such offer shall be given in accordance with Section 13.1 to each offeree Member, with copies to the company at its principal address, and must specify the price, terms and conditions of the bona fide offer and the identity and address of the proposed third party transferee. Each offeree Member shall have a period of thirty (30) days from the date of effective notice of such offer to accept such offer by written notice in accordance with Section 12.1 to all Members and the company at its principal office.

(c) If the entire membership interest offered by the selling Member is not purchased by the offeree Members, then the selling Member may sell such interest to the third person identified to the Members during the ninety (90) day period following the expiration of all offer periods referred to in subsection (b) above, but at a price and on terms no more favorable than the price and terms offered to the offeree Members. After the expiration of the 90-day period, no portion of the membership interest of the selling Member shall be sold without first being reoffered in accordance with this Section 10.3.

Section 10.4. *Purchase Option upon Involuntary Transfer or Breach.*

(a) Upon the occurrence of any of the following events concerning any Member, the other Members shall have the right to purchase at the Purchase Price (as defined below) the entire membership interest held by such Member on the terms and conditions set forth in this Article:

(i) the filing of a petition by a Member for relief as a debtor or bankrupt under the U.S. Bankruptcy Code or any similar federal or state law affording debtor relief proceedings; the adjudication of insolvency of a Member as finally determined by a court proceeding or the filing by or on behalf of a Member to accomplish the same or for the appointment of a receiver, custodian, assignee or trustee for the benefit of creditors of a Member;

(ii) the commencement of any proceedings relating to a Member by a third party under the U.S. Bankruptcy Code or similar federal or state law or other reorganization, arrangement, insolvency, adjustment of debt or liquidation law; the allowance of a Member's membership interest (or portion thereof) to become subject to attachment, garnishment, charging order, or similar charge unless any such preceding enumerated event is susceptible to cure and is cured within 90 days;

(iii) any voluntary withdrawal or attempted withdrawal of a Member other than as a-result of a transfer of such Member's membership interest pursuant to Section 10.2 or 10.3; or

(iv) the change in control of a Member.

For purposes of this Section 10.4, "change of control" of any Member which is not a natural person shall mean any person or entity who is not now an equity owner of such Member shall hereafter own, or have the right to acquire, a majority of the voting power of such corporation or shall otherwise have the right, by contract or otherwise, to elect a majority of the directors or other management body of such Member.

(b) Any Member whose membership interest is subject to the purchase rights created by this Section 10.4 is referred to as the "Defaulting Member." Any Defaulting Member shall have the obligation to give notice to the other Members and the Company of any event triggering purchase rights under this Section 10.4.

(c) The Members' collective purchase rights under this Section 10.4 shall be allocated to the Members in accordance with the relative profit-sharing Percentages of such Members electing to exercise such rights or as they otherwise agree. The right to purchase a Defaulting Member's interest pursuant to this Section 10.4 may be exercised by delivery of written notice to the Defaulting Member no later than sixty (60) days after the last to occur of (i) the occurrence of the event giving rise to the purchase right and (ii) actual receipt by all of the Members and the Company of written notice of the occurrence of such event. Upon delivery of such notice to purchase, the purchasing Member(s) shall have the right and obligation to purchase the Defaulting Member's

interests, and the Defaulting Member shall be required to sell such interest for the Purchase Price in accordance with this Article.

(d) If no Member elects to exercise purchase rights pursuant to this Section 10.4, the membership interest of any Defaulting Member shall be and become the interest of an assignee as set forth in the second and third sentences of Section 10.5.

(e) The "Purchase Price" of any membership interest shall mean such price, as agreed by the parties, or if such parties cannot agree, the Purchase Price shall equal the fair market value of such membership interest as determined by an appraiser jointly selected by such parties no later than the initially scheduled Closing Date, or if the parties cannot agree on the selection of an appraiser, by three appraisers, the first of whom is selected by the purchasing party (or parties), the second of whom is selected by the selling party (or parties), and the third of whom is selected by the two appraisers so selected. If the three appraisers cannot agree on the Purchase Price, the Purchase Price shall equal the appraised value determined by the appraiser whose appraised value is not the lowest or the highest of the three appraised values. The appraisers shall be directed to submit their determinations in writing within thirty (30) days after their selection.

(f) The closing of the purchase of any membership interest shall occur within ninety (90) days after any obligation to close such purchase shall arise under this Section 10.4, such date being referred to herein as the "Closing Date". On the Closing Date, the selling Member shall convey its membership interest-free and clear of all liens, claims and encumbrances and pursuant to such instruments of conveyance and warranties as the purchasing Member shall reasonably request. The purchasing Member shall pay all fees and expenses in connection with such transaction, except the attorneys' fees of the selling Member. The failure of any party to satisfy the obligation to close the purchase and sale of a membership interest in accordance with this Article shall entitle the other party to specific performance of such obligation, in addition to all other equitable and legal remedies available.

Section 10.5. *Rights of Assignors and Assignees.* Any transfer to an existing Member pursuant to Section 10.3(a) or 10.4 shall be effective to make the transferee thereof a Member without further action by any person. Any other sale, assignment or transfer, whether voluntary or involuntary of any membership interest shall be effective to give the assignee only the right to receive the share of income, losses and distributions to which the assignor would otherwise be entitled and shall not be effective to constitute the assignee as a Member. Any assignee who assigns all of its membership interest shall be removed automatically as a Member without further action or approval by any person. An assignee who does not become a Member shall have no right to share in any management decisions, no voting rights, no right to examine Company books and records, and no other rights of any kind whatsoever except as described in the preceding sentence. Any assignee of the interest of a Member shall be admitted as a Member of the Company only after the following conditions are satisfied:

(a) Members holding at least a majority of the profit-sharing percentages and capital account balances of the members (exclusive of the assignor and assignee) consent in writing to the admission of the assignee as a Member, which consent may be granted or denied in the absolute discretion of such Members;

(b) the duly executed and acknowledged written instrument of assignment has been filed with the Company, setting forth the intention of the assignor that the assignee become a Member;

(c) the assignee has consented in writing in a form satisfactory to the Members (exclusive of the assignor and assignee) to be bound by all of the terms of this Agreement in the place and stead of the assignor; and

(d) the assignor and assignee have executed and acknowledged such other instruments as the Members (exclusive of the assignor and assignee) may deem necessary or desirable to effect such admission.

Any assignee of a membership interest who does not become a Member, whether or not admitted as a Member, shall be subject to all terms of this Agreement. Without limiting the generality of the foregoing, any such assignee who desires to make a further assignment of such membership interest shall be subject to all provisions of this Article X to the same extent and in the same manner as any Member desiring to make an assignment of its interest.

Section 10.6. *Further Restriction on Transfer.* Notwithstanding any provision of this Agreement to the contrary, (a) no Member may pledge or hypothecate a membership interest to secure a debt or other obligation of such Member; and (b) no interest in the Company may be transferred unless (i) such transfer will not cause a termination of the Company for federal tax purposes within the meaning of Section 708 of the Code, and (ii) the sale or transfer of such interest is registered under the applicable federal and state securities laws and regulations or the Company is furnished with an opinion of counsel (at the transferor's expense) satisfactory to the Members that such registration is not required.

ARTICLE XI

DISSOLUTION AND TERMINATION OF THE COMPANY

Section 11.1. *Events of Dissolution.* The Company shall be dissolved (a) upon the mutual consent of all Members; or (b) upon the sale by the Company of all or substantially all its right, title, and interest in and to the Company property and receipt by the Company of the purchase price in full; or (c) upon the entry of a decree of judicial dissolution, or the filing of a certificate of administrative dissolution, pursuant to the North Carolina Limited Liability Company Act (the "Act"), in either case that is not reversed, revoked or rescinded within sixty (60) days thereafter; or (d) upon the occurrence of any event described in Section l0.4(a), unless within ninety days after such event Members holding at least a majority of the Profit-sharing

Percentages and capital account balances of the remaining Members consent to the continuation of the company; or (e) in any event at midnight on the 31st day of October, 2026.

Section 11.2. *Winding-Up the Company.* In the event of a dissolution of the Company, a reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to creditors so as to enable the Members to minimize the normal losses attendant upon a liquidation. The Members shall continue to share profits or losses during the liquidation in the same proportion as before dissolution. The proceeds from liquidation of Company assets shall be applied as follows: (a) payment to creditors of the Company in the order of priority provided by law, and the establishment of a reserve for any unforeseen liabilities or obligations; and (b) in accordance with Section 6.2 hereof.

ARTICLE XII

MISCELLANEOUS

Section 12.1. *Notices.* All notices and other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed to have been given three (3) days after deposit in the United States mails if mailed by first class, certified or registered mail, postage prepaid, or on the date of delivery if delivered by overnight delivery service, hand, telegram or facsimile transmission, addressed to the Company at its principal office or to a Member at such Member's address then contained in the records of the Company. Any Member may change its notice address by giving written notice of such change to the Company.

Section 12.2. *Amendments.* This Agreement may not be modified or amended except with the written consent of Members holding a majority of the Profit-sharing Percentages (or such greater percentage as expressly required hereunder or as required by law or in order to maintain the tax status of the Company), and such writing must refer specifically to this Agreement.

Section 12.3. *Captions.* The captions and headings as used in this Agreement are used for convenience and reference only, and do not constitute substantive matter to be considered in construing the terms of this Agreement.

Section 12.4. *Variations in Pronouns.* All personal pronouns used in this Agreement, whether used in masculine, feminine, or neuter gender, shall include all other genders; singular shall include plural, and vice versa; and shall refer solely to the parties signatory thereto except where otherwise specifically provided.

Section 12.5. *Cumulative Remedies.* Each right, power, and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise.

Section 12.6. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina.

Section 12.7. *Merger and Modification.* This Agreement expresses the entire agreement between the parties hereto and supersedes any prior written or oral understanding or agreements. These terms and conditions may not be waived except by a writing signed by all of the Members, and such writing must refer specifically to this Agreement. A waiver of any breach on any one occasion shall not constitute a waiver of any other or subsequent breach whether of like or different nature.

Section 12.8. *Severability.* Every provision of this Agreement is intended to be severable, and if any term or provision hereof shall be declared illegal, invalid, or in conflict with the Act, or the purposes of this Agreement for any reason whatsoever, such term or provision shall be ineffectual and void, and the validity of the remainder of this Agreement shall not be affected thereby, unless the invalidity of any such provision substantially deprives either party of the practical benefits intended to be conferred by this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed under seal as of the day and year first above written.

Unifi, Inc.

By: /s/ Willis C. Moore, III (Seal)
Willis C. Moore, III
Vice President and
Chief Financial Officer

UNIFI EQUIPMENT LEASING, LLC
OPERATING AGREEMENT
EXHIBIT A

MEMBER	TYPE OF PROPERTY	AGREED UPON VALUE	PERCENTAGE INTEREST
Unifi, Inc.	Cash	$ 10,000.00	100

Exhibit 3.6(i)

[STAMP]

ARTICLES OF ORGANIZATION

OF

UNIFI TEXTURED POLYESTER, LLC

Pursuant to §57C2-20 of the General Statutes of North Carolina, the undersigned hereby submit these Articles of Organization for the purpose of forming a limited liability company.

1. The name of the limited liability company is Unifi Textured Polyester, LLC.

2. The latest date on which this limited liability company is to dissolve is December 31, 2098.

3. The name and address of the organizer executing these Articles of Organization is:

Name:	**Address:**
Charles F. McCoy	Frazier, Frazier & Mahler, LLP P.O. Drawer 1559 Greensboro, North Carolina 27402-1559

4. The address of the initial registered office of the limited liability company in the State of North Carolina is 7201 West Friendly Avenue, Greensboro, Guilford County, North Carolina, 27410; and the name of the initial registered agent is Mr. Willis C. Moore, III.

5. The limited liability company is a manager-managed limited liability company and, except as provided by N.C.G.S. §57C-3-20(a), the members by virtue of their status as members shall not be Managers of this limited liability company.

6. To the fullest extent permitted by the North Carolina Limited Liability Company Act as it exists or may hereafter be amended, no person who is serving or who has served as a Manager of the limited liability company shall be personally liable to the limited liability company or any of its members for monetary damages for breach of duty as a Manager, and the limited liability company shall indemnify the Managers and make advances for expenses to them with respect to matters capable of indemnification under the Act. The company shall indemnify its employees and

other agents provided that such indemnification in any given situation is approved by a majority in interest of the Members. No amendment or repeal of this article, nor the adoption of any provision to these Articles of Organization inconsistent with this article, shall eliminate or reduce the protection granted herein with respect to any matter that occurred prior to such amendment, repeal or adoption.

These articles will become effective upon filing.

This the 23rd day of April, 1998.

/s/ Charles F. McCoy
Charles F. McCoy
Organizer

Exhibit 3.6(ii)

OPERATING AGREEMENT

OF

UNIFI TEXTURED POLYESTER, LLC

(A North Carolina Limited Liability Company)

THE LLC MEMBERSHIP INTERESTS REPRESENTED BY THIS OPERATING AGREEMENT HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE NORTH CAROLINA SECURITIES ACT, OR SIMILAR LAWS OR ACTS OF OTHER STATES IN RELIANCE UPON EXEMPTIONS UNDER THOSE ACTS. THE SALE OR OTHER DISPOSITION OF THE MEMBERSHIP INTERESTS IS RESTRICTED AS STATED IN THIS OPERATING AGREEMENT, AND IN ANY EVENT IS PROHIBITED UNLESS THE LLC RECEIVES AN OPINION OF COUNSEL SATISFACTORY TO IT AND ITS COUNSEL THAT SUCH SALE OR OTHER DISPOSITION CAN BE MADE WITH OUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ANY APPLICABLE STATE SECURITIES ACTS AND LAWS. BY ACQUIRING THE MEMBERSHIP INTEREST REPRESENTED BY THIS OPERATING AGREEMENT, THE MEMBER REPRESENTS THAT IT WILL NOT SELL OR OTHERWISE DISPOSE OF ITS MEMBERSHIP INTERESTS WITHOUT REGISTRATION OR OTHER COMPLIANCE WITH THE AFORESAID ACTS AND THE RULES AND REGULATIONS ISSUED THEREUNDER.

OPERATING AGREEMENT

OF

UNIFI TEXTURED POLYESTER, LLC

THIS OPERATING AGREEMENT of Unifi Textured Polyester, LLC (the "Company"), a limited liability company organized pursuant to the North Carolina Limited Liability Company Act, is executed effective as of the 23rd day of April, 1998, by and among the Company, Burlington Industries, Inc., a Delaware Corporation ("Burlington"), Unifi, Inc., a New York Corporation ("Unifi"), Unifi Manufacturing, Inc., a North Carolina Corporation ("UMI") and the persons executing this Agreement as the Managers.

ARTICLE I - FORMATION OF THE COMPANY

1.1 Formation. The Company was formed on April 23, 1998, upon the filing with the Secretary of State of the Articles of Organization of the Company. In consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree that the rights and obligations of the parties and the administration and termination of the Company shall be governed by this Agreement, the Articles of Organization and the Act.

1.2 Name. The name of the Company is "Unifi Textured Polyester, LLC." The Members may change the name of the Company from time to time as they deem advisable, provided appropriate amendments to this Agreement and the Articles of Organization and necessary filings under the Act are first obtained.

1.3 Registered Office and Registered Agent. The Company's registered office within the State of North Carolina and its registered agent at such address shall be as determined from time to time by the Managers.

1.4 Principal Place of Business. The principal place of business of the Company within the State of North Carolina shall be at 7201 West Friendly Avenue, Greensboro, North Carolina 27410, or such place or places and the Managers may from time to time deem necessary or advisable.

1.5 Purposes and Powers.

(a) The purpose and business of the Company shall be to engage in the manufacture and sale of natural textured polyester yarn and any other lawful business for which limited liability companies may be organized under the Act.

(b) The Company shall have any and all powers which are necessary or desirable to carry out the purposes and business of the Company, to the extent the same may be legally exercised by limited liability companies under the Act.

1.6 Term. The Company shall continue in existence until the close of the Company's business on December 31, 2098, as specified in the Company's Articles of Organization, unless the Company is earlier dissolved and its affairs wound up in accordance with the provisions of this Agreement or the Act.

1.7 Nature of Members' Interest. The interests of the Members in the company shall be personal property for all purposes. Legal title to all Company assets shall be held in the name of the Company. Neither any Member nor a successor, representative or assign of any Member, shall have any right, title or interest in or to any Company property or the right to partition any Property owned by the Company.

ARTICLE II - DEFINITIONS

2.1 Definitions. In addition to terms defined elsewhere in this Agreement, the following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

"Act" means the North Carolina Limited Liability Company Act, as amended from time to time.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts to which such Member is obligated to restore or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(ii) Debit to such Capital Account the items described in Sections 1.704-l(b)(2)(ii)(d)(4), 1.704-l(b)(2)(ii)(d)(5), and 1.704-1 (b)(2)(ii)(d)(6) of the Treasury Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted consistently therewith.

"Adjusted Capital Contributions" means, as of any day, a Member's Capital Contributions adjusted as follows:

(i) Increased by the amount of any Company liabilities which, in connection with Distributions, are assumed by such Member or are secured by any Company Property distributed to such Member; and

(ii) Reduced by the amount of cash and the Gross Asset Value of any Company Property distributed to such Member and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

In the event a Member transfers all or any portion of such Member's Membership Interest in accordance with the terms of this Agreement, the transferee shall succeed to the Adjusted Capital Contribution of the transferor to the extent it relates to the transferred Membership Interest or portion thereof.

"Agreement" means this Operating Agreement, as amended from time to time.

"Articles of Organization" means the Articles of Organization of the Company filed with the Secretary of State, as amended or restated from time to time.

"Board of Managers". "Board", or "Managers" means the Persons executing this Agreement as a member of the Board of Managers or any successor elected to serve as a Manager of the Company pursuant to the terms of this Agreement.

"Burlington" means Burlington Industries, Inc., a Delaware corporation, or any successor-in-interest pursuant to Article XII.

"Capital Account" means, with respect to any Member, the capital account maintained for such Member in accordance with Section 9.5 of this Agreement.

" Capital Contribution" means all contributions of cash or property (valued for this purpose at initial Gross Asset Value) made by a Member or the Member's predecessor in interest.

"Code" means the Internal Revenue Code of 1986, as amended from time to time (and any corresponding provisions of succeeding law).

"Company Cash Flow" for any period means the gross cash proceeds of the Company, other than from Company loans and Capital Contributions, less the portion thereof used to pay or establish reserves for all Company expenses, debt payments, capital improvements, replacements and contingencies, all as determined by the Managers. Company Cash Flow shall not be reduced by depreciation, amortization, cost recovery deductions or similar allowances, but shall be increased by any reductions of reserves previously established pursuant to the first sentence of this definition. Company Cash Flow shall also include all other funds available for distribution and designated as Company Cash Flow by the Managers.

"Company Minimum Gain" means gain as defined in Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d).

"Company Net Earnings" for any period means the net income of the Company as determined in accordance with GAAP for such period.

"Depreciation" means, for each Fiscal Year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Fiscal Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Managers.

"Disinterested Member" means a Member who is not related (within the meaning of Section 267(b) of the Code, or Section 707(b)(1) of the Code) to either the Member whose Membership Interest is to be transferred as provided in Article XII or the proposed transferee of such Membership Interest.

"Distribution" means any money or other property distributed to a Member with respect to the Member's Membership Interest, but shall not include any payment to a Member for materials or services rendered nor any reimbursement to a Member for expenses permitted in accordance with this Agreement, including without limitation payments made pursuant to Code Section 707(a) and 707(c).

"Encumbrance" means any lien, pledge, encumbrance, collateral assignment or hypothecation.

"Fiscal Year" means an annual accounting period ending the last Sunday of June of each year during the term of the Company, unless otherwise specified by the Managers.

"GAAP" means generally accepted accounting principles of the United States.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes except as follows:

(i) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Managers and shall be assumed to approximate the federal income tax basis for such assets;

(ii) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account), as determined by the Managers, as of the following times: (a) the acquisition of an additional interest in the company (other than upon the initial formation of the Company) by any new or existing Member in exchange for more than a *de minimis* Capital Contribution; (b) the distribution by the Company to a Member of more than a *de minimis* amount of Company Property as consideration for an interest in the Company; and (c) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that the adjustments pursuant to clauses (a) and (b) above shall be made only if the Managers reasonably determine that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(iii) The Gross Asset Value of any Company asset distributed to any Member shall be adjusted to equal the gross fair market value (taking Code Section 770 1(g) into account) of such asset on the date of distribution as determined by the Managers; and

(iv) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m) and the definition of Profits and Losses herein and Section 10.9 hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (iv) to the extent the Managers determine that an adjustment pursuant to subparagraph (ii) hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iv).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraphs (ii) or (iv) hereof, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

For financial reporting purposes initial asset values shall be assumed to approximate the historical accounting values of such assets determined in accordance with GAAP.

"Majority of Managers" means a combination of Managers constituting more than fifty percent (50%) of the number of Managers then elected and qualified.

"Majority in Interest" means a combination of any Members who, in the aggregate, own more than fifty percent (50%) of the Membership Interests of all Members.

"Manager" means each Person serving on the Board of Managers as provided in this Agreement.

"Member" means each of UMI and Burlington or any other Person admitted as a member of the Company in accordance with this Agreement and the Act. "Members" refers to such Persons as a group.

"Member Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulations Section 1.704-2(i)(3).

"Member Nonrecourse Debt". has the same meaning as the term "partner nonrecourse debt" in Treasury Regulations Section 1.704-2(b)(4).

"Member Nonrecourse Deductions" has the same meaning as the term "partner nonrecourse deductions" in Treasury Regulations Section 1.704-2(i)(1) and 1.704-2(i)(2).

"Membership Interest" means all of a Member's rights in the Company, including without limitation, the Member's share of the Profits and Losses of the Company, the right to receive distributions of the Company's assets, any right to vote and any right to participate in the management of the company as provided in the Act and this Agreement.

"Nonrecourse Deductions" has the same meaning as stated in Treasury Regulations Section 1.704-2(b)(1).

"Nonrecourse Liability" has the same meaning as stated in Treasury Regulations Section 1.704-2(b)(3).

"Officer" means the Person elected to serve as an officer of the company pursuant to the terms of this Agreement or any other Person that succeeds such Officer. "Officers" refers to such Persons as a group.

"Percentage Interest" means, with respect to any date, the Percentage Interests as stated on Schedule I of this Agreement. The Percentage Interests stated on Schedule I are fixed and shall not vary to reflect changes in the Members' Adjusted Capital Contributions or other factors, except as specifically provided in Section 9.3B hereof or as adjusted as of Closing to account for errors in the calculation of either Member's earnings before interest, taxes, depreciation and amortization which served as the basis for the determination of the Percentage Interests specified on Schedule I hereto.

"Person" means an individual, a trust, an estate, a domestic corporation, a foreign corporation, a professional corporation, a partnership, a limited partnership, a limited liability company, a foreign limited liability company, an unincorporated association or another entity.

"Profits" and "Losses" mean, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year determined in accordance with Code

Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this definition of Profits and Losses shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-l(b)(2)(iv), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of Profits and Losses shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (ii) or (iv) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset), from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(iv) Gain or loss resulting from any disposition of Company Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period, computed in accordance with the definition of Depreciation set out hereof;

(vi) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member’s interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits or Losses;

(vii) Notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Sections 10.2, 10.3, 10.5, 10.7, 10.8, 10.9, 10.10, 10.11 or 10.12 hereof shall not be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 10.2, 10.3, 10.7, 10.8, 10.9, 10.10, 10.11 or 10.12 hereof shall be determined by applying rules analogous to those set forth in Sections (i) through (vi) above.

"Property" means all real and personal property acquired by the Company, including cash, and any improvements thereto, and shall include both tangible and intangible property.

"Secretary of State" means the Secretary of State of North Carolina.

"Tax Matters Member" means any Member designated by the Mangers as the "tax matters partner," as that term is defined in the Code and analogous provisions of state, local and foreign law. The initial Tax Matters Member shall be UMI.

"Transfer" means, as a noun, any voluntary or involuntary transfer, sale, lease, pledge, assignment or hypothecation or other disposition and, as a verb, voluntarily or involuntarily to transfer, sell, lease, pledge, assign or hypothecate or otherwise dispose of.

"Treasury Regulations" means the Income Tax Regulations and Temporary Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"UMI" means Unifi Manufacturing, Inc., a North Carolina corporation, or any successor-in-interest pursuant to Article XII.

"Unifi" means Unifi, Inc., a New York corporation, or any successor-in-interest.

ARTICLE III - RIGHTS AND OBLIGATIONS OF MEMBERS

3.1 Names and Addresses of Members. The names, addresses and Membership Interests and Percentage Interests of the Members are as reflected in Schedule I attached hereto and made a part hereof, which Schedule shall be as amended by the Company as of the effectiveness of any transfer or subsequent issuance of any Membership Interest.

3.2 No Management by Members. The Members in their capacity as Members shall not take part in the management or control of the business, nor transact any business for the Company, nor shall they have power to sign for or to bind the Company.

3.3 Limited Liability. The Members shall not be required to make any contribution to the capital of the Company except as set forth in Article IX, nor shall the Members in their capacity as such be bound by, or liable for, any expense, liability or obligation of the Company except to the extent of their interest in the Company and the obligation to return Distributions made to them under certain circumstances as required by the Act. The Members shall be under no obligation to restore a deficit capital account upon the dissolution of the Company or the liquidation of any of their Membership Interests.

3.4 Bankruptcy of a Member. A Member shall cease to have any power as a Member or a Manager hereunder upon such Member's bankruptcy, insolvency, dissolution, or assignment for the benefit of creditors. In no event, however, shall a trustee or successor become a substitute Member unless the requirements of Section 12.3 are satisfied.

ARTICLE IV - MANAGEMENT OF THE COMPANY

4.1 General. The day-to-day business and affairs of the Company shall be managed by the Officers under the direction of the Board of Managers except as otherwise provided byte Act. The Board of Managers of the Company shall consist of the individuals determined in accordance with Section 6.2 below. The Officers of the Company shall be such individuals as provided in Article VII.

4.2 Compensation and Expenses. The Board of Managers may direct the Company to pay the Managers and the Officers compensation for serving as Managers or Officers and to reimburse Managers and Officers for expenses incurred by the Managers or Officers in connection with their service to the Company. The Board may also direct the Company to pay reasonable compensation to any member for services rendered to the Company and to reimburse Members for any expenses they incur on behalf of the Company.

4.3 Indemnification of Managers. The Company shall indemnify the Managers to the fullest extent permitted or required by the Act, as amended from time to time, and the Company may advance expenses incurred by a Manager upon the approval of the remaining Managers and the receipt by the company of the signed statement of such Manager agreeing to reimburse the Company for such advance in the event it is ultimately determined that such Manager is not entitled to be indemnified by the Company against such expenses.

4.4 Limitation on Liability. No Manager of the Company shall be liable to the Company for monetary damages for an act or omission in such Person's capacity as a Manager, except as provided in the Act for (i) acts or omissions which a Manager knew at the time of the acts or omissions were clearly in conflict with the interests of the Company; (ii) any transaction from which a Manager derived an improper personal benefit; or (iii) acts or omissions occurring prior to the date this provision becomes effective. If the Act is amended to authorize further elimination of limitations on the liability of Managers, then the liability of the Managers shall be eliminated or limited to the fullest extent permitted by the Act as so amended. Any repeal or modification of this Section 4.4 shall not adversely affect the right or protection of a Manager existing at the time of such repeal or modification.

4.5 Liability for Return of Capital Contribution. The Managers shall not be liable for the return of the Capital Contributions of the Members, and upon dissolution, the Members shall look solely to the assets of the Company.

4.6 Tax Matters. (a) The Managers hereby appoint UMI as the initial Tax Matters Member, to serve as the "tax matters partner" as defined in the Code and to serve in any similar capacity under state, local and foreign law. Subject to the limitations set forth herein, the Managers shall make any and all elections for federal, state, local, and foreign tax purposes including, without limitations, any election, if permitted by applicable law: (i) to adjust the basis of Property pursuant to Code Sections 754, 734(b) and 743(b), or comparable provisions of state, local or foreign law, in connection with Transfers of Membership Interests and Company Distributions; (ii) with the consent of all the Members to extend the statute of limitations for assessment of tax deficiencies against the Members with respect to adjustments to the Company's federal, state, local or foreign tax returns; and (iii) to the extent provided in Code Sections 6221 through 6231 and similar provisions of federal, state, local, or foreign law, to represent the Company and the Members before taxing authorities or courts of competent jurisdiction in tax matters affecting the Company or the Members in their capacities as Members, and to file any tax returns and execute any agreements or other documents relating to or affecting such tax matters, including agreements or other documents that bind the Members with respect to such tax matters or otherwise affect the rights of the Company and the Members.

(b) UMI and the Managers shall exercise their authority and discretion granted under Section 4.6(a) and under each of the other provisions of this Agreement (including but not limited to Section 10.12) relative to the treatment and determination of allocations and adjustments and all other tax matters affecting the Company, the Members or their Membership Interests or Percentage Interests in the Company in such a manner as to preserve the Percentage Interests of the Members as of the date hereof and as is consistent with the legal and fiduciary obligations of the Company and the Managers to each Member of the Company and of UMI to Burlington in respect of a majority Member to a minority Member. Notwithstanding the foregoing, the parties hereto agree that UMI and the Managers shall consult with Burlington before making any allocation and adjustment or other tax election which would materially adversely affect Burlington's Membership Interests or Percentage Interests in the Company or the value thereof. Should Burlington object to any proposed action on the part of UMI or the Managers, UMI and Burlington shall negotiate in good faith to resolve any disagreement with respect thereto. If UMI, Burlington and the Managers have not resolved any such disagreement within thirty (30) days after Burlington's receipt of the proposed action, such disagreement shall be submitted to a mutually agreeable third party selected by UMI and Burlington (and in the absence of such agreement, by Ernst & Young) for a final and binding resolution of the disagreement consistent with the concern that any proposed allocation and adjustment or other tax election would not materially adversely affect Burlington's Membership Interests or Percentage Interests in the Company or the value thereof. The costs and expenses for the services of such dispute resolution procedure shall be borne by the Company.

4.7 Accounting Matters.

(a) The Board of Managers shall cause the treasurer or such other appropriate officer of Company to keep books and records typically maintained by entities engaged in similar businesses to that engaged in by the Company and which set forth true, accurate and complete accounts of the business and affairs of the Company, including a fair presentation of all income, expenditures, assets and liabilities thereof. Such books and records shall include all information necessary to permit the preparation of financial statements in accordance with GAAP.

(b) The Board of Managers shall engage an independent public accounting firm of recognized national standing which is capable of auditing the annual financial statements of the Company in accordance with standards issued by the American Institute of Certified Public Accountants.

(c) The Board of Managers shall cause the treasurer or such other appropriate officer of the Company to prepare and deliver to each Member within fifteen (15) days of the end of each month, and within ten (10) days of the end of each fiscal quarter of the Company, (i) balance sheets of the Company as of the end of such period, and (ii) statements of income and accumulated earnings and changes in cash flows for the Company for such period. The Board of Managers shall cause the treasurer or such other appropriate officer of the Company to prepare and deliver to each Member within sixty (60) days of the end of fiscal year of the Company, (i) balance sheets of the Company as of the end of such fiscal year, and (ii) statements of income and accumulated earnings and changes in cash flows for the Company for such fiscal year, in each case certified by the independent public accounting firm selected pursuant to Section 4.7(b) of this Agreement. Reports will be provided in such form as are necessary for each Member to prepare financial statements which it is required to prepare under applicable law. In addition, within seventy-five (75) days of the end of year taxable year of the Company, the Board of Managers shall cause the treasurer or such other appropriate officer of the Company to prepare and deliver to each Member during the taxable year then ended all of the tax information concerning the Company which is necessary for each Member to prepare its income tax returns for that year. The Company shall bear the cost of providing accounting and tax information regarding the Company reasonably required by each Member in the preparation of such Member's own financial statements and tax returns.

4.8 Dealings with Members, Managers and Their Affiliates. Each Member understands that the conduct of the Company's business may from time to time involve business dealings and other transactions and undertakings with one or more of the Members, the Managers or any of their respective affiliates. The Members and the Managers covenant and agree for themselves and for their respective affiliates that each such dealing, transaction or undertaking, unless expressly provided for as part of this Agreement or the Contribution Agreement, shall be at arm's length, on commercially reasonable terms and in all cases on terms which are fair to the Company. The foregoing shall not apply to the methodology used in the allocation of corporate services and selling, general and administrative expenses between Unifi and the Company, which methodology shall be instead consistent with the methodology used by

Unifi and its affiliated companies and internal divisions during the twelve (12) months ended December 31, 1997.

ARTICLE V - MEETINGS OF MEMBERS

5.1 Place of Meetings. Meetings of Members shall be held at the principal office of the Company, or at such other place, either within or without the State of North Carolina, as shall be designated in the notice of the meeting.

5.2 Annual Meeting. The Members shall meet no less than annually, with such annual meeting to be held at 10:00 A.M. on the first Tuesday in August of each year, if not a legal holiday, but if a legal holiday, then on the next business day which is not a legal holiday, for the purpose of electing Managers and the transaction of such other business as may be properly brought before the meeting.

5.3 Substitute Annual Meeting. If the annual meeting is not held on the day designated by this Agreement, a substitute annual meeting may be called in accordance with Section 5.4. A meeting so called shall be designated and treated for all purposes as the annual meeting.

5.4 Special Meetings. Special meetings of the members shall be called at any time by the President, by any Manager or by any Member upon the execution and delivery to the Company's secretary of one or more written demands for the meeting, in each case describing the purpose or purposes for which it is to be held.

5.5 Notice of Meetings. At least 10 and no more than 30 days prior to any annual or special meeting of Members, the Company shall notify Members of the date, time and place of the meeting and, in the case of a special meeting, shall briefly describe the purpose or purposes of the meeting. Only business within the purpose or purposes described in the notice may be conducted at a special meeting. If an annual or special meeting is adjourned to a different date, time or place, notice thereof need not be given if the new date, time or place is announced at the meeting before adjournment. It shall be the primary responsibility of the secretary to give the notice, but notice may be given by or at the direction of the President or other person or persons calling the meeting. If mailed, such notice shall be deemed to be effective when deposited in the United States mail with postage thereon prepaid, correctly addressed to the Members' addresses shown in the Company's current record of Members.

5.6 Quorum. A majority of the Membership Interests represented in person or by proxy at a meeting of Members shall constitute a quorum. Once the Membership Interests of a Member are represented for any purpose at a meeting, such Membership Interests are deemed present for quorum purposes for the remainder of the meeting and any adjournment thereof, unless a new record date is or must be set for the adjournment. In the absence of a quorum at the opening of any meeting of Members, such meeting may be adjourned from time to time by the President.

5.7 Voting of Members. Except as otherwise expressly provided in this Agreement, all action by the Members shall be made by vote of a Majority in Interest of the Members, including (without limitation) any action for which Section 57C-3-03 of the Act, in the absence of this provision, would otherwise require unanimous consent. Voting on all matters shall be by voice vote or by a show of hands, unless any Member represented at the meeting shall demand a ballot vote on a particular matter.

5.8 Action Without Meeting. Any action which the Members could take at a meeting may be taken without a meeting if one or more written consents, setting forth the action taken, shall be signed, before or after such action, by Members having such percent of the Membership Interest as would be required to take the action at a meeting. The consent shall be delivered to the Company for inclusion in the minutes or filing with the Company's records and shall be circulated to all Members not signing the consent within thirty days of the Company's receipt of such action.

ARTICLE VI - BOARD OF MANAGERS

6.1 General Powers. The Members hereby delegate management of the business and affairs of the Company to the direction of the Board of Managers, except as otherwise provided herein or in the Act.

6.2 Number, Term and Qualification. The Board of Managers of the Company shall consist of five (5) individuals, two (2) elected by Burlington and three (3) elected by Unifi. The Members at any annual meeting may by action approved by both Burlington and Unifi change the number of Managers to be elected. The initial Board of Managers of the Company shall be as set forth on the signature page hereto and their consent to serve in such capacity shall be evidenced by their signature. Each Manager's term shall expire at the annual meeting next following the Manager's election as a Manager, provided that, notwithstanding the expiration of the term of the Manager, the Manager shall continue to hold office until a successor is elected and qualifies or until his death, resignation, removal or disqualification or until there is a decrease in the number of Managers. No individual who is not a director, officer or employee of a Member may serve as a Manager of the Company.

6.3 Removal. A Manager may be removed from office with or without cause only by the Member that is entitled to elect his successor.

6.4 Limitations on Power of Managers. Without the consent of all of the members of the Board of Managers and each of the Members of the Company, the Company shall not:

(i) amend or restate this Agreement or any of the other organizational documents or agreements of the Company;

(ii) sell, lease, exchange or otherwise dispose of any of the property or assets (with or without goodwill) of the Company outside of the ordinary course of business,

in one or more transactions consummated from and after the "Effective Time" (as defined in the Contribution Agreement), which in the aggregate shall exceed 51% of the total assets of the Company as of the end of its most recently completed fiscal year prior to the date of any such transaction;

(iii) be a party to any transaction whereby the Company acquires, whether by redemption, exchange or direct purchase, any of the outstanding equity interests of the Company;

(iv) enter into any transaction or agreement with or for the benefit of or the payment of any money to or the transfer of any assets or property to (a) either Member or any entity in which either Member has any ownership interests, or (b) any director, officer, manager, employee, agent or affiliate of either Member or of any entity in which either Member has any ownership interests; provided, however, that the foregoing restriction shall not apply to any transactions or agreements expressly permitted by Section 4.8 of this Agreement or expressly provided for as part of this Agreement or in that certain Contribution Agreement of even date herewith by and between the Company and the initial Members of the Company (the "Contribution Agreement");

(v) whether through any acquisition of assets or of equity interests in any other person or entity or otherwise, cause or permit the Company to acquire or engage in any business other than the "Business" as defined in the Contribution Agreement or in any business which in the future would involve alternative methods of manufacturing natural textured polyester yarn;

(vi) make any loans or otherwise extend credit to any person or entity other than in the ordinary course of business; or

(vii) cause or permit the Company to (A) file a petition under the Federal Bankruptcy Code or similar applicable law, or initiate any other proceeding for the release of insolvent debtors; (B) generally fail to pay its debts as such debts become due; (C) seek or consent to the appointment of a custodian for all or a substantial portion of its assets; (D) benefit from or be subject to the entry of an order for relief by any court of insolvency; (E) make an admission of insolvency seeking the relief provided in the Federal Bankruptcy Code or any other insolvency law; (F) make an assignment for the benefit of creditors; (G) have a receiver appointed, voluntarily or otherwise, for its property which (in any case other than a voluntary appointment) is not removed within 60 days of such appointment; (H) permit a judgment to be obtained against it which is not promptly paid or promptly appealed and secured pending appeal; (I) become insolvent, however otherwise evidenced; or (J) liquidate or dissolve.

If the Board of Managers or any Member attempts to do any of the acts prohibited by this Section 6.4, then any such attempted act other than in accordance with this Section shall be, and is hereby declared, void *ab initio*.

ARTICLE VII - MEETING OF MANAGERS

7.1 Annual and Regular Meetings. The annual meeting of the Board of Managers shall be held immediately following the annual meeting of the Members. The Managers may by resolution provide for the holding of regular meetings of the Board of Managers on specified dates and at specified times. If any date for which a regular meeting is scheduled shall be a legal holiday, the meeting shall be held on a date designated in the notice of the meeting during either the same week in which the regularly scheduled date falls or during the preceding or following week. Regular meetings of the Board of Managers shall be held at the principal office of the Company or at such other place as may be designated in the notice of the meeting.

7.2 Special Meetings. Special Meetings of the Board of Managers may be called by or at the request of the President or any Manager. Such meetings may be held at the time and place designated in the notice of the meeting.

7.3 Notice of Meetings. The annual and regular meetings of the Board of Managers may be held upon notice of the date, time, place or purpose of the meeting. The secretary or other person or persons calling a special meeting shall give notice by any usual means of communication to be sent at least two days before the meeting if notice is sent by means of telephone, telecopy or personal delivery and at least five days before the meeting if notice is sent by mail. A Manager's attendance at, or participation in, a meeting for which notice is required shall constitute a waiver of notice, unless the Manager at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

7.4 Quorum. A majority of the Managers in office shall constitute a quorum for the transaction of business at a meeting of the Board of Managers.

7.5 Manner of Acting. Except as otherwise expressly provided in this Agreement, the affirmative vote of a majority of the Managers present at a meeting at which a quorum is present shall be the act of the Board of Managers.

7.6 Presumption of Assent. A Manager who is present at a meeting of the Board of Managers at which action on any matter is taken is deemed to have assented to the action taken unless he objects at the beginning of the meeting (or promptly upon arrival) to holding, or transacting business at, the meeting, or unless his dissent or abstention to such action with the presiding officer of the meeting before its adjournment or with the Company immediately after adjournment of the meeting. The right of dissent or abstention shall not apply to a Manager who voted in favor of such action.

7.7 Action Without Meeting. Action required or permitted to be taken at a meeting of the Board of Managers may be taken without a meeting if one or more written consents

describing the action taken shall be signed, before or after such action, by the number of Managers as would be required to take the action at a meeting, and included in the minutes or filed with the Company records. Action taken without a meeting is effective when the last Manager required for approval of the action signs the consent, unless the consent specifies a different effective date.

7.8 Meeting by Communication Device. The Board of Managers may permit the Managers to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communicating by which all Managers participating may simultaneously hear each other during the meeting. A Manager participating in a meeting by this means is deemed to be present in person at the meeting.

ARTICLE VIII - OFFICERS

8.1 Titles. The Officers of the Company shall be a president, a secretary and a treasurer and may include a chairman and vice chairman of the Board of Managers, one or more vice presidents, a controller, one or more assistant secretaries, one or more assistant treasurers, one or more assistant controllers, and such other Officers as shall be deemed necessary. The Officers shall have the authority and perform the duties as set forth herein or as from time to time may be prescribed by the Managers or the President (to the extent that the President is authorized by the Managers to prescribe the authority and duties of officers). Any two or more offices may be held by the same individual, but no Officer may act in more than one capacity when action of two or more Officers is required.

8.2 Election; Appointment. The initial Officers of the Company shall be set forth in Schedule II attached hereto and shall serve in such capacities until the earlier to occur of the next annual meeting of the Board of Managers, such Officers' removal by the Managers, resignation or death. The Officers of the Company shall be elected at the annual meeting by the Board of Managers or appointed from time to time by the president (to the extent that the president is authorized by the Board of Managers to appoint officers). No individual who is not a director, officer or employee of a Member may serve as an Officer of the Company.

8.3 Removal. Any Officer may be removed by the Board of Managers at any time with or without cause whenever in its judgment the best interests of the Company will be served, but removal shall not of itself affect the Officer's contract rights, if any, with the Company.

8.4 Vacancies. Vacancies among the officers may be filled and new offices may be created and filled by the Board of Managers or by the president (to the extent authorized by the Board of Managers).

8.5 Chairman and Vice Chairman of the Board of Managers. The chairman of the Board of Managers, if such officer is elected, shall preside at meetings of the Board of Managers and shall have such other authority and perform such other duties as the Managers shall designate. The vice chairman, if elected, shall preside at meetings of the Board of

Managers in the absence of the chairman and shall have such other authority and perform such other duties as the Managers shall designate.

8.6 President. The president shall be in charge of the general affairs of the Company in the ordinary course of its business and shall preside at meetings of the officers. The president may perform such acts not inconsistent with the Act or this Agreement and may sign and execute all authorized notes, bonds, contracts and other obligations in the name of the Company. The president shall have such other powers and perform such other duties as the Board of Managers shall designate or as are customarily considered as a power of a president within limitations imposed by the Act or elsewhere in this Agreement.

8.7 Vice President. The vice president, if such officer is elected or appointed, shall exercise the powers of the president during that officer's absence or inability to act. Any action taken by a vice president in the performance of the duties of the president shall be presumptive evidence of the absence or inability to act of the president at the time the action was taken. The vice president shall have such other powers and perform such other duties as may be assigned by the Board of Managers or by the president.

8.8 Secretary. The secretary shall keep accurate records of the acts and proceedings of all meetings of Members and of the Managers and shall give all notices required by the Act and by this Agreement. The secretary shall have general charge of the books and records of the Company and shall have the responsibility and authority to maintain and authenticate such books and records. The secretary shall have the general charge of the transfer books of the Company and shall keep at the principal office of the company a record of Members and Managers, showing the name and address of each Member and Manager and the Membership Interests held by each Member. The secretary shall sign such instruments as may require the signature of the secretary, and in general shall perform the duties incident to the office of the secretary and such other duties as may be assigned from time to time by the Board of Managers or the president.

8.9 Assistant Secretaries. Each assistant secretary, if such officer is elected, shall have such powers and perform such duties as may be assigned by the Board of Managers or the president, and the assistant secretaries shall exercise the powers of the secretary during that officer's absence or inability to act.

8.10 Treasurer. The treasurer shall have custody of all funds and securities belonging to the Company and shall receive, deposit or disburse the same. The treasurer shall in general perform all duties incident to the office, including those specified in Section 4.7 of this Agreement, and such other duties as may be assigned from time to time by the Board of Managers or the president.

8.11 Assistant Treasurers. Each assistant treasurer, if such officer is elected, shall have such powers and perform such duties as may be assigned by the Board of Managers and the assistant treasurers shall exercise the powers of the treasurer during that officer's absence or inability to act.

8.12 Controller and Assistant Controllers. The controller, if such officer is elected, shall have charge of the accounting affairs of the Company and shall have such other powers and perform such other duties as the Board of Managers shall designate. Each assistant controller shall have such powers and perform such duties as may be assigned by the Board of Managers and the assistant controllers shall exercise the powers of the controller during that officer's absence or inability to act.

8.13 Voting Upon Stocks. Unless otherwise ordered by the Board of Managers, the President shall have full power and authority on behalf of the Company to attend, act and vote at meetings of the shareholders of any corporation or members of any limited, liability company in which the Company may hold stock or membership interest, and at such meetings shall possess and may exercise any and all rights and powers incident to the ownership of such stock or membership interest and which, as the owner, the Company might have possessed and exercised if present. The Board of Managers may by resolution from time to time confer such power and authority upon any other Person or Persons.

ARTICLE IX - CAPITAL CONTRIBUTIONS AND LOANS

9.1 Initial Capital Contributions. Contemporaneously with the execution of this Agreement, the Members have each contributed cash to the Company in the respective amounts set forth as the initial Capital Contribution opposite their names on Schedule I attached hereto.

9.2 Borrowing Additional Funds. In the event that the Board of Managers determines at any time (or from time to time) that additional funds are required by the Company for or in respect of its business or to pay any of its obligations, expenses, costs, liabilities or expenditures (including, without limitation, any operating deficits or distributions required hereunder), then the Board of Managers, in its sole discretion, may borrow all or part of such additional funds on behalf of the Company, with interest payable at then-prevailing rates, from one or more of the Members or from commercial banks or other commercial lending institutions.

9.3A Additional Capital Contributions. At the Closing of the transactions contemplated under and as defined in the Contribution Agreement, Burlington shall contribute the "Burlington Assets" (as defined in the Contribution Agreement) as part of Burlington's Capital Contribution to the Company and Unifi and UMI shall contribute the "Unifi Assets" (as defined in the Contribution Agreement) as part of UMIs Capital Contributions to the Company. Such contributions shall be made on the terms and subject to the conditions set forth in the Contribution Agreement.

9.3B Other Additional Capital Contributions. If the Board of Managers determines that additional assets, properties, or funds are required for the purposes set forth in Section 9.2 of this Agreement and that all or any portion of such additional funds should be contributed to the Company as additional Capital Contributions, the Board may propose to the Members that the Members make additional Capital Contributions. Upon the prior written consent of a majority in interest of the Members to make such additional Capital Contributions, the Members

shall make the additional Capital Contributions to the Company in proportion to the Members' Percentage Interests, on such terms as proposed by the Board and approved by the Majority in Interest of the Members; provided, however, that any Member which does not approve the terms of the additional Capital Contribution (a "Declining Member") shall not be required to make any such contribution, but such Declining Member's refusal shall not preclude all other Members from making their pro rata share of the additional Capital Contributions and, as such other Members may elect, to pay the pro rata share which the Declining Member refused to pay (which may be made in such proportions as the participating Members may agree).

In the event that at any time additional Capital Contributions are made to the Company by one or more Members, and one or more Members shall decline their option to make proportionate additional Capital Contributions to the Company in accordance with the proposal made to the Members by the Board, then the Percentage Interests and Membership Interests of the Members shall be adjusted as follows: with respect to each Member, the Member's Percentage Interest prior to making additional Capital Contributions (expressed as a decimal) shall be multiplied times the product obtained by multiplying (x) the earnings before interest, depreciation, and amortization of the Company for the four-quarter period ending with the quarter for which quarterly financial statements are required to have been most recently provided to Members, times (y) seven (7). The resulting product (the "Enterprise Value") for each Member shall be, in the case of Members contributing capital, increased by the dollar amount of such capital contributed, and, in the case of Members declining to contribute capital, remain the same (as adjusted, the "Adjusted Enterprise Value"). The resulting dollar amounts of Adjusted Enterprise Value for each Member shall then be totaled (such aggregate Values being the "New Enterprise Value"). The new Percentage Interest of each Member shall be determined by dividing its Adjusted Enterprise Value by the New Enterprise Value. The resulting decimal fraction, multiplied by 100, shall be the new Percentage Interest of each such Member.

9.4 No Interest on Capital Contributions. No interest shall be paid on any contribution to the capital of the Company.

9.5 Capital Accounts. A Capital Account shall be established for each Member and shall be credited with each Member's initial and any additional Capital Contributions. All contributions of property to the Company by a member shall be valued and credited to the Member's Capital Account at such property's Gross Asset Value on the date of contribution; provided that the values assigned to such contributed property may not be changed or adjusted, other than in accordance with the definition of Gross Asset Value in Section 2.1 above, without the prior written consent of a majority in interest of the Members. All distributions of property to a Member by the Company shall be valued and debited against such Member's Capital Account at such property's Gross Asset Value on the date of distribution. Each Member's Capital Account shall at all times be determined and maintained pursuant to the principles of this Section 9.5 and Treasury Regulations Section 1.704-1(b)(2)(iv). Each Member's Capital Account shall be increased in accordance with such Regulations by:

(i) The amount of Profits allocated to the Member pursuant to this Agreement; and

(ii) The amount of any Company liabilities assumed by the Member or which are secured by any Company Property distributed to such Member.

Each Member's capital account shall be decreased in accordance with such Regulations by:

(i) The amount of Losses allocated to the Member pursuant to this Agreement;

(ii) The amount of Company Cash Flow distributed to the Member pursuant to this Agreement; and

(iii) The amount of any liabilities of the Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

In addition, each Member's Capital Account shall be subject to such other adjustments as may be required in order to comply with the capital account maintenance requirements of Section 704(b) of the Code.

In the event that the Board of Managers shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed property or that are assumed by the Company or the Members), are computed in order to comply with such Treasury Regulations, the Board may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member upon dissolution of the company. The Board also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g) and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Treasury Regulations Section 1.704-1(b).

ARTICLE X - ALLOCATIONS, ELECTIONS AND REPORTS

10.1 Profits and Losses.

(a) After giving effect to the allocations stated in Section 10.1(b) and Sections 10.2 through 10.14, Profits and Losses of the Company and all items of tax credit and tax preference shall be allocated among the Members such that (x) for the five-year period specified in Section 11.1(a) of this Agreement Burlington shall receive a maximum allocation of taxable income of the Company in each annual period as specified in Section 11.1(a) of this Agreement of no more than the lesser of: (i) $12.0 million, on an

annualized basis, or (ii) the actual taxable income of the Company (before the tax deduction of tax depreciation associated with the "Burlington Assets" and the "Unifi Assets" (as defined in the Contribution Agreement)) for such same annualized period (in either (i) or (ii), however, such taxable income is after having given effect to Burlington's tax depreciation expense for such comparable periods associated with the "Burlington Assets" (as defined in the Contribution Agreement) in the manner specified in Section 10.5 of this Agreement), and (y) following the completion of the five-year period specified in Section 11.1(a) in accordance with the Members' respective Percentage Interests.

(b) Losses allocated pursuant to this Section 10.1 shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Fiscal Year. In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to this Section 10.1, the limitation set forth in this Section 10.1 shall be applied on a Member by Member basis and Losses not allocable to any Member as a result of such limitation shall be allocated to the other Members in accordance with the positive balances in such Members' Capital Accounts so as to allocate the maximum possible Losses to each Member under Section 1.704-l(b)(2)(ii)(d) of the Treasury Regulations.

10.2 Nonrecourse Deductions. Nonrecourse Deductions shall be allocated among the Members in accordance with their respective Percentage Interests.

10.3 Member Nonrecourse Deductions. Any Member Nonrecourse Deductions shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i).

10.4 Allocations Between Transferor and Transferee. In the event of the transfer of all or any part of a Member's Membership Interest (in accordance with the provisions of this Agreement) at any time other than at the end of a Fiscal Year, or the admission of a new Member (in accordance with the terms of this Agreement), the transferring Member or new Member's share of the Company's income, gain, loss, deductions and credits, as computed both for accounting purposes and federal income tax purposes, shall be allocated between the transferor Member and the transferee Member, or the new Member and the other Members, as the case may be, in the same ratio as the number of days in such Fiscal Year before and after the date of the transfer or admission; provided, however, that if there has been a sale or other disposition of the assets of the Company (or any part thereof) during such Fiscal year, then upon the mutual agreement of all the Members (excluding the new Member and the transferring Member), the Company shall treat the periods before and after the date of the transfer or admission as separate Fiscal Years and allocate the Company's net income, gain, net loss, deductions and credits for each of such deemed separate Fiscal Years. Notwithstanding the foregoing, the Company's "allocable cash basis items," as that term is used in Section

706(d)(2)(B) of the Code, shall be allocated as required by Section 706(d)(2) of the Code and the Treasury Regulations thereunder.

10.5 Special Allocations. In all events for federal and state income tax purposes, depreciation expense and tax credits resulting from or associated with the Capital Contributions of the "Burlington Assets" and the "Unifi Assets" (as defined in the Contribution Agreement) to the Company shall be specifically allocated to the specific Member contributing such assets. Unifi or UMI shall be specifically allocated the federal, state and foreign (if any) income tax amortization of any amounts payable pursuant to the Letter Agreement of Unifi and Burlington of even date herewith regardless of whether the same is recorded as an intangible asset of Unifi, UMI or the Company.

10.6 Contributed Property. In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value at the time of contribution.

In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (ii) of the definition of Gross Asset Value, subsequent allocations of income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Treasury Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Managers in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 10.6 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items or Distributions pursuant to any provision of this Agreement.

10.7 Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulation Section 1.704-2(f), and notwithstanding any other provision in this Article X, if there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulation Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f) and 1.704- 2(j)(2). This Section 10.7 is intended to comply with the minimum gain chargeback requirement in Treasury Regulation 1.704-2(f) and shall be interpreted consistently therewith.

10.8 Member Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulation Section 1.704-2(i)(4), and notwithstanding any other provision in this Article X, if there is a net decrease in Member Minimum Gain attributable to a Member Nonrecourse Debt during any Fiscal Year, each Member who has a share of the Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulation Section 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(4) and (5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required, to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(i)(4) and 1.704-2(j)(2). This Section 10.8 is intended to comply with the Member Minimum Gain chargeback requirement in Treasury Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

10.9 Qualified Income Offset. If any Member unexpectedly receives an adjustment, allocation or distribution as described in Treasury Regulations Section 1.704-l(b)(2)(ii)(d)(4) through (6) which causes or increases a deficit capital account balance in such Member's Capital Account (as determined in accordance with such Regulations) items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 10.9 shall be made if and only to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article X have been tentatively made as if this Section 10.9 were not in the Agreement. This provision is intended to be a "qualified income offset," as defined in Treasury Regulation Section 1.704-l(b)(2)(ii)(d), such Regulations being specifically incorporated herein by reference.

10.10 Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Company Fiscal Year which is in excess of the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(l) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 10.10 shall be made if and only to the extent that such member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article X have been tentatively made as if this Section 10.10 and Section 10.9 hereof were not in this Agreement.

10.11 Section 754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulation Section 1.704-l(b)(2)(iv)(m)(2) or Treasury Regulation Section 1.704-l(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution to a Member in complete liquidation of such Member's interest in the Company,

the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event that Treasury Regulations Section 1.704-l(b)(2)(iv)(m)(2) applies, or to the Members to whom such distribution was made in the event that Treasury Regulations Section 1.704-1 (b)(2)(iv)(m)(4) applies.

10.12 Curative Allocations. The allocations set forth in Sections 10.1(b), 10.2, 10.3, 10.7, 10.8, 10.9, 10.10, 10.11 hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 10.12. Therefore, notwithstanding any other provision of this Article X (other than the Regulatory Allocations), the Managers shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner they determine appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Section 10.1(a). In exercising their discretion under this Section 10.12, the Managers shall take into account future Regulatory Allocations under Sections 10.7 and 10.8 that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 10.2 and 10.3.

10.13 Compliance with Treasury Regulations. The above provisions of this Article X notwithstanding, it is specifically understood that the Managers may, without the consent of any Members, make such elections, tax allocations and adjustments as the Managers deem necessary or appropriate to maintain to the greatest extent possible the validity of the tax Allocations set forth in this Agreement, particularly with regard to Treasury Regulations under Code Section 704(b).

10.14 Tax Withholding. The Company shall be authorized to withhold and pay, on behalf of any Member, any amounts to any federal, state or local taxing authority, as may be necessary for the Company to comply with tax withholding provisions of the Code or the North Carolina General Statutes or other income tax or revenue laws of any taxing authority. To the extent the Company pays any such amounts that it may be required to pay on behalf of a Member, such amounts shall be treated as a cash Distribution to such Member and shall reduce the amount otherwise distributable to such Member.

ARTICLE XI - DISTRIBUTIONS

11.1 Company Cash Flow.

(a) For each year of the five (5) years commencing immediately from and after the "Effective Time" (as such term is defined in the Contribution Agreement) and ending on the fifth anniversary thereof, the Company will distribute:

(i) to Burlington (A) $9.4 million of Company Net Earnings determined on an annualized basis, and (B) $12.0 million of Company Cash Flow also determined on an annualized basis, less the amount of Company Net Earnings distributable to Burlington pursuant to the immediately preceding clause (A) with respect to the corresponding annual period; and

(ii) to Unifi (A) all Company Net Earnings not distributable to Burlington with respect to such annual period in accordance with the immediately preceding sentence, also determined on the same annualized basis, and (B) so much of Company Cash Flow on an annualized basis calculated by dividing the Company Cash Flow distributed to Burlington in excess of the Company Net Earnings distributed to Burlington by the Percentage Interest of Burlington ("Excess Cash Flow"), with such Excess Cash Flow reduced by the Company Cash Flow distributed to Burlington, with respect to such annual period in accordance with the immediately preceding sentence, also determined on the same annualized basis.

The foregoing distributions shall be earned, declared and paid to the Members quarterly in an amount equal to 25 % of the annual amount distributable pursuant to the foregoing provisions of this Section 11.1 (a), beginning in the fiscal quarter during which the "Closing" (as defined in the Contribution Agreement) shall occur. The first and last such payments shall be prorated on the basis of a 52-week year for the number of weeks within the fiscal quarter of the Company to which they relate should the Closing not occur on the first day of a fiscal quarter of the Company. Each quarterly distribution shall be declared and paid by the Company to the Members on a business date prior to the last business date of the corresponding fiscal reporting quarter of each such Member as will make such distribution reportable in the financial reports of such Member for the fiscal quarter in which the distribution is declarable and payable. The Company shall base the determination of the availability of Company Net Earnings or Company Cash Flow from which distributions may be declared and paid for any given quarterly distribution (a) if such distribution which is to be made with respect to any of the first four quarters for which the determination is to be made, on the first-year forecast for the Company, and (b) thereafter, on the quarterly average of Company Net Earnings and Company Cash Flow, respectively, over the immediately preceding four quarters.

(b) Following the completion of the five-year period specified in Section 11.1 (a), the Company will distribute all Company Net Earnings to the Members in accordance with their respective Percentage Interests and at such times as the Managers shall determine, but in any case not less frequently than quarterly within fifteen (15) days following the end of each fiscal quarter of the Company.

11.2 Distributions in Liquidation. Upon liquidation of the Company, all of the Company's Property shall be sold as provided in Section 14.3 and Profits and Losses allocated accordingly. Proceeds from the liquidation of the Company shall be distributed in accordance with the provisions of Section 14.3.

11.3 Limitation Upon Distributions. No Distribution shall be declared and paid if payment of such Distribution would cause the Company to violate any limitation on distributions provided in the Act.

11.4 Loans to Members. No loan or other advance shall be made by the Company to any Member, and Manager, or any director, officer, employee or affiliate of a Member without compliance with the provisions of Section 6.4 of this Agreement.

ARTICLE XII - TRANSFER OF INTERESTS AND ADMISSION OF MEMBERS

12.1 Restrictions on Transfer.

(a) Subject to the terms of Article XIII, without the prior written consent of each Member, (i) no Member may voluntarily or involuntarily Transfer, or create or suffer to exist any Encumbrance against, all or any part of such Member's record or beneficial interest in the Company and (ii) no Person may be admitted to the Company as a Member. Except for withdrawals in connection with a Transfer of Membership Interest permitted by this Agreement, no Member may withdraw from the Company without the consent of the Majority in Interest of the Disinterested Members.

(b) Notwithstanding the foregoing restrictions set forth in Section 12.1(a), any Member may, without the consent of any other Member, transfer all, but not less than all, of its Membership Interest to a controlled affiliate of such Member for such period as such subsidiary shall remain a controlled affiliate; provided that all other provisions of this Article XII are satisfied and, provided further that the transferring Member shall guarantee the full performance of the transferee's obligations hereunder.

(c) Also notwithstanding the foregoing restrictions set forth in Section 12.1(a), any Member may transfer all, but not less than all, of its Membership Interests to an unaffiliated third party, provided that: (i) the effectiveness of such transfer is on a date after the fifth anniversary of the Closing Date, (ii) the conveying Member has first complied with the provisions of Article XIII of this Agreement and such conveyance is effected in accordance with such terms, (iii) if Unifi is the conveying Member and Burlington is a Member of the Company at the time when the proposed conveyance becomes a "Buy-Sell Event" (as hereinafter defined), Unifi shall have given Burlington the "Buy-Sell Notice" (as hereinafter defined) and Burlington shall have been extended the right (but not the obligation) to participate in the proposed conveyance by transferring its Membership Interests to the proposed transferee on terms (including as to price and type of consideration) which are no less favorable than those which Unifi would obtain and the closing on the Unifi and the Burlington conveyances occurs simultaneously, and (iv) all of the other provisions of this Article XII are satisfied.

(d) Each Member acknowledges the reasonableness of the restrictions on Transfer imposed by this Agreement. Accordingly, the restrictions on Transfer shall be specifically enforceable. Each Member further agrees to hold the Company and each Member harmless from any cost, liability, or damages (including without limitation liabilities for taxes and costs of enforcing this indemnity) incurred by such indemnified Person as a result of a Transfer or attempted Transfer in violation of this Agreement.

12.2 Conditions Precedent to Transfers. Any Transfer or Encumbrance otherwise complying with Section 12.1 will be ineffective until all of the following conditions are satisfied:

(a) The transferor and transferee of the interest have furnished to the Company the instruments and assurances the Managers may request, including without limitation, if requested, an opinion of counsel satisfactory to the Company that the interest in the Company being Transferred or Encumbered has been registered or is exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws; and

(b) All obligations of the transferring Member to its Membership Interest (including without limitation any due and unpaid additional Capital Contributions pursuant to Section 9.3 above) have been paid.

12.3 Substituted Members. No assignee or transferee of a Membership Interest shall be admitted as a substituted Member of the Company unless, in addition to compliance with the conditions set forth in Section 12.1 and 12.2, all of the following conditions are satisfied:

(a) The assignee or transferee has executed and delivered all documents deemed appropriate by the Managers to reflect such Person's admission to the Company and agreement to be bound by this Agreement; and

(b) If requested by the Managers, payment has been made to the Company of all costs and expenses of admitting such transferee or assignee as a substituted Member.

12.4 Rights of Transferee. Any purported Transfer that is not permitted hereunder shall be null and void and of no force or effect whatever; provided that, if the Company is required to recognize a Transfer that is not permitted (or the Board of Managers elects to recognize a Transfer that is not permitted hereunder), the interest transferred shall be strictly limited to the transferor's rights to allocations and distributions as provided by this Agreement with respect to the transferred interests, which allocations and distributions may be applied (without limiting any other legal or equitable rights of the Company) to satisfy any debts, obligations, or liabilities for damages that the transferor or transferee of such interest may have to the Company.

ARTICLE XIII - BUY-SELL

13.1 Buy-Sell. Each of the following events shall constitute a "Buy-Sell Event" under this Agreement;

(a) The dissolution and winding-up of a Member;

(b) A judicial determination of the insolvency of any Member;

(c) Any filing of a petition or suit under the bankruptcy laws by or against a member that is not dismissed within sixty (60) days;

(d) Any attempted voluntary or involuntary Transfer or Encumbrance of all or any part of a Member's Membership Interest in a manner not expressly permitted by this Agreement;

(e) Any material breach of this Agreement or any material breach by either Burlington or Unifi of any of their respective material obligations under the provisions of the Supply Agreements to be entered into, respectively, by and between Burlington and the Company and by and between Unifi and the Company as of the "Effective Time" (as defined in the Contribution Agreement) which is not cured within ten (10) days after written notice of such breach is given to the Member by the Company;

(f) Any attempted withdrawal by a Member from the Company other than as may be expressly permitted by this Agreement;

(g) A Member receives a bona fide written offer from an unaffiliated third party to purchase all, but not less than all, of such Member's Membership Interest, the acceptance of which offer the receiving Member indicates in writing.

13.2 Buy-Sell Notice. Upon the occurrence of a Buy-Sell Event, the Member to whom such event has occurred (the "Withdrawing Member"), shall give notice of the Buy-Sell Event (the "Buy-Sell Notice") to the other Members within ten (10) days after its occurrence. If the Withdrawing Member fails to give the Buy-Sell Notice, any other Member (other than a Withdrawing Member) may give the notice at any time thereafter and by so doing commence the buy-sell procedure provided for in this Article XIII.

13.3 Member's Purchase Option; Burlington's Put Option.

(a) Upon the occurrence of a Buy-Sell Event, each of the Members, except the Withdrawing Member and any other Withdrawing Member, shall have an option to purchase (the "Purchase Option") the Withdrawing Member's Membership Interest at the Buy-Sell Closing (hereinafter defined) on the terms and conditions set forth in this Article XIII. This right will be allocated among the Members who elect to purchase (the

"Purchasing Members") in the proportion they mutually agree upon, or, in the absence of agreement, in the ratio that each of the Purchasing Member's Percentage Interest bears to the aggregate Percentage Interests of all Purchasing Members. The Purchasing Members must give notice of their election to exercise their Purchase Option to the Withdrawing Member and all other Members within thirty (30) days following delivery of the Buy-Sell Notice.

(b) In the event Unifi is the Withdrawing Member and Burlington is a Member of the Company at the time of the occurrence of the Buy-Sell Event, and the Buy-Sell Event is one specified in Section 13.1(d), (e), (f) or (g) or involves a breach by Unifi, UMI or the Company of any of the provisions of this Agreement regarding the allocations or distributions to Burlington of any Profits or Losses, Company Net Earnings or Company Cash Flow in any manner inconsistent with the requirements of this Agreement and which is not cured within ten (10) days after written notice of such breach is given to Unifi by Burlington, if it is not reasonably possible to cure such breach within a ten (10) day period, Unifi shall fail to commence a cure immediately and to prosecute diligently such cure to conclusion in as expedited a manner as is reasonably possible, (which event shall also be considered a Buy-Sell Event for purposes of this Article XIII), then Burlington at its option may elect not to exercise its Purchase Option set forth in the preceding Section 13.3(a) but instead may elect to cause Unifi to purchase (the "Burlington Put Option") Burlington's Membership Interest at the Buy-Sell Closing on the terms and conditions set forth in this Article XIII. Burlington must give notice of its election to exercise the Burlington Put Option to Unifi within thirty (30) days following the delivery of the Buy-Sell Notice. If Burlington elects to exercise the Burlington Put Option, Burlington shall be considered the Withdrawing Member and the Member selling its Membership Interest for purposes of Sections 13.5, 13.6 and 13.7 of this Agreement.

13.4 Assignment of Purchase Option. If at the occurrence of a Buy-Sell Event, there exist only two (2) then-current Members (including the Withdrawing Member), the Member that is not withdrawing shall have the option during the thirty (30) day period set forth in Section 13.3 to assign its Purchase Option to any Person other than the Withdrawing Member (the "Purchase Option Assignee"), including without limitation the Company, by notifying the Withdrawing Member and the Company of such assignment in writing. After delivery of such notice, the Purchase Option Assignee shall have the option to purchase the Withdrawing Member's Membership Interest on the same terms and conditions as would apply to the Member from which the Purchase Option was assigned; provided, however, that the Purchase Option Assignee shall not have the rights of assignment set forth in this Section 13.4. In the event the Purchase Option Assignee does not exercise the Purchase Option, the Purchase Option Assignee shall have no further rights under this Agreement.

13.5 Agreement on Valuation. Unless otherwise agreed in writing by the purchaser(s) and seller within sixty (60) days of the receipt of a Buy-Sell Notice, the purchase price for the Withdrawing Member's Membership Interest shall be the fair market value of such Membership

Interest determined as of the date of the Buy-Sell Notice (the "Buy-Sell Value") by a single appraisal made by an appraiser agreed upon by the purchaser(s) and seller, which appraisal shall be final. If the parties cannot agree on a single appraiser, the Buy-Sell Value for the Withdrawing Member's Membership Interest shall be determined by three appraisers, one selected by the purchaser(s), one selected by the seller and the third selected by the two appraisers. The Buy-Sell Value determined by a majority of the appraisers will be final. The costs of appraisal shall be borne equally between the purchaser(s) as a group and the seller. The purchase price to be paid for the Withdrawing Member's Membership Interest will be reduced by the amount of any distributions made by the Company to the Withdrawing Member from the date the Buy-Sell Event occurred with respect to the Withdrawing Member to the Buy-Sell Closing.

13.6 Closing. The closing (the "Buy-Sell Closing") of the purchase of any Membership Interest pursuant to this Article XIII shall take place on the date agreed upon by the purchaser(s) and seller, but not later than ninety (90) days after the occurrence of the respective Buy-Sell Event; provided, however, that when prior notification to or approval of any federal or state regulatory agency is required in connection with such purchase, the purchaser(s) and/or, if required by applicable law, the seller shall promptly file the required notice or application for approval and shall expeditiously process the same, and the Buy-Sell Closing shall be postponed until a day that is not less than three (3) business days nor more than thirty (30) business days after the date on which the last required notification period has expired or been terminated or such approvals have been obtained and any requisite waiting periods shall have passed. The purchase price for each Membership Interest being purchased will be payable in full in cash at Buy-Sell Closing. Upon payment of the purchase price, the Member selling its Membership Interest shall execute and deliver such assignments and other instruments as may be reasonably necessary to evidence and carry out the transfer of its Membership Interest to the purchaser(s). In connection with the sale of any membership Interest under this Article XIII, unless otherwise agreed by the purchaser(s) and seller, the purchaser(s) will assume the seller's allocable portion of Company obligations to the extent related to the transferred interest as well as the seller's individual obligations to the extent related to the transferred interest, other than income tax liabilities of the seller.

13.7 Effect on Withdrawing Member's Interest. Upon the occurrence of a Buy-Sell Event, other than a Buy-Sell Event described in Section 13.1(g), the Percentage Interest represented by the Withdrawing Member's Membership Interest will be excluded, until the date of the transfer of the Withdrawing Member's Membership Interest under this Article XIII, from any calculation of aggregate Percentage Interests for purposes of any approval required of Members under this Agreement. Without limiting the generality of any other provision of this Agreement, upon the exercise of the Purchase Option, the Withdrawing Member, without further action, will have no rights in the Company or against the Company, any Member or any Manager other than the right to receive distributions from the Company through the Closing and payment for its Membership Interest in accordance with this Article XIII.

13.8 Failure to Exercise Purchase Option. In the event the Members or Purchase Option Assignee, if any, do not exercise their Purchase Options following a Buy-Sell Event described in 13.1(g), the Withdrawing Member may Transfer all, but not less than all, of its Membership Interest to the Person from whom the bona fide offer was received without the consent of the Disinterested Members; provided, however that the transferee of the Withdrawing Member's Membership Interest (i) shall not be admitted as a substitute Member without full compliance with Sections 12.1(c), 12.2 and 12.3 and (ii) shall be subject to the Buy-Sell restrictions imposed under this Article XIII, In the event the Members or Purchase Option Assignee, if any, do not exercise their Purchase Options following a Buy-Sell Event described in Section 13.1(a), (b), (c), (d), (e) or (f), the Withdrawing Member shall have no right to transfer its Membership Interest to any Person. In the event Burlington does not exercise the Burlington Put Option as specified in Section 13.3(b), Unifi shall have no right to acquire Burlington's Membership Interest. The rights set forth in this Article XIII in respect of the occurrence of one or more Buy-Sell Events from time to time with respect to a Member shall not be the sole and exclusive source of remedy or satisfaction of any party damaged with respect to any such Buy-Sell Event, and each of the parties shall retain all other remedies (statutory, equitable, common law or other) against the Withdrawing Member with respect thereto.

ARTICLE XIV - DISSOLUTION AND LIQUIDATION OF THE COMPANY

14.1 Dissolution Events. The Company will be dissolved upon the happening of any of the following events:

(a) All or substantially all of the assets of the Company are sold, exchanged or otherwise transferred (unless the Managers notify the Members that they have elected to continue the business of the Company, in which event the Company will continue until the Managers give notice that they elect to dissolve the Company);

(b) All Members sign a document stating their election to dissolve the Company;

(c) The entry of a final judgment, order or decree of a court of competent jurisdiction adjudicating the Company to be bankrupt and the expiration without appeal of the period, if any, allowed by applicable law in which to appeal;

(d) The expiration of the term of the Company (as set forth in Section 1.6);

(e) Upon the happening of the bankruptcy or any other event of withdrawal (as defined in the Act) with respect to any member, unless there is at least one remaining Member and the business of the Company is continued by the written consent of a Majority in Interest of the remaining Members within ninety (90) days of the action by or affecting the withdrawing Member; or

(f) The entry of a decree of judicial dissolution or the issuance of a certificate for administrative dissolution under the Act.

14.2 Continuation. Upon the occurrence of any of the events described in Section 14.1(e) above with respect to any of the Members, the business of the company will be continued if within ninety (90) calendar days a Majority in Interest of the remaining Members elect to continue the business of the Company. If the Members fail to continue the Company's business as provided in this Section, the Company will be liquidated pursuant to Section 14.3.

14.3 Liquidation. Upon the happening of any of the events specified in Section 14.1 and, if applicable, the failure to continue the business of the Company under Section 14.2, the Board of Managers, or any liquidating trustee elected by the Members, will commence as promptly as practicable to wind up the Company's affairs unless the Board of Managers or the liquidating trustee (either, the "Liquidator") determines that an immediate liquidation of Company assets would cause undue loss to the Company, in which event the liquidation may be deferred for a time determined by the Liquidator to be appropriate. Assets of the Company may be liquidated or distributed in kind, as the Liquidator determines to be appropriate. The Members will continue to share Company Cash Flow, Profits and Losses during the period of liquidation in the manner set forth in Articles X and XI. The proceeds from liquidation of the Company, including repayment of any debts of Members to the Company and any Company assets that are not sold in connection with the liquidation, will be applied in the following order of priority:

(a) To payment of the debts and satisfaction of the other obligations of the Company, including without limitation debts and obligations to Members to the extent permitted by law;

(b) To the establishment of any reserves deemed appropriate by the Liquidator for any liabilities or obligations of the Company, which reserves will be held for the purpose of paying liabilities or obligations and, at the expiration of a period the Liquidator deems appropriate, will be distributed in the manner provided in Section 14.3(c); and thereafter

(c) To the-payment to the Members of the positive balances in their respective Capital Accounts, pro rata, in proportion to the positive balances in those Capital Accounts after giving effect to all allocations under Article X and all distributions under Article XI for all prior periods, including the period during which the process of liquidation occurs.

UMI agrees to pay to Burlington, before the payments specified in subparagraph (c) are to be made to Burlington, any amount necessary to restore the Capital Account of Burlington to the extent diminished by any distributions made to Burlington pursuant to Section 11.1(a) so that such payments in subparagraph (c) will be made in accordance with the restored Capital Account of Burlington.

14.4 Articles of Dissolution. Upon the dissolution and commencement of the winding up of the Company, the Board of Managers shall cause Articles of Dissolution to be executed on behalf of the Company and filed with the Secretary of State, and the Board of Managers shall execute, acknowledge and file any and all other instruments necessary or appropriate to reflect the dissolution of the Company.

ARTICLE XV - MISCELLANEOUS

15.1 Records. The records of the Company will be maintained at the Company's principal place of business, or at such other place selected by the Managers, provided that the Company keep at its principal place of business the records required by the Act to be maintained there. Appropriate records in reasonable detail will be maintained to reflect income tax information for the Members. Each Member, at such Member's expense, may through any of its agents, employees or representatives, inspect and make copies of the records maintained by the Company and may require an audit of the books of account maintained by the Company to be conducted by independent accountants for the Company.

15.2 Reserves. The Board of Managers may cause the Company to create reasonable reserve accounts to be used exclusively to fund Company operating deficits and for any other valid Company purpose. The Managers shall in their sole discretion determine the amount of payments to such reserve accounts.

15.3 Notices. The Managers will notify the Members of any change in the name, principal or registered office or registered agent of the Company. Any notice or other communication required by this Agreement must be in writing. Notices and other communications will be deemed to have been given when delivered by hand (and receipt evidenced in writing from the intended recipient) or dispatched by means of electronic facsimile transmission or nationally recognized air courier, or on the third business day after being deposited in the United States mail, postage prepaid. In each case, notice hereunder shall be addressed to the Member to whom the notice is intended to be given at such Member's address set forth on Schedule I to this Agreement or, in the case of the Company, to its principal place of business. A Member may change its notice address in writing to the Company and to each other Member given in accordance with this Section 15.3.

15.4 [Intentionally Omitted.]

15.5 Amendments. No amendment to this Agreement will be valid or binding upon the Managers, Members or the Company, nor will any waiver of any term of this Agreement be effective, unless in writing and signed by all of the Managers and by all of the Members. No amendment of the Company's Articles of Organization will be valid or binding upon the Members unless approved by all of the Members.

15.6 Additional Documents. Each party hereto agrees to execute and acknowledge all documents and writing which the Mangers may deem necessary or expedient in the creation

of the Company and the achievement of its purposes, including but not limited to Articles of Organization and any amendments or cancellation thereof.

15.7 Representations of Members. Each Member represents and warrants to the Company and every other Member that such Member (i) is fully aware of, and is capable of bearing, the risks relating to an investment in the Company; (ii) understands that its interest in the Company has not been registered under the Securities Act or the securities law of any jurisdiction in reliance upon exemptions contained in those laws; and (iii) has acquired its interest in the Company for its own account, with the intention of holding the interest for investment and without any intention of the participating directly or indirectly in and redistribution or resale of any portion of the interest in violation of the Securities Act or any applicable law.

15.8 Survival of Rights. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns.

15.9 Interpretation and Governing Law. When the context in which words are used in this Agreement indicates that such is the intent, words in the singular number shall include the plural and vice versa. The masculine gender shall include the feminine and neuter. The Article and Section headings or titles shall not define, limit, extend or interpret the scope of this Agreement or any particular Article or Section. This Agreement shall be governed and construed in accordance with the laws of the State of North Carolina without giving effect to the conflicts of laws provisions thereof.

15.10 Severability. If any provision, sentence, phrase or word of this Agreement or the application thereof to any person or circumstance shall be held invalid, the remainder of this Agreement, or the application of such provision, sentence, phrase or word to persons or circumstances, other than those as to which it is held invalid, shall not be affected thereby.

15.11 Agreement in Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument. In addition, this Agreement may contain more than one counterpart of the signature pages and this Agreement may be executed by the affixing of the signatures of each of the members to one of such counterpart signature pages; all of such signature pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page.

15.12 Creditors Not Benefited. Nothing in this Agreement is intended to benefit any creditor of the Company or of any Member. No creditor of the Company or of any Member will be entitled to require the Managers to solicit or accept any loan or additional capital contribution for the company or to enforce any right which the Company or any Member may have against a Member, whether arising under this Agreement or otherwise.

IN WITNESS WHEREOF, the undersigned, being all of the Managers and Members of the Company, have caused this Agreement to be duly adopted by the Company and do hereby assume and agree to be bound by and to perform all of the terms and provisions set forth in this Agreement.

UNIFI TEXTURED POLYESTER, LLC

BY: /s/ William T. Kretzer
William T. Kretzer, President
and Chief Executive Officer

BURLINGTON MANAGERS:

/s/ George W. Henderson, III
George W. Henderson, III

/s/ George C. Waldrep
George C. Waldrep

UNIFI MANAGERS:

/s/ William T. Kretzer
William T. Kretzer

/s/ Willis C. Moore, III
Willis C. Moore, III

/s/ Stewart Q. Little
Stewart Q. Little

MEMBERS:

BURLINGTON INDUSTRIES, INC.

BY: /s/ John D. Englar
John D. Englar
Senior Vice President,
Corporate Development and Law

UNIFI, INC.

BY: /s/ William T. Kretzer
William T. Kretzer
President and Chief Executive
Officer

UNIFI MANUFACTURING, INC.

BY: /s/ Willis C. Moore, III
Willis C. Moore, III
Senior Vice President and
Chief Financial Officer

SCHEDULE I

Names and Addresses of Members	Initial Capital Contribution	Membership Interests and Percentage Interests
Burlington Industries, Inc. **3330 W. Friendly Avenue** **Greensboro, NC 27410** **ATTN: General, Counsel** **Telephone: (336) 379-2000** **Telecopy: (336) 379-4504**	**$ 1,458.00**	**14.58%**
Unifi Manufacturing, Inc. **7201 W. Friendly Avenue** **Greensboro, NC 27410** **ATTN: Willis C. Moore, III** **Telephone: (336) 316-5664** **Telecopy: (336) 294-4751**	**$ 8,542.00**	**85.42%**
TOTALS:	**$ 10,000.00**	**100%**

SCHEDULE II

OFFICERS

NAME	TITLE
William T. Kretzer	**President and Chief Executive Officer**
Willis C. Moore, III	**Senior Vice President, Treasurer and Chief Financial Officer**
Stewart Q. Little	**Vice President**
Clifford Frazier, Jr.	**Secretary**
Charles F. McCoy	**Assistant Secretary**

ARTICLES OF INCORPORATION

OF

UNIFI SALES & DISTRIBUTION, INC.

Pursuant to Section 55-2-02 of the General statutes of North Carolina, the undersigned does hereby submit these Articles of Incorporation for the purpose of forming a business corporation.

ARTICLE I

The name of the corporation is Unifi Sales & Distribution, Inc.

ARTICLE II

The purpose for which the corporation is formed is to engage in any lawful activity in which corporations may be organized under the North Carolina Business Corporation Act, Chapter 55 of the General Statutes of the State of North Carolina, including, but not limited to, texturing, preparing, buying, selling, dealing in, trading, importing, exporting, and generally dealing in synthetic and natural yarns of every type and description.

ARTICLE III

The aggregate number of shares of capital stock which the corporation shall have the authority to issue is 100,000 shares, all of which are to consist of one class of common stock at a par value of $.10 each.

ARTICLE IV

The address of the initial registered office of the corporation in the State of North Carolina is Southeastern Bldg. suite 206, 102 N. Elm Street, Greensboro, Guilford County, North Carolina 27401; and the name of the initial registered agent at such address is Clifford Frazier, Jr.

ARTICLE V

The incorporator is Clifford Frazier, Jr., whose address is Southeastern Bldg. Suite 206, 102 N. Elm Street, Greensboro, North Carolina 27401.

ARTICLE VI

The number of directors constituting the initial Board of Directors shall be one (1) to wit: Clifford Frazier, Jr., whose address is Southeastern Bldg. suite 206, 102 N. Elm street, Greensboro, Guilford County, North Carolina, 27401.

ARTICLE VII

The number of Directors may be increased or decreased to any number and their authority to act on certain corporate matters may be limited or enlarged in the manner provided in the By-Laws; provided, however, that the number of Directors will not at any time be fewer than the number of Shareholders, if the number of Shareholders is three or less.

ARTICLE VIII

No person who is serving or who has served as a Director of the corporation shall be personally liable to the corporation or any of its Shareholders for monetary damages. for breach of duty as a Director except for liability with respect to (i) acts or omissions that the Director, at the time of such breach, knew or believed were clearly in conflict with the best interest of the corporation; (ii) any transaction from which the Director derives an improper personal benefit; (iii) acts or omission with respect to which the North Carolina Business Corporation Act does not permit the limitation of liability. As used herein, the term "improper personal benefit" does not include a Director's reasonable compensation or other reasonable incidental benefits for or on account of his services as a Director, Officer, Employee, Independent Contractor, Attorney, or Consultant to the corporation. No amendment or repeal of this article or the adoption of any provisions to these Articles of Incorporation inconsistent with this article shall eliminate or reduce the protection granted herein with respect to any matters that occur prior to such amendment, repeal or adoption.

ARTICLE IX

The provisions of the North Carolina Business Corporation Act, entitled "North Carolina Shareholder Protection Act" and "North Carolina Control Share Acquisitions Act" shall not be applicable to this corporation.

The corporation elects not to have pre-emptive rights and the Shareholders of the corporation are not entitled to cumulate their votes for Directors.

ARTICLE X

In furtherance and not in limitation of the powers conferred upon it by law, the Board of Directors of the corporation shall have the power, from time to time, without the consent or vote of the stockholders of the corporation, except to the extent to which such consent or vote is required by By-Laws adopted by the stockholders; to make, alter, amend and rescind the By-Laws of the

corporation; to fix the amount to be reserved by the corporation as working capital; to set apart out of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created; to create and designate an executive committee which shall consist of two or more directors of the corporation, and to the extent provided for in the By-Laws of the corporation, shall have and may exercise all the powers of the Board of Directors with regard to the management of the business and affairs of the corporation which may lawfully be delegated.

IN WITNESS WHEREOF, I have hereunto set my hand on this the 22nd day of November, 1996.

/s/ CLIFFORD FRAZIER, JR.
Clifford Frazier, Jr., Incorporator

Exhibit 3.7(ii)

BY-LAWS

OF

UNIFI SALES & DISTRIBUTION, INC.

ARTICLE I

OFFICES

SECTION 1. PRINCIPAL OFFICE. The principal office of the Corporation .shall be located at 7201 W. Friendly Avenue, Greensboro, Guilford County, North Carolina, 27410.

SECTION 2. REGISTERED OFFICE. The registered office of the Corporation required by law to be maintained in the State of North Carolina may be, but need not be identical with, the principal office.

SECTION 3. OTHER OFFICES. The Corporation may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may designate or as the affairs of the Corporation may require from time to time.

ARTICLE II

MEETING OF SHAREHOLDERS

SECTION 1. PLACE OF MEETINGS. All meetings of Shareholders shall be held at the principal office of the Corporation, or at such other place, either within or without the State of North Carolina, as shall be designated in the Notice of the meeting or agreed upon by a majority of the Shareholders entitled to vote thereat.

SECTION 2. ANNUAL MEETINGS. The Annual Meeting of the Shareholders shall be held on such date in each calendar year, not later than the 120th day after the close of the Corporation’s fiscal year (except Saturday, Sunday or legal holidays) as shall be

fixed by the Board of Directors or the President and stated in the Notice or Waiver of Notice of Annual Meeting, for the purpose of electing Directors of the Corporation and for the transaction of such other business as may be brought before the meeting.

SECTION 3. SUBSTITUTE ANNUAL MEETING. If the Annual Meeting shall not be held on the day designated by these By-Laws, a substitute Annual Meeting may be called in accordance with the provisions of Section 4 of this Article II. A meeting so called shall be designated and treated for all purposes as the Annual Meeting.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Shareholders may be called at any time by the President, Secretary and Board of Directors of the Corporation or within thirty (30) days after the holders of at least ten percent (10%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting, sign, date and deliver to the corporate secretary one or more written demands for the meeting, describing the purpose or purposes for which it is to be held.

SECTION 5. NOTICE OF MEETINGS. Written or printed notice stating the date, time, place and purpose of the meeting shall be given not less than ten (10) nor more than fifty (50) days before the date of any Shareholders' meeting, either by personal delivery, telegram, by mail, or by private carrier, by or at the direction of the Board of Directors, President, the Secretary or other person calling the meeting, to each Shareholder of record entitled to vote at such meeting, provided that such notice must be given not less than twenty (20) days before the date of any meeting in which a merger or consolidation is to be considered. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Shareholder at his address as it appears on the current record of Shareholders of the Corporation, with postage thereon prepaid.

In the case of a special meeting, the Notice of Meeting shall specifically state the purpose or purposes for which the meeting is called; but in the case of an annual or substitute annual meeting, the Notice of Meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of the North Carolina Business Corporation Act.

When an annual or special shareholder meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment. If a new record date is fixed for the adjourned meeting (which must be done if the new date is more than 120 days after the date of the original notice) notice of the adjourned meeting must be given as provided in this Section to persons who are Shareholders as of the new record date.

SECTION 6. LIST OF SHAREHOLDERS. The Secretary of the Corporation shall prepare or have prepared an alphabetical list of Shareholders entitled to vote at any meeting of the Shareholders or any adjournment thereof showing the address of and number of shares held by each Shareholder. The list shall be arranged by voting group (and within each voting group by class or series of shares). The Shareholders list will be available for inspection by any Shareholder, beginning two business days after Notice of the Shareholder Meeting is given for which the list was prepared and continuing through the meeting, at the Corporation's principal office or a place identified in the meeting notice in the city where the meeting will be held. A Shareholder, or his agent or attorney, is entitled on written demand to inspect and to copy the list, during regular business hours and at his expense, during the period it is available for inspection. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by the Shareholder, his agent or attorney during the whole time of the meeting.

SECTION 7. QUORUM. A majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Shareholders.

Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set before that adjourned meeting, notwithstanding the withdrawal of enough Shareholders to leave less than a quorum.

In the absence of a quorum at the opening of any Meeting of Shareholders, such meeting may be adjourned from time to time by a vote of the majority of the shares voting on the motion to adjourn, and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

SECTION 8. PROXIES. Shares may be voted either in person or by one or more agents authorized by a written proxy executed by the Shareholder or by his duly authorized attorney-in-fact. A proxy is not valid after the expiration of eleven months from the date of its execution, unless the person executing it specifies therein the length of time for which it is to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten years from the date of its execution.

SECTION 9. VOTING OF SHARES. Subject to the provisions of Section 4 of Article III, each outstanding share entitled to vote shall be entitled to one vote on each matter submitted to a vote at a Meeting of Shareholders.

Except in the election of Directors as governed by the provisions of Section 3 of Article III, the vote of a majority of

the shares voted on any matter at a Meeting of Shareholders at which a quorum is present shall be the act of the Shareholders on that matter.

Absent special circumstances, shares of the Corporation are not entitled to vote if they are owned, directly or indirectly, by another corporation in which the Corporation owns, directly or indirectly, a majority of the shares entitled to vote for Directors of the second corporation; provided that this provision does not limit the power of the Corporation to vote its own shares held by it in a fiduciary capacity.

SECTION 10. INFORMAL ACTION BY SHAREHOLDERS. Any action which may be taken at a Meeting of the Shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the persons who would be entitled to vote upon such action at a meeting, and filed with the Secretary of the Corporation to keep as part of the corporate records.

ARTICLE III

BOARD OF DIRECTORS

SECTION 1. GENERAL POWERS. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors.

SECTION 2. NUMBER, TERM AND QUALIFICATIONS. The number of Directors constituting the Board of Directors shall be six (6) . Each Director shall hold office until his or her death, resignation, retirement, removal, disqualification, or his or her successor shall have been elected and qualified. Directors need not be residents of the State of North Carolina or Shareholders of the Corporation.

SECTION 3. ELECTION OF DIRECTORS. Except as provided in Section 6 of this Article III, the Directors shall be elected at an Annual Meeting of the Shareholders, and those persons who receive the highest number of votes shall be deemed to have been elected. If any Shareholder so demands, the election of Directors shall be by ballot.

SECTION 4. INCREASE OR DECREASE IN NUMBER OF DIRECTORS. The number of Directors may be increased or decreased to any number, however, the number of Directors will not at any time be fewer than the number of Shareholders if the number of Shareholders is three (3) or less, by the affirmative vote of a majority of the shares

voted at the annual meeting or a special meeting of the Shareholders, or any other meeting in which all Shareholders are present or to which they consent and in such case the additional Directors may be chosen at said meeting to hold office until a successor is elected and qualified.

SECTION 5. REMOVAL. Any Director may be removed at any time with or without cause by a vote of the Shareholders holding a majority of the outstanding shares entitled to vote at an election of Directors. However, unless the entire Board of Directors is removed, an individual Director shall not be removed when the number of shares voting against the proposal for removal would be sufficient to elect a Director if such shares could be voted cumulatively at an annual election. If any Directors are so removed, new Directors may be elected at the same meeting.

SECTION 6. VACANCIES. Any vacancy occurring in the Board of Directors, including any directorship to be filled by reason of an increase in the authorized number of Directors or the removal of a Director, may be filled by the affirmative vote of a majority of all of the remaining Directors even though less than a quorum, or by the sole remaining Director. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

SECTION 7. CHAIRMAN OF THE BOARD. There may be a Chairman of the Board of Directors elected by the Directors from their number at any meeting of the Board of Directors. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board of Directors, or as specified in the By-Laws of the Corporation.

SECTION 8. COMPENSATION. The Board of Directors may compensate Directors for their services as such and may provide for the payment of any or all expenses incurred by Directors in attending regular and special meetings of the Board of Directors.

ARTICLE IV

MEETINGS OF THE BOARD OF DIRECTORS

SECTION 1. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of the Shareholders. In addition, the Board of Directors may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, if any, by the President or any two Directors. Such a meeting may be held either within or without the State of North Carolina, as fixed by the person or persons calling the meeting.

SECTION 3. NOTICE OF MEETINGS. Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board of Directors shall, at least two days before the meeting, give notice thereof, by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

SECTION 4. WAIVER OF NOTICE. Any Director may waive notice of any meeting before or after the meeting. The waiver must be in writing, signed by the Director entitled to notice and delivered to the Corporation for inclusion in the minutes or filing with the corporate records. A Director's attendance at or participation in a meeting waives any required notice of such meeting unless such Director, at the beginning of the meeting or promptly upon arrival, objects to the holding of the meeting or to transacting business at the meeting and does not thereafter vote for or against to actions taken at the meeting.

SECTION 5. QUORUM. A majority of the number of Directors fixed by these By-Laws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

SECTION 6. MANNER OF ACTING. Except as otherwise provided in these By-Laws, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 7. PRESUMPTION OF ASSENT. A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

SECTION 8. INFORMAL ACTION BY DIRECTORS. Action taken by a majority of the Directors without a meeting is nevertheless the Board of Directors action if written consent to the action in question is signed by all the Directors and filed with the Minutes of the proceedings of the Board of Directors, whether done before or after the action so taken, such consents may be signed in counterpart.

ARTICLE V

OFFICERS

SECTION 1. OFFICERS OF THE CORPORATION. The Officers of the Corporation shall consist of a Chairman of the Board, a President, one or more Vice Presidents, and a Secretary. The same person may hold more than one office, but no Officer may act in more than one capacity where action of two or more Officers is required. The Secretary and any Vice President need not be Directors of the Corporation. The President shall be chosen from among the Directors.

SECTION 2. ADDITIONAL OFFICERS AND AGENTS. The Board of Directors in its discretion may elect a Chairman of the Board of Directors, additional Vice Presidents, Assistant Secretaries, Assistant Treasurers, a General Manager and such other officers or agents as it may deem desirable from time to time and prescribe the duties thereof.

SECTION 3. ELECTION AND TERM. The Officers of the Corporation shall be elected by the Board of Directors at its Annual Meeting and the Officers shall hold office for one year or until their successors are elected and qualified; provided, however, if the need for any additional Officer or Officers, as hereinbefore provided, shall occur during the year, such additional Officer or Officers may be elected at a special meeting held by the Board of Directors or by consent to action without meeting of the Board of Directors.

SECTION 4. COMPENSATION OF OFFICERS. The compensation of all Officers of the Corporation shall be fixed by or under the authority of the Board of Directors and no Officer shall serve the Corporation in any other capacity and receive compensation therefore unless such additional compensation is authorized by the Board of Directors.

SECTION 5. REMOVAL. Any Officer or Agent elected or appointed by the Board of Directors shall be subject to removal at any time by the affirmative vote of a majority of the Board of Directors or a majority of the Shareholders whenever in the judgment of the majority of the Board of Directors or a majority of the Shareholders the best interest of the Corporation would be served thereby.

SECTION 6. VACANCIES. If any vacancy shall occur among the Officers of the Corporation by death, resignation or otherwise, the Chairman of the Board of Directors, if one be elected, the President, or a majority of the Board of Directors

of the Corporation will call a special meeting of the Board of Directors at which meeting the Directors shall elect a successor or successors to hold office for the unexpired term of the Officer or Officers whose place has been vacated.

SECTION 7. BONDS. The Board of Directors may, by resolution, require any Officer, Agent or employee of the Corporation to give bond to the Corporation, with sufficient sureties, conditioned on the faithful performance of the duties of his respective office or position, and to comply with such other conditions as may from time to time be required by the Board of Directors.

SECTION 8. CHAIRMAN OF THE BOARD. The Chairman of the Board of Directors, if one is elected, shall oversee the general operation of the Corporation and discuss with the President the Corporation's policies, the implementation and interpretation and carrying out of said policies, and shall be an executive officer of the Corporation. The Chairman shall, when present, preside at all meetings of the Shareholders.

SECTION 9. PRESIDENT. The President shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall, in general, supervise and control all the business and affairs of the Corporation. The President shall, when present, preside at all meetings of the Shareholders. The President shall sign, with the Secretary, an Assistant Secretary, or any other proper officer of the Corporation thereunto authorized by the Board of Directors, certificates for shares of the Corporation, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other Officer or Agent of the Corporation, or shall be required by law to be otherwise signed or executed and, in general, shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 10. VICE PRESIDENT. In the absence of the President or in the event of his death, inability or refusal to act, a Vice President, unless otherwise determined by the Board of Directors, shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President may sign, with the Secretary or an Assistant Secretary, certificates for shares of the Corporation, and shall perform such other duties as from time to time may be assigned to him by the President or Board of Directors.

SECTION 11. SECRETARY. The Secretary shall keep accurate Minutes of all meetings of the Shareholders and the Board of Directors and shall perform all the duties commonly incident to his office, and shall perform such other duties and have such other powers as the Board of Directors shall designate. The Secretary, together with the President, shall have the power to sign certificates of stock of the Corporation. In his absence at any meeting, an Assistant Secretary or Secretary Pro Tempore, shall perform his duties thereat.

SECTION 12. ASSISTANT SECRETARIES. In the absence of the Secretary, or in the event of his death, inability or refusal-to act, the Assistant Secretaries, if any are elected, in the order of their length of service as Assistant Secretary, unless otherwise determined by the Board of Directors, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, by the President, or by the Board of Directors. Any Assistant Secretary may sign, with the President, or a Vice President, certificates for shares of the corporation.

SECTION 13. TREASURER. The Treasurer, subject to the order of the Board of Directors, shall have the care and custody of the money, funds, valuable papers and documents of the Corporation (other than his own bond, if any, which shall be in the custody of the President) , and shall have and exercise, under the supervision of the Board of Directors, all the powers and duties commonly incident to his office, and shall give bond in such form and with such sureties as shall be required by the Board of Directors. He shall deposit all funds of the Corporation in such bank or banks, trust company or trust companies, or with such firm or firms doing a banking business as the Board of Directors shall designate. He may endorse for deposit or collection all checks and notes payable to the Corporation or to its order, may accept drafts on behalf of the Corporation and, together with the President, may sign certificates of stock. He shall keep accurate books of account of the Corporation’s transactions, which shall be subject at all times to the inspection of the Board of Directors.

SECTION 14. ASSISTANT TREASURERS. In the absence of the Treasurer, or in the event of his death, inability or refusal to act, the Assistant Treasurers, if any are elected, in the order of their length of service as Assistant Treasurer, unless otherwise determined by the Board of Directors, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, by the President, or by the Board of Directors.

ARTICLE VI

CONTRACTS, LOANS, CHECKS, AND DEPOSITS

SECTION 1. CONTRACTS. The Board of Directors may-authorize any Officer or Officers, Agent or Agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

SECTION 2. LOAN. No loan shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 3. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time in the credit of the Corporation in such depositories as authorized by a resolution adopted by the Board of Directors.

SECTION 4. CHECKS AND DRAFTS. All checks, drafts and other orders for the payment of monies, issued in the name of the Corporation, shall be signed by such Officer or Officers, agent or agents of the Corporation, and in such manner as shall, from time to time, be determined by the Board of Directors.

ARTICLE VII

CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. CERTIFICATES FOR SHARES. Certificates representing shares of the Corporation shall be in such form as shall be determined by the Board of Directors. The Corporation shall issue and deliver to each Shareholder certificates representing all fully paid shares owned by him. Certificates shall be signed by the President, or a Vice President and by the Secretary or Treasurer, or any Assistant Secretary or an Assistant Treasurer. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number and class of shares and the date of issue, shall be entered on the stock transfer books of the Corporation.

SECTION 2. SALE OF STOCK. The Board of Directors shall from time to time authorize the sale of the capital stock of the Corporation and, in its sole discretion, establish the terms and conditions, including, but not limited to, the number of shares to be sold and the purchase price upon which the capital stock of the Corporation shall be sold.

SECTION 3. SHAREHOLDERS' PREEMPTIVE RIGHTS. The Shareholders of the Corporation do not have preemptive rights as the term is used in the North Carolina Business Corporation Act.

SECTION 4. TRANSFER OF SHARES. Transfer of shares of the Corporation shall be made only on the stock transfer books of the Corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney-in-fact thereunto authorized by power of attorney duly executed and filed with the Secretary and on surrender for cancellation of the certificate for such shares.

SECTION 5. LOST CERTIFICATE. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore destroyed, upon receipt of any affidavit of such fact from the person claiming the certificate of stock to have been lost or destroyed. When authorizing such issue of a new certificate, the Board of Directors shall require that the owner of such lost or destroyed certificate, or his legal representative, give the Corporation a bond in such sum as the Board of Directors may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate claimed to have been lost or destroyed, except where the Board of Directors by resolution find that in the judgment of the Directors the circumstances justify omission of a bond.

SECTION 6. CLOSING TRANSFER BOOKS AND FIXING RECORD DATE. For the purpose of determining Shareholders entitled to notice of or to vote at any meeting of the Shareholders, or any adjournment thereof, or entitled to receive payment of any : dividend or, in order to make a determination of shareholders for any other property purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period, but not to exceed, in any case, fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of the shareholders, such books shall be closed for at least ten days immediately preceding such meeting.

In lieu of closing the stock transfer books, the authorized Directors may fix in advance a date as the record date for any such determination of the Shareholders, such record date in any

case to be not more than fifty days and, in case of a meeting of the Shareholders, not less than ten days immediately preceding the date on which the particular action, requiring such determination of the Shareholders, is to be taken.

If the stock transfer books are not closed and no record date is fixed for the determination of the Shareholders entitled to notice of or to vote at a meeting of the Shareholders, or the Shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of the Shareholders.

When a determination of the Shareholders entitled to vote at any meeting of the Shareholders has been made as provided in this Section, such determination shall apply to any adjournment thereof, except where the determination has been made through the closing of the stock transfer books and the stated period of closing has expired.

SECTION 7. HOLDER OF RECORD. The Corporation may treat as absolute owner of shares the person in whose name the shares stand of record on its stock transfer books just as if that person had full competency, capacity and authority to exercise all rights of ownership irrespective of any knowledge or notice to the contrary or any description indicating a representative, pledge or other fiduciary relation or any reference to any other instrument or to the rights of any other person appearing upon its record or upon the share certificate as a fiduciary shall be treated as if he were a holder of record of its shares.

SECTION 8. RETIREMENT OF STOCK. The Corporation may, with the approval of the Board of Directors, retire such outstanding capital stock as may be tendered or offered to the Corporation by paying par value thereof, or such amount as may be decided by the Board of Directors and hold such stock as Treasury Stock or cancel the same.

SECTION 9. FRACTIONAL SHARES. There shall be no fractional shares of stock sold by this Corporation. When any amount of stock issuable for stock dividends shall be less than one (1) share, such fractional share shall not be issued, but an equivalent payment shall be made in cash, the basis of the value of the share of stock being the book value thereof.

ARTICLE VIII

GENERAL PROVISIONS

SECTION 1. DISTRIBUTIONS. The Board of Directors may, from time to time, authorize and the Corporation may grant and make distributions on its outstanding shares in cash, property or its own shares pursuant to law and subject to the provisions of its Certificate of Incorporation.

SECTION 2. SEAL. The seal of the Corporation shall consist of two concentric circles between which is the name of the Corporation and in the center of which is inscribed SEAL; and such seal of the Corporation, as impressed on the margin hereof, is hereby adopted as the corporate seal of the Corporation.

SECTION 3. WAIVER OF NOTICE. Whenever any notice is required to be given to any Shareholder or Director by law, by the Articles of Incorporation or by these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

SECTION 4. FISCAL OR CALENDAR YEAR. The fiscal or calendar year of the Corporation shall be fixed by the Board of Directors.

SECTION 5. INDEMNIFICATION. Any person who at any time serves or has served as a Director, Officer, employee or Agent of the Corporation, or in such capacity at the request of the Corporation for any other Corporation, partnership, joint venture, trust .or other enterprise, shall have a right to be indemnified by the Corporation to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Corporation, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty or settlement for which he may have become liable in any such action, suit or proceeding.

The Board of Directors of the Corporation shall take all such action as may be necessary and appropriate to authorize the Corporation to pay the indemnification required by this

By-Law, including, without limitation to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval by, the Shareholders of the Corporation.

Any person who at any time after the adoption of this By-Law serves or has served in any of the aforesaid capacities for or on behalf of the Corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representative of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this By-Law.

SECTION 6. AMENDMENTS. Except as otherwise provided herein, these By-Laws may be amended or repealed and new By-Laws may be adopted by the affirmative vote of a majority of the Board of Directors at any regular or special meeting.

The Board of Directors shall have no power to adopt a By-Law: (1) requiring more than a majority of the voting shares for a quorum at a meeting of the Shareholders, or more than a majority of the votes cast to constitute action by the Shareholders, except where higher percentages are required by law; (2) providing for the management of the Corporation otherwise than by the Board of Directors; and (3) increasing or decreasing the number of Directors, except as provided in the Certificate of Incorporation.

No By-Laws adopted, amended or repealed by the Shareholders shall be readopted, amended or repealed by the Board of Directors unless the Articles of Incorporation or a By-Law adopted by the Shareholders authorizes the Board of Directors to adopt, amend or repeal that particular By-Law or the By-Laws generally.

SECTION 7. DEFINITIONS. Unless the contacts otherwise require, terms used in these By-Laws shall have the same meaning assigned to them as in the North Carolina Business Corporation Act to the extent defined therein.

KNOW ALL MEN BY THESE PRESENTS that we, the undersigned Directors of Unifi Sales & Distribution, Inc., do hereby certify that the above and foregoing By-Laws are duly adopted By-Laws of this Corporation and that the same do constitute the By-Laws of this Corporation.

This the 18th day of December, 1996.

/s/ Clifford Frazier, Jr.
Clifford Frazier, Jr.
Initial Director (Named in Articles of Incorporation)

Exhibit 3.8(i)

[STAMP]

ARTICLES OF INCORPORATION

OF

NEWCO INDUSTRIES, INC.

The undersigned natural person of the age of more than *twenty-one years does make and acknowledge these Articles of Incorporation for the purpose of forming a business corporation under and by virtue of the laws of the State of North Carolina.*

ARTICLE I

The name of the corporation is NEWCO INDUSTRIES, INC.

ARTICLE II

The period of duration of the corporation is perpetual.

ARTICLE III

The purpose for which the corporation is organized is to engage in any lawful act or activity for which corporations may be organized under Chapter 55 of the North Carolina General Statutes.

ARTICLE IV

The aggregate number of shares which the corporation shall have authority to issue is 1,000,000 common shares with each share having a par value of $0.10.

ARTICLE V

The minimum amount of consideration to be received by the corporation for its shares before it shall commence business is $1,000 in cash or property of equivalent value.

ARTICLE VI

The address of the initial registered office of the corporation in North Carolina is Suite 650, Forum VI, Friendly Center, Guilford County, North Carolina, and the name of the initial registered agent at such address is Coak J. May.

ARTICLE VII

The number of directors constituting the initial board of directors shall be four, and the names and addresses of the

persons who are to serve as directors until the first meeting of the shareholders or until their successors are elected and qualified are:

Name	Address
Fred L. Proctor, Sr.	Suite 650, Forum VI Friendly Center Greensboro, Guilford County, N.C. 27408
Lamar Beach	Suite 650, Forum VI Friendly Center Greensboro, Guilford County, N.C. 27408
Coak J. May	Suite 650, FORUM VI Friendly Center Greensboro, Guilford County, N.C. 27408
William A. Fisher III	c/o Wheat First Securities First Center Building Forsyth County Winston Salem, N.C. 27104
Edward K. Crawford	c/o Wheat First Securities First Center Building Forsyth County Winston Salem, N.C. 27104
R. Edward Morrisette, Jr.	c/o Wheat First Securities 707 E. Main Street Richmond, VA 23219
C. Allen Foster	Suite 644, FORUM VI Friendly Center Greensboro, Guilford County, N.C. 27408

ARTICLE VIII

The name and adress of the incorporator is:

Name	Address
C. Allen Foster	Suite 644, Forum VI Friendly Center Greensboro, Guilford County, N.C. 27408

ARTICLE IX

No shareholder of the corporation shall have any preemptive rights with regard to the issuance and/or sale of additional shares of the corporation or options thereon or securities convertible into shares of the corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal, on this the 21st day of December 1983.

/s/ C. Allen Foster (SEAL)
C. Allen Foster

STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

If Jean M. Davies a Notary Public of said County and State, do hereby certify that C. Allen Foster personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this the 21 day of December, 1983.

[STAMP]

My Commission Expires: December 9, 1985

Exhibit 3.8(ii)

BY-LAWS

OF

NEWCO INDUSTRIES, INC.

the name of which has been changed to Spanco Industries, Inc.

ARTICLE I.

OFFICES

Section 1. Principal Office. The principal office of the corporation shall be located at Suite 650, Forum VI, Friendly Center, Greensboro, Guilford County, North Carolina 27408.

Section 2. Registered Office. The registered office of the corporation required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.

Section 3. Other Offices. The corporation may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may from time to time determine, or as the affairs of the corporation : may require.

ARTICLE II.

MEETINGS OF SHAREHOLDERS

Section 1. Place of Meetings. All meetings of shareholders may be held at the principal office of the corporation or at such other place either within or without the State of North Carolina, as shall be designated in the notice of the meeting or agreed upon by a majority of the shareholders entitled to vote thereat.

Section 2. Annual Meetings. The annual meeting of shareholders shall be held at 2:00 o’clock p.m. on the first Thursday in March of each year for the purpose of electing directors of the corporation and for the transaction of such other business as may be properly brought before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding day.

Section 3. Substitute Annual Meetings. If the annual meeting shall not be held on the day designated by these By-Laws a substitute annual meeting may be called in

accordance with the provisions of Section 4 of this ARTICLE II. A meeting so called shall be designed and treated for all purposes as the annual meeting.

Section 4. Special Meetings. Special meetings of the shareholders may be called at any time by the President, Secretary or Board of Directors of the corporation, or by any shareholder pursuant to the written request of the holders of not less than one-tenth of all shares entitled to vote at the meeting.

Section 5. Notice of Meetings. Written or printed notice stating the time and place of the meeting shall be delivered not less than ten nor more than fifty days before the date of any shareholders' meeting, either personally or by mail, by or at the direction of the President, the Secretary, or other person calling the meeting, to each shareholder of record entitled to vote at such meeting; provided that such notice must be given not less than twenty days before the date of any meeting at which a merger or consolidation is to be considered. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the record of shareholders of the corporation with postage thereon prepaid.

In the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless such a statement is expressly required by the provisions of the North Carolina Business Corporation Act.

When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 6. Voting Lists. At least ten days before each meeting of shareholders, the Secretary of the corporation shall prepare an alphabetical list of the shareholders entitled to vote at such meeting or any adjournment thereof with the address of and number of shares held by each, which list shall be kept on file at the registered office of the corporation for a period of ten days prior to such meeting, and shall be subject to inspection by any shareholder at any time during usual business hours. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any shareholder during the whole time of the meeting.

Section 7. Quorum. A majority of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders, the number of shares there represented either in person or by proxy, even though less than a majority, shall constitute a quorum for the purpose of such meeting.

The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

In the absence of a quorum at the opening of a meeting of shareholders, such meeting may be adjourned from time to time by a vote of the majority of the shares voting on the motion to adjourn; and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

Section 8: Proxies. Shares may be voted either in person or by one or more agents authorized by a written proxy executed by the shareholder or by his duly authorized attorney in fact. A proxy is not valid after the expiration of eleven months from the date of its execution, unless the person executing it specifies therein the length of time for which it is to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten years from the date of its execution.

Section 9. Voting of Shares. Each outstanding share entitled to vote shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders.

The vote of a majority of the shares voted on any matter at a meeting of shareholders at which a quorum was initially present shall be the act of the shareholders on that matter, unless the vote of a greater number is required by law or by the Charter or By-Laws of this corporation.

Shares of its own stock owned by the corporation, directly or indirectly, through a subsidiary corporation or otherwise, or held directly or indirectly in a fiduciary capacity by it or by a subsidiary corporation, shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares at a given time.

Section 10. Informal Action by Shareholders. Any action which may be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting, and filed with the Secretary of the corporation to be kept in the corporate minute book.

ARTICLE III.

DIRECTORS

Section 1. General Powers. The business and affairs of the corporation shall be managed by the Board of Directors or by such Executive Committee as the Board may establish pursuant to these By-Laws.

Section 2. Number, Term and Qualifications. The number of directors of the corporation shall be not less than three nor more than seven, as elected by shareholders. Each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor shall have been elected and qualified. Directors need not be residents of the State of North Carolina or shareholders of the corporation.

Section 3. Election of Directors. Except as provided in Section 5 of this ARTICLE III, the directors shall be elected at the annual meeting of shareholders; and those persons who receive a majority of the votes cast shall be deemed to have been elected. If any shareholder so demands, election of directors shall be held by ballot.

Section 4. Removal. Any director may be removed at any time with or without cause by a vote of shareholders holding a majority of the shares entitled to vote at an election of directors. If any directors are so removed, new directors may be elected at the same meeting.

Section 5. Vacancies. Any vacancy occurring in the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, or by the sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the authorized number of directors shall be filled only by election at an annual meeting or at a special meeting of shareholders called for that purpose. The shareholders may elect a director at any time to fill any vacancy not filled by the directors.

Section 6. Chairman of the Board. There may be a Chairman of the Board of Directors elected by the directors from their number at any meeting of the Board. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board.

Section 7. Compensation. The Board of Directors may compensate directors for their services as such and may provide for the payment of any or all expenses incurred by directors in attending regular and special meetings of the Board.

ARTICLE IV.

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of shareholders. In addition, the Board of Directors may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any three directors. Such meetings may be held either within or without the State of North Carolina as fixed by the person or persons calling any such meeting.

Section 3. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice.

The person or persons calling a special meeting of the Board of Directors shall, at least two days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Section 4. Waiver of Notice. Any director may waive notice of any meeting. Attendance by a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5. Quorum. A majority of the number of directors fixed by these By-Laws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 6. Manner of Acting. Except as otherwise provided in these By-Laws, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 7. Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting

before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 8. Informal Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

ARTICLE V

OFFICERS

Section 1. Officers of the Corporation. The officers of the corporation shall consist of a Chairman, a President, a Secretary, a Treasurer, and such Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person, except the offices of President and Secretary, but no officer may act in more than one capacity where action of two or more officers is required.

Section 2. Election and Term. The officers of the corporation shall be elected by the Board of Directors. Such election may be held at any regular or special meeting of the Board. Each officer shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualified.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interests of the corporation will be served thereby; but such removal shall be without prejudice to the contract rights if any, of the person so removed.

Section 4. Compensation. The compensation of all officers for serving as officers of the corporation shall be fixed by the Board of Directors.

Section 5. Bonds. The Board of Directors may by resolution require any officer, agent, or employee of the corporation to give bond to the corporation, with sufficient sureties, conditioned on the faithful performance of the duties of his respective office or position, and to comply with such other conditions as may from time to time be required by the Board of Directors.

Section 6. Chairman. The Chairman shall be the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall supervise and control all the business and affairs of the corporation. He shall, when

present, preside at all meetings of the shareholders. He shall sign, with the Secretary, an Assistant Secretary, or with any other proper officer authorized by the Board of Directors, certificates for shares of the corporation and any deeds, mortgages, bonds, contracts, or other instruments which may be lawfully executed on behalf of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be delegated by the Board of Directors or these By-Laws to some other officer or agent of the corporation; and, in general, he shall perform all duties incident to the office of President and-such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. President. The President shall be the principal operating officer of the corporation and, subject to the control of the Chairman and the Board of Directors, shall supervise and control all of the business and affairs of the corporation.

Section 8. Vice Presidents. In the absence of the President or in the event of his death, inability or refusal to act, the Vice Presidents in the order of their length of service as Vice Presidents, unless otherwise determined by the Board of Directors, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may sign, with the Secretary or an Assistant Secretary, certificates for shares of the corporation; and shall perform such other duties as from time to time may be assigned to him by the Chairman, President or Board of Directors.

Section 9. Secretary. The Secretary shall (a) keep the minutes of the meetings of shareholders and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (e) sign with the President, or a Vice President, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation; (g) keep or cause to be kept in the State of North Carolina at the corporation’s registered office or principal place of business a record of the corporation’s shareholders, giving the names and addresses of all shareholders and the number and class of shares held by each, and prepare or cause to be prepared voting lists prior to each meeting of shareholders as required by law; and (h) in general, perform all duties incidental to the office of Secretary and such other duties as from time to time may be assigned to him by the Chairman, President or by the Board of Directors.

Section 10. Assistant Secretaries. In the absence of the Secretary or in the event of his death, inability or refusal to act, the Assistant Secretaries, in the order of their length of service as Assistant Secretaries, unless otherwise determined by the Board of Directors, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, by the President, or by the Board of Directors. Any Assistant Secretary may sign, with the President or a Vice President, certificates for shares of the corporation.

Section 11. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such depositories as shall be selected in accordance with the provisions of Section 4 of ARTICLE VI of these By-Laws; (b) prepare, or cause to be prepared, a true statement of the corporation's assets and liabilities as of the close of each fiscal year, all in reasonable detail, which statement shall be made and filed at the corporation's registered office or principal place of business in the State of North Carolina within four months after the end of such fiscal year and thereat kept available for a period of at least ten years; and (c) in general, perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Chairman, President or by the Board of Directors, or by these By-Laws.

Section 12. Assistant Treasurers. In the absence of the Treasurer or in the event of his death, inability or refusal to act, the Assistant Treasurers, in the order of their length of service as Assistant Treasurers, unless otherwise determined by the Board of Directors, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, by the President, or by the Board of Directors.

ARTICLE VI.

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instruments in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time ,to time be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such depositories as the Board of Directors shall direct.

ARTICLE VII

CERTIFICATES FOR SHARES AND TRANSFER OF SHARES

Section 1. Certificates for Shares. Certificates representing shares of the corporation shall be issued, in such form as the Board of Directors shall determine, to every shareholder for the full paid shares owned by him. Certificates shall be signed by the President or a Vice President and the Secretary, an Assistant Secretary, Treasurer or an Assistant Treasurer. All certificates shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number and class of shares and date of issue, shall be entered on the stock transfer books of the corporation.

Section 2. Transfer of Shares. Transfer of shares shall be made only on the stock transfer books of the corporation only upon surrender of the certificates for the shares sought to be transferred by the record holder thereof or by his duly authorized agent, transferee or legal representative. All certificates surrendered for transfer shall be cancelled before new certificates for the transferred shares shall be issued.

Section 3. Lost Certificates. The Board of Directors may authorize the issuance of a new share certificate in place of a certificate claimed to have been lost or destroyed, upon receipt of an affidavit of such fact from the person claiming the loss or destruction. When authorizing such issuance of a new certificate, the Board may require the claimant to give the corporation a bond in such sum as it may direct to indemnify the corporation against loss from any claim that may be made with respect to the certificate claimed to have been lost or

destroyed; or the Board may, by resolution, reciting that the circumstances justify such action, authorize the issuance of the new certificate without requiring such a bond.

Section 4. Closing Transfer Books and Fixing Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceeding such meeting.

In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such record date in any case to be not more than fifty days and, in case of a meeting of shareholders, not less than ten days immediately preceeding the date on which the particular action, requiring such determination of shareholders, is to be taken.

If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders.

When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the stock transfer books and the stated period of closing has expired.

Section 5. Holder of Record. The corporation may treat as absolute owner of shares the person in whose name the shares stand of record on its books just as if that person had full competency, capacity and authority to exercise all rights of ownership irrespective of any knowledge or notice to the contrary or any description indicating a representative, pledge or other fiduciary relation or any reference to any other instrument or to the rights of any other person appearing upon its record or upon the share certificate except that any person furnishing to the corporation proof of his appointment as a fiduciary shall be treated as if he were a holder of record of its shares.

Section 6. Treasury Shares. Treasury shares of the corporation shall consist of such shares as have been issued and thereafter acquired but not cancelled by the corporation. Treasury shares shall not carry voting or dividend shares shall not carry voting or dividend rights.

ARTICLE VIII.

GENERAL PROVISIONS

Section 1. Dividends. The Board of Directors may from time to time declare, and the corporation may pay, dividends on its outstanding shares in cash, property, or its own shares, pursuant to law and subject to the provisions of the Articles of Incorporation and any shareholders' agreement.

Section 2. Seal. The corporate seal of the corporation shall consist of two concentric circles between which is the name of the corporation and in the center of which is inscribed CORPORATE SEAL; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the corporation.

Section 3. Waiver of Notice. Whenever any notice is required to be given to any shareholder or directory by law or by the Charter or By-Laws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated there, shall be equivalent to the giving of such notice.

Section 4. Fiscal Year. The fiscal year of the corporation shall be fixed by the Board of Directors.

Section 5. Amendments. Except as otherwise provided herein, these By-Laws may be amended or repealed or new By-Laws may be adopted by the affirmative vote of a majority of the Directors then holding office at any regular or special meeting of the Board of Directors.

Any By-Law adopted or amended by the shareholders shall not be altered or repealed by the Board of Directors.

Adopted: 28 December, 1983

/s/ C. Allen Foster
Secretary

/s/ Fred L. Proctor, Sr.
Director

/s/ Lamar Beach
Director

/s/ Edward K. Crawford
Director

/s/ William A. Fisher III
Director

/s/ R. Edward Morrissette, Jr.
Director

/s/ Cook J. May
Director

/s/ C. Allen Foster
Director

Exhibit 3.9(i)

ARTICLES OF INCORPORATION OF
SPANCO INTERNATIONAL, INC.
Under Section 55-2-02 of the North Carolina
Business Corporation Act

1. Name. The name of the corporation is:

Spanco International, Inc.

2. Shares. The aggregate number of shares which the corporation shall have authority to issue is one thousand (1,000) shares of common stock without par value.

3. Registered Office. The street address of the corporation's initial registered office is 1604 Boone Trail Road, Sanford, North Carolina 27330, located in Lee County, North Carolina and the name of its initial registered agent at such address is Lamar Beach.

4. Initial Directors. The number of directors constituting the initial board of directors is one, and the name and address of the person who is to serve as the director until the first annual meeting of the shareholders or until his successor is elected and qualified is:

Name	Address
Lamar Beach	1604 Boone Trail Road Sanford, NC 27330

5. Incorporator. The name and address of the incorporator is:

Name	Address
J. Porter Durham, Jr.	1000 Volunteer Building 832 Georgia Avenue C hattanooga, Tennessee 37402

6. Director's Liability. A director of the corporation shall not be personally liable to the corporation for monetary damages for breach of fiduciary duty as a director, except for liability (a) with respect to acts or omissions that the director knew or believed at the time of such breach were clearly in conflict with the best interests of the corporation; (b) any liability under Section 55-8-33 of the North Carolina Business Corporation Act; or (c) any transaction from which the director derived an improper personal benefit. If the North Carolina Business Corporation Act is hereafter amended to authorize the further elimination or limitation of the liability of directors, then the liability

of a director of the corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended North Carolina Business Corporation Act.

7. Indemnification. The corporation shall have the power to indemnify its directors and officers to the fullest extent permitted by law.

Dated this 21st day of December, 1993.

/s/ J. Porter Durham, Jr.
J. Porter Durham, Jr.
Incorporator

Exhibit 3.9(ii)

Exhibit B

BY-LAWS

OF

SPANCO INTERNATIONAL, INC.

ARTICLE I – OFFICES

Section 1. Principal Office. The principal office of the corporation within the State of North Carolina shall be located at 1604 Boone Trail Road, Sanford, North Carolina 27330 or at such other place as its board of directors may determine.

Section 2. Other Offices. The corporation may also have offices and places of business at such other places, within or without the State of North Carolina, as its board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II – MEETINGS OF SHAREHOLDERS

Section 1. Time and Place. All meetings of shareholders shall be held at such date, time and place, whether within or without the State of North Carolina, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meeting. An annual meeting of shareholders shall be held on such date, not less than 60 nor more than 120 days after the end of the corporation's last preceding fiscal year, as the board of directors shall prescribe; provided, that if in any such year, the annual meeting shall not have been held within such period, then it shall be held on the first Tuesday of the fifth month after the end of the corporation's last preceding fiscal year, or if such day shall be a legal holiday, on the next business day following. At each annual meeting, the shareholders shall elect a board of directors and transact such other business as may properly come before the meeting.

Section 3. Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, and shall be called by the president or the secretary at the request of a majority of the board of directors, or at the request in writing of any one or more holders of at least ten percent of all the votes entitled to be cast on any issue proposed to be discussed at the special meeting. Any such request or requests from the shareholders shall state the purpose or purposes of the proposed meeting and shall be signed, dated and delivered to the corporation's secretary.

Section 4. Notice of Meetings. Written notice of each meeting of shareholders, stating the date, time and place and hour of the meeting, and in the case of a special meeting, specifying the purpose or purposes for which the meeting is called, shall be given in the manner prescribed by Article VI of these bylaws to each shareholder entitled to vote thereat, not less than ten nor more than sixty days prior to the meeting.

Section 5. Quorum. Except as otherwise provided by statute or the articles of incorporation, the holders of a majority of the corporation's shares of one or more classes or series that are entitled to vote and be counted together collectively at a meeting of shareholders (a "voting group"), present in person or represented by proxy, shall be necessary to and shall constitute a quorum for the transaction of business at all meetings of that voting group. A quorum which is present to organize a meeting shall not be broken by the subsequent withdrawal of one or more shareholders. If, however, such quorum shall not be present or represented at any meeting of the voting group, the shareholders entitled to vote thereat present in person or represented by proxy shall have power to adjourn the meeting from time to time, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed; provided, that if after any such adjournment, a new record date is or must be set for the adjourned meeting, a notice of the adjournment shall be given to each shareholder entitled to vote thereat.

Section 6. Vote Required. At any meeting of a voting group at which a quorum is present, all elections of directors shall be determined by a plurality vote and all other matters shall be approved when the votes cast within the voting group approving the action exceed the votes cast opposing the action, unless the matter is one which by express provision of statute, the articles of incorporation or these bylaws a different vote is required, in which case such express provision shall govern and control the determination of such matter.

Section 7. Voting. At any meeting of shareholders every shareholder having the right to vote shall be entitled to vote in person or by proxy. Except as otherwise provided by law or the articles of incorporation, each shareholder of record shall be entitled to one vote for every share of stock standing in his name on the books of the corporation as of the record date for determining the shareholders entitled to notice of and to vote at such meeting.

Section 8. Proxies. Every proxy must be executed in writing by the shareholder or his duly authorized attorney-in-fact. No proxy shall be valid after the expiration of eleven months from its effective date, as determined by North Carolina law, unless a

longer period is provided for in the proxy. Every proxy shall be revocable at the pleasure of the person executing it, or his legal representatives or assigns, unless the appointment form conspicuously states it is irrevocable and the appointment is coupled with an interest.

Section 9. Action by Written Consent. Whenever by any provision of law the vote of shareholders at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of shareholders may be dispensed with if all the shareholders who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such corporate action being taken. The action must be evidenced by one or more written consents describing the action taken and signed by each shareholder entitled to vote on the action in one or more counterparts.

Section 10. List of Shareholders. A list of shareholders as of the record date, certified by the corporate officer responsible for its preparation or by the transfer agent, shall be available for inspection by any shareholder beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. The list of shareholders shall be alphabetical by voting group (and within each voting group by class or series of shares) and show the address and number of shares held by each shareholder.

ARTICLE III – DIRECTORS

Section 1. Board of Directors. The business and affairs of the corporation shall be managed by or under the direction of its board of directors, which may exercise all such powers of the corporation and do all such lawful acts and things on its behalf as are not, by statute or by the articles of incorporation or by these bylaws, directed or required to be exercised or done by the shareholders.

Section 2. Number; Election and Tenure. The board of directors shall consist of one member. The shareholders, at any meeting, regular or special, convened for the election of directors, shall have power to determine or redetermine the number of directors and to elect the number of directors as so determined or redetermined. The directors shall have power from time to time, when the shareholders as such are not assembled in a meeting, to increase or decrease their own number from the number previously determined, provided that no such decrease would terminate or shorten the term of office of any director then in office. If the number of directors be at any time increased by action of the board of directors, the additional directors may be elected by a majority of the directors in office at the time of the increase or, if not

so elected prior to the next meeting of shareholders convened for the election of directors, they shall be elected by the shareholders. Directors shall be elected at the annual meeting of the shareholders by a plurality of the votes cast in the election and, except as provided in Section 3 of this Article III, each director shall be elected to serve until the expiration of the term for which he was elected and thereafter until his successor has been elected and has qualified or until removed. Unless otherwise provided in the articles of incorporation, the directors need not be shareholders and need not be residents of the State of North Carolina.

Section 3. Resignation and Removal. Any director may resign at any time by written notice to the corporation. The resignation is effective upon delivery of the notice, unless the notice specifies a later effective date. Unless otherwise provided in the articles of incorporation, any director may be removed for cause or without cause by vote of the shareholders. A director may be removed only if the number of votes cast to remove him exceeds the number of votes cast not to remove him.

Section 4. Vacancies. If any vacancy occurs in the board of directors by reason of the death, resignation, retirement, disqualification or removal from office of any director with or without cause, or if any new directorships are created, then either the shareholders or all of the directors then in office, although less than a quorum, may, by majority vote choose a successor or successors, or fill the newly created directorship, and the director so chosen shall serve until the next shareholders' meeting at which directors are elected and thereafter until their successors shall be duly elected and qualified, unless sooner displaced from office by resignation, removal or otherwise. If the vacant office was held by a director elected by a voting group of shareholders, then only the holders of shares of that voting group are entitled to vote to fill the vacancy if it is filled by the shareholders.

Section 5. Interested Directors. To the extent and under the circumstances permitted by law of the State of North Carolina, no contract or other transaction between the corporation and one or more of its directors, or between the corporation and any other corporation, firm, association or other entity in which one or more of its directors are directors or officers, or are financially interested, shall be either void or voidable for this reason alone, or by reason that such director or directors are present at the meeting of the board of directors, or of a committee thereof, which authorizes such contract or transaction, or that his or their votes are counted for such purpose. Except as otherwise provided by statute, common or interested directors may be counted in determining the presence of a quorum or at a meeting of the board of directors, or of a committee, which authorizes any such contract or transaction.

Section 6. Compensation. The board of directors may from time to time fix the compensation of directors for their services in that capacity. The compensation of a director may consist of an annual fee or a fee for attendance at each regular or special meeting of the board of which such director is a member or a combination of fees of both types; provided, that nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor. The board may also provide for the reimbursement to any director of expenses incurred in attending any meeting of the board or any committee of the board of which he is a member.

ARTICLE IV – MEETINGS OF THE BOARD

Section 1. Time and Place. The board of directors of the corporation may hold meetings, both regular and special, at such time and place, within or without the State of North Carolina, as shall be determined in accordance with these bylaws.

Section 2. Annual Meeting. The annual meeting of the board of directors shall be held for the purposes of electing officers and transacting any other business which may properly come before the meeting as soon as practicable after the adjournment of the annual meeting of shareholders, and no notice of such meeting to the directors elected at such meeting of shareholders shall be necessary in order to constitute the meeting, provided a quorum shall be present.

Section 3. Regular Meetings. Regular meetings of the board of directors may be held without notice for any purpose and at such date, time and place as shall from time to time be determined in advance by the board.

Section 4. Special Meetings. Special meetings of the board of directors may be called by the president, and, at the written request of any two directors, may be called by any officer of the corporation. Written notice of each special meeting of directors stating the date, time and place, and, if required by the articles of incorporation or these bylaws, the purpose or purposes thereof, shall be given to each director, in the manner provided in Article VI of these bylaws, at least two days before such meeting. The date, time and place of any special meeting of directors may also be fixed by a duly executed waiver of notice thereof.

Section 5. Quorum. At all meetings of the board of directors a majority of the entire board then in office shall be necessary and sufficient to constitute a quorum for the transaction of business, and the vote of a majority of the directors present at the time of the vote if a quorum is present shall be the act of the board of directors, except as may be otherwise specifically provided by law, or by the articles of incorporation or these bylaws. If a quorum shall not be present at any meeting of the

board of directors the directors present thereat may adjourn the meeting from time to time, until a quorum shall be present. Notice of any such adjournment shall be given to any directors who were not present and, unless announced at the meeting, to the other directors.

Section 6. Participation in Meetings through Means of Communication. Any one or more members of the board of directors or of any committee of the board may participate in a meeting of the board or any committee by any means of communication by which all persons participating in the meeting may simultaneously hear each other during the meeting. Participation by such means shall constitute presence in person at a meeting.

Section 7. Consents. Whenever by any provision of law or of the articles of incorporation the vote of the board of directors or any committee thereof at any meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and the vote of the board of directors or such committee may be dispensed with, if all of the members of the board of directors or such committee who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such corporate action being taken. The written consent, which may be signed in counterparts, shall indicate each director's consent to the action so taken, and shall be included in the minutes or filed with the corporate records reflecting the action taken.

ARTICLE V – COMMITTEES OF THE BOARD

Section 1. Designation. The board of directors, by resolution adopted by a majority of the entire board, or the number of directors required by the articles of incorporation or these bylaws, may designate from among its members one or more committees, including without limitation an executive committee, each consisting of one or more directors and having such title as the board may consider to be properly descriptive of its function, each of which, to the extent provided in such resolution, shall have the authority of the board in the management of the business and affairs of the corporation. However, no such committee shall:

(a) authorize distributions;

(b) approve or propose to shareholders actions that the North Carolina Business Corporation Act requires to be approved by shareholders;

(c) fill vacancies on the board of directors or any of its committees;

(d) amend the articles of incorporation pursuant to Section 55-10-02 of the North Carolina Business Corporation Act;

(e) adopt, amend or repeal these bylaws;

(f) approve a plan of merger not requiring shareholder approval;

(g) authorize or approve reacquisition of shares, except according to a formula or method approved by the board of directors; or

(h) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences, and limitations of a class or series of shares, except that the board of directors may authorize a committee (or senior executive officer of the corporation) to do so within limits specifically prescribed by the board of directors.

A majority of any such committee shall constitute a quorum and may determine its action, and fix the time and place of its meetings unless the board of directors shall otherwise provide. The board may designate one or more directors as alternate members of any such committee who may replace any absent member or members at any meeting of such committee.

Section 2. Tenure; Reports. Each such committee member shall serve at the pleasure of the board of directors. Each committee shall keep minutes of its meetings and report the same to the board, and it shall observe such other procedures with respect to its meetings as are prescribed in these bylaws or, to the extent not prescribed herein, as may be prescribed by the board in the resolution appointing such committee.

ARTICLE VI – NOTICE

Section 1. Form. Notice shall be in writing, except that oral notice is effective if it is reasonable under the circumstances.

Section 2. Effective Time. Written notice by the corporation to the shareholders, if in a comprehensible form, is effective when mailed, if mailed post-paid and correctly addressed to the shareholder's address shown in the corporation's current record of shareholders. In all other cases, written notice, if in a comprehensible form, is effective at the earliest of (a) when received, (b) five days after deposit in the United States mail, if mailed post-paid and correctly addressed, or (c) on the date shown

on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee. Oral notice if effective when communicated, if communicated in a comprehensible manner.

Section 3. Waiver of Notice. Whenever a notice is required to be given by statute, the articles of incorporation or these bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to such notice. In addition, (a) a shareholder's attendance at a meeting waives: (i) objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting or promptly upon his arrival objects to holding the meeting or transacting business at the meeting; and (ii) objection to the consideration of a particular matter that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented; and (b) a director's attendance at or participation in a meeting waives any required notice to him of the meeting unless the director at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

ARTICLE VII – OFFICERS

Section 1. Executive Officers. The executive officers of the corporation shall be a president, a secretary and a treasurer, and such other officers as the board of directors may from time to time designate, including one or more vice presidents. Any two or more offices may be held by the same person, except the offices of president and secretary.

Section 2. Authority and Duties. All officers, as between themselves and the corporation, shall have such authority and perform such duties in the management of the corporation as may be provided in these bylaws, or, to the extent not so provided, as may be prescribed by the board of directors.

Section 3. Term of Office; Removal. The board of directors shall elect or appoint the officers of the corporation; provided, however, that the president shall be empowered to appoint one or more assistant officers. Each officer or assistant officer shall hold office for such term as may be prescribed by the board or the officer appointing him and until his successor is elected or appointed or until removed. Any officer may be removed with or without cause at any time by the board or the officer appointing him, and may resign by written notice to the corporation.

Section 4. Compensation. The compensation of all officers of the corporation shall be fixed by the board of

directors or by the president acting under authority delegated to him by the board of directors.

Section 5. Vacancies. If an office becomes vacant for any reason, the board of directors shall fill such vacancy. Any officer so appointed or elected by the board shall serve only until such time as the unexpired term of his predecessor shall have expired, unless re-elected or reappointed by the board.

Section 6. The President. The president shall be the chief executive officer of the corporation. He shall preside at all meetings of the shareholders, and shall have general and active management and control over the daily operations of the corporation, including the right to hire and discharge employees other than elective officers, subject however to the control of the board. He shall perform such other duties as the board may from time to time prescribe.

Section 7. The Vice Presidents. The vice presidents, if any, in order of their seniority or in any other order determined by the board of directors shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and severally assist the president in the management of the business of the corporation and the implementation of resolutions of the board, and in the performance of such other duties as the president may from time to time prescribe.

Section 8. The Secretary. The secretary shall attend all meetings of the board and all meetings of the shareholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for any committees of the board when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall act. He shall keep in safe custody the seal of the corporation and, when authorized by the board, affix the same to any instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of the treasurer or an assistant secretary or assistant treasurer. He shall keep in safe custody the certificate books and shareholder records and such other books and records as the board may direct and shall perform all other duties incident to the office of secretary.

Section 9. The Assistant Secretaries. The assistant secretaries, if any, in order of their seniority or in any other order determined by the board shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties as the board of directors or the secretary may from time to time prescribe.

Section 10. The Treasurer. The treasurer shall have the care and custody of the corporate funds, and other valuable effects, including securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors. The treasurer shall disburse the funds of the corporation as may be ordered by the board, taking proper vouchers for such disbursements, and shall render to the president and directors, at the regular meetings of the board, or whenever they may require it, an account of all his transactions as treasurer and of the financial condition of the corporation. If required by the board of directors, the treasurer shall give the corporation a bond for such term, in such sum and with such surety or sureties as shall be satisfactory to the board for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 11. The Assistant Treasurers. The assistant treasurers, if any, in the order of their seniority or in any other order determined by the board, shall in the absence or disability of the treasurer, perform the duties and exercise the power of the treasurer and shall perform such other duties as the board of directors or the treasurer shall prescribe.

ARTICLE VIII – SHARES OF THE CORPORATION; RECORD DATE

Section 1. Certificated Shares. Shares may, but need not be, represented by certificates. The certificates for shares of the corporation shall be in such form as shall be determined by the board of directors, and shall be numbered consecutively and entered in the books of the corporation as they are issued. Each certificate shall exhibit the name of the corporation and that it is organized under the laws of the State of North Carolina, the name of the person to whom issued, and the number and class of shares and the description of the series, if any, the certificate represents. Each certificate shall be signed either manually or in facsimile by the president and the treasurer or an assistant treasurer or the secretary or an assistant secretary. In case any one or more of the officers who have signed, or whose facsimile signature or signatures were placed on any such certificate shall cease to be such officer or officers of the corporation, whether because of death, resignation or otherwise, before such certificate is issued and delivered, it may nevertheless be issued and delivered by the corporation with the same effect as if such officer or officers had continued in office.

Section 2. Shares without Certificates. Within a reasonable time after the issue or transfer of shares without certificates, the corporation shall send the shareholder a written statement of the information which would have been required to be exhibited on a certificate, and, if applicable, restrictions on the transferability of such shares.

Section 3. Lost Certificates. The board of directors may direct that a new share certificate or certificates be issued in place of any certificate or certificates theretofore issued by the corporation which have been mutilated or which are alleged to have been lost, stolen or destroyed, upon presentation of each such mutilated certificate or upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to give the corporation a bond or other form of indemnity in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4. Registration of Transfer. Upon surrender to the corporation or any transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the corporation shall issue or cause its transfer agent to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 5. Registered Shareholders. Except as otherwise provided by law, the corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to vote, to receive notification, and otherwise to exercise all the rights and powers of an owner, and shall not be bound to recognize any equitable or legal claim to or interest in such share or shares on the part of any other person.

Section 6. Record Date. For the purpose of determining the shareholders entitled to notice of a meeting of shareholders, to demand a special meeting, to vote or to take any other action, the board of directors may fix, in advance, a date as the record date for one or more voting groups. Such date shall be not more than 70 days before the date of any such meeting or action requiring a determination of shareholders. A determination of shareholders entitled to notice of or vote at a shareholders' meeting is effective for any adjournment of the meeting unless the board of directors fixes a new record date, which the board of directors must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting. If no record date is fixed, the record date for determining the

shareholders entitled to notice of or to vote at a meeting shall be at the close of business on the date before the first notice is delivered to shareholders, or, in the case of a distribution to shareholders, the date on which the board authorizes the distribution.

ARTICLE IX – INDEMNIFICATION

The corporation shall indemnify its directors, officers, employees and agents to the fullest extent provided under Section 55-8-51 et seq. of the North Carolina Business Corporation Act, and, in addition, the corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, partner, trustee, or employee of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of the North Carolina Business Corporation Act.

ARTICLE X – GENERAL PROVISIONS

Section 1. Distributions. Subject to all applicable requirements of law and to any applicable provisions of the articles of incorporation, these bylaws and any indenture or other agreement to which the corporation is a party or by which it is bound, distributions to the shareholders of the corporation may be declared by the board of directors at any regular or special meeting, pursuant to law.

Section 2. Reserves. Before payment of any distribution, there may be set aside out of any funds of the corporation available for distributions such sum or sums as the board of directors from time to time, in its absolute discretion, may consider proper as a reserve or reserves to meet contingencies, or for equalizing distributions, or for repairing or maintaining any property of the corporation, or for such other purpose as the board may deem conducive to the interest of the corporation, and the board may modify or abolish any such reserve in the manner in which it was created.

Section 3. Checks, Notes, Etc. All checks or other orders for payment of money and notes or other instruments evidencing indebtedness or obligations of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

Section 4. Contracts, Etc. Unless otherwise directed by the board of directors, the president, any vice president, secretary or treasurer shall have the power and authority to enter into, execute and deliver contracts, agreements, deeds, bonds, mortgages, tax returns and other instruments on behalf of the corporation. The president may authorize the execution of any such documents by such other officers, agents or employees as may be designated by him from time to time, subject to such limitations and restrictions as the instrument designating such person may provide.

Section 5. Fiscal Year. The fiscal year of the corporation shall be fixed and may from time to time be changed by resolution of the board of directors.

Section 6. Seal. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words “Corporate Seal North Carolina”. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

Section 7. Securities of Other Corporations. Unless otherwise ordered by the board of directors, the president shall have full power and authority on behalf of the corporation: (a) to endorse, transfer, convert, sell and deliver any and all bonds, debentures, corporate shares or other securities standing in the name of or owned by the corporation and to make, execute and deliver, under the seal of the corporation or otherwise, any and all written instruments necessary or proper to effectuate the authority hereby conferred; and (b) to attend and to act and to vote, or in the name of the corporation to execute proxies to vote, at any meetings of shareholders of any corporation in which the corporation may hold stock, and at any such meeting shall possess and may exercise, in person or by proxy, any and all rights, powers and privileges incident to the ownership of such stock. The board of directors may, by resolution, from time to time, confer like powers upon any other person or persons.

Section 8. Amendments. The board of directors may amend or repeal the corporation’s bylaws unless (a) the articles of incorporation or the North Carolina Business Corporation Act reserves this power exclusively to the shareholders in whole or in part; or (b) the shareholders in amending or repealing a particular bylaw expressly provide that the board of directors may not amend or repeal that bylaw. The shareholders of the corporation may amend or repeal the corporation’s bylaws even though the bylaws may also be amended or repealed by its board of directors.

Exhibit 3.10(i)

[STAMP]

ARTICLES OF ORGANIZATION

OF

UNIFI Export Sales, LLC

Pursuant to §576 -2-20 of the General Statutes of North Carolina, the undersigned hereby submit these Articles of Organization for the purpose of forming a limited liability company.

1. The name of the limited liability company is UNIFI Export Sales, LLC.
2. The latest date on which this limited liability company is to dissolve is October 31, 2026.
3. The name and address of each organizer executing these Articles of Organization are:

Name:	**Address:**
Charles F. McCoy	Frazier, Frazier & Mahler, L.L.P. Post Office Drawer 1559 Greensboro, NC 27402
Ben Sirmons	Frazier, Frazier & Mahler, L.L.P. Post Office Drawer 1559 Greensboro, NC 27402

4. The address of the initial registered office of the limited liability company in the State of North Carolina is 102 North Elm Street, Suite 206, Southeastern Building, Greensboro, Guilford County, North Carolina 27401; and the name of the initial registered agent is Clifford Frazier, Jr.
5. The Limited Liability Company is a Member-managed Limited Liability Company and all the members by virtue of their status as members shall be Managers of this Limited Liability Company.
6. To the fullest extent permitted by the North Carolina Limited Liability Company Act as it exists or may hereafter be amended, no person who is serving-or who has served as a Member-Manager of the limited liability company shall be personally liable to the limited liability company or any of its members for monetary damages for breach of duty as a Member-Manager, and the limited liability company shall indemnify the Member-Managers and make advances for expenses to them with respect to matters capable of indemnification under the Act. The company shall indemnify its employees and other agents provided that such indemnification in any given situation

is approved by a majority in interest of the Members. No amendment or repeal of this article, nor the adoption of any provision to these Articles of Organization inconsistent with this article, shall eliminate or reduce the protection granted herein with respect to any matter that occurred prior to such amendment, repeal or adoption.

These articles will become effective upon filing.

This is the 22nd day of November, 1996.

/s/ Charles F. McCoy
Charles F. McCoy
Organizer

/s/ Ben Sirmons
Ben Sirmons
Organizer

Exhibit 3.10(ii)

OPERATING AGREEMENT

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OPERATING AGREEMENT

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OPERATING AGREEMENT OF

UNIFI Export Sales, LLC

(a North Carolina limited liability company)

THIS OPERATING AGREEMENT, effective as of 12:00 AM February 2, 1997 (this "Agreement"), between Unifi, Inc., a New York corporation ("Unifi") and UNIFI Manufacturing, Inc., a North Carolina corporation ("UNIFI Manufacturing") (referred to collectively as the "Members"), governs the operations and management of the North Carolina limited liability company named above (the "Company").

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto hereby agree to operate a limited liability company under the laws of the State of North Carolina, pursuant to the following terms and conditions:

ARTICLE 1

GENERAL PROVISIONS

Section 1.1. *Purposes.* The purposes of the Company shall be the maximization of profits and operational efficiencies from Unifi's export operations and to engage in any other lawful business as shall be determined by the Members.

Section 1.2. *Management.* The Company shall be managed by its Members.

Section 1.3. *Principal Office.* The principal office and place of business of the Company shall be maintained at 7201 West Friendly Avenue, Greensboro, Guilford County, North Carolina 27419 or at such other place as the Members may designate from time to time.

Section 1.4. *Registered Agent and Office.* The registered agent and office of the Company in North Carolina shall be as provided in the Articles of Organization or as the Members may designate from time to time.

Section 1.5. *Term.* The existence of the Company shall terminate upon the earlier completion of liquidation and distribution of the assets of the Company after the occurrence of an Event of Dissolution (as defined in Section 11.1 hereof) or October 31, 2026.

Section 1.6. *Independent Activities.* Except as expressly provided otherwise herein and subject to applicable law, unless a Member agrees otherwise with the Company, such Member

may engage in any activity in addition to the business of the Company, whether or not competitive with or in conflict with the business of the Company, and shall not be required to disclose such activity to or offer any interest in any such activity to the Company or to any other Member.

ARTICLE II

CAPITAL AND CONTRIBUTIONS

Upon execution of this Agreement and the commencement of the Company, the Members shall make initial capital contributions to the Company, the nature and value of which are set forth on Exhibit A attached hereto. All capital contributions other than cash shall be valued at their fair market values as of the date of contribution. No Member shall have any obligation to make additional capital contributions to the Company, and no Member shall make any voluntary additional capital contributions to the Company without authorization by the Members.

ARTICLE III

ACCOUNTING

Section 3.1. *Books and Records.* At all times during the continuation of the Company, the Members shall keep or cause to be kept true and full books of account and all other records necessary for recording the Company's business and affairs in compliance with applicable laws.

Section 3.2. *Fiscal Year.* The fiscal year of the Company shall be the period designated by the Members.

Section 3.3. *Bank Accounts.* All funds of the Company shall be deposited in its name in such checking or savings accounts as shall be designated from time to time by the Members. Withdrawals therefrom shall be made upon such signature or signatures as the Members may designate.

Section 3.4. *Income Tax Returns and Elections.* The Company shall provide the Members information on the Company's taxable income or loss that is relevant to reporting the Company's income as well as all other filings, forms, or other information required by federal or state taxing and regulatory authorities. This information shall also show each Member's distributive share of each class of income, gain, loss or deduction. This information shall be furnished to the Members as soon as possible after the close of the Company's taxable year. All elections required or permitted to be made by the Company under the Internal Revenue Code of 1986, as amended (the "Code") shall be made by the Members.

Section 3.5. *Loans to the Company.* The amount of a loan, if any, made to the Company by a Member shall not be considered a contribution to capital of the Company nor shall the making of such loan entitle such Member to an increased share of the profits or losses

to be made pursuant to the provisions of this Agreement. All such loans shall be documented by a promissory note of the company and shall bear interest at the rate, and be subject to the other terms, agreed to by the lending Member and the Members.

ARTICLE IV

CAPITAL ACCOUNTS

Section 4.1. *Capital Accounts.* An individual capital account shall be established and maintained for each Member. Unless otherwise specifically provided herein, all references to "capital accounts" shall be references to "book" capital accounts and not "tax" capital accounts. Book and tax capital accounts shall be maintained in accordance with Treasury Regulation §1.704-l(b), as those regulations may be amended from time to time. No Member shall be entitled to withdraw any part of such Member's capital account or to receive any distributions except as specifically provided herein. No interest shall be paid on any capital invested in the Company except as expressly provided herein.

Section 4.2. *Adjustments to Capital Accounts.* The capital account of each Member shall be (a) increased by the initial and authorized additional capital contributions of such Member and by such Member's share of the Net Profits (as defined in Section 5.1) and items of income that are either nontaxable or otherwise not taken into account for federal income tax purposes and (b) decreased by the share of such Member's Net Losses (as defined in Section 5.1), distributions, and items of expense or cost that are either nondeductible or otherwise not taken into account for federal income tax purposes, unless otherwise prescribed by Treasury Regulations § 1.704-l(b), as amended.

ARTICLE V

ALLOCATION OF PROFITS AND LOSSES

Section 5.1. *Profits and Losses.* Any Net Loss or Net Profit of the Company for any year shall be allocated among the Members in accordance with the following rations (the "Profit-sharing Percentages"), except as otherwise provided in Section 5.2 hereof:

Unifi	95%
UNIFI Manufacturing	5%

The allocation of Net Profit or Net Loss of the Company shall be determined for each fiscal year and shall be prorated for any fractional part of a fiscal year. For purposes of this Agreement, "Net Profit" or "Net Loss" shall be determined in accordance with the accrual method of accounting, consistently applied, and as required by the regulations promulgated under Section 704 of the Code.

Section 5.2. *Special Allocations.* The following special allocations shall be made in the following order and priority:

(a) *Minimum Gain Charge-Back.* Notwithstanding any other provision of this Article V, if there is a net decrease in Company minimum gain during any fiscal year or other period, prior to any other allocation pursuant hereto, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount and manner required by Treasury Regulation § 1.704-2(f) or 1.704- 2(i). The items to be so allocated shall be determined in accordance with Treasury Regulation § 1.704-2.

(b) *Qualified Income Offset.* Any Member who unexpectedly receives an adjustment, allocation or distribution described in Treasury Regulation § 1.704-1(b)(2)(ii)(d)(4), (5) or (6) that causes or increases a negative balance in its capital account (in excess of any amount that Member is obligated to restore) shall be allocated items of income and gain sufficient to eliminate such increase or negative balance caused thereby, as quickly as possible, to the extent required by such Treasury Regulation.

(c) *Gross Income Allocation.* In the event any Member has a deficit capital account at the end of any Company fiscal year which is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulation §§ 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 5.2(c) shall be made only if and to the extent that such Member would have a deficit capital account in excess of such sum after all other allocations provided for in this Article V have been made as if this Section 5.2(c) were not in this Agreement.

(d) *Section 704(b) Limitation.* Notwithstanding any other provision of this Agreement to the contrary, no allocation of any item of income or loss shall be made to a Member if such allocation would not have "economic effect" pursuant to Treasury Regulation § 1.704-1(b)(2)(ii) or otherwise be in accordance with its interest in the Company within the meaning of Treasury Regulation §§ 1.704-1(b)(3) and 1.704-2. To the extent an allocation cannot be made to a Member due to the application of this Section 5.2(d), such allocation shall be made to the other Member(s) entitled to receive such allocation hereunder.

(e) *Curative Allocations.* Any allocations of items of income, gain, or loss pursuant to Sections 5.2(a)-(d) hereof shall be taken into account in computing subsequent allocations pursuant to this Article V, so that the net amount of any items so allocated and the income, losses, and other items allocated to each Member pursuant to this Article V shall, to the extent possible, be equal to the net amount that would have been allocated to each Member had no allocations ever been made pursuant to Sections 5.2(a)-(d).

(f) *Tax Allocations: Code Section 704(c).* In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss, and deduction with respect

to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value at the time of its contribution. Allocations pursuant to this Section 5.2(f) are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's capital account or share of income, losses, other items, or distributions pursuant to any provision of this Agreement.

ARTICLE VI

DISTRIBUTIONS

Section 6.1. *Cash Flow Distribution.* Except as otherwise provided in **Section 6.2** hereof, the "Net Cash Flow" (as defined in Section 6.3) of the Company shall be distributed at such times as the Members deem advisable, but not less frequently than annually, to the Members in accordance with their respective Profit-sharing Percentages.

Section 6.2. *Sale or Dissolution.* Upon the sale of all or substantially all of the property of the Company or upon dissolution of the Company, distribution of the proceeds of such sale or the distributable proceeds of liquidation shall be made, subject to the provisions of Section 11.2, to the Members in accordance with their then capital account balances (after reflecting the Net Profit or Net Loss on any such sale and any Net Profit, Net Loss and other capital account adjustments for such year).

Section 6.3. *Net Cash Flow Defined.* For purposes of this Agreement, the term "Net Cash Flow" shall mean the Net Profit of the Company as ascertained through the use of sound accounting principles, consistently applied, except that (a) depreciation of buildings, improvements, personalty and all other depreciated items and amortization of leasehold improvements and all other amortized items shall not be considered a deduction, (b) mortgage amortization and loan payments shall be considered a deduction, (c) any amounts expended by the Company for capital items shall be considered a deduction, (d) if the Members deem it necessary or advisable, a reasonable reserve shall be deducted for working capital needs, to provide funds for improvements or for any contingencies of the Company, and (e) all other actual expenditures of the Company (except for distributions to Members pursuant to this Article VI) shall be considered deductions. Net proceeds from refinancing or sale, excess insurance and any condemnation award of all or any portion of real property owned by the Company and additional capital contributions by Members shall be deemed profits for purposes of determining Net Cash Flow except as otherwise provided in Section 6.2 hereof.

ARTICLE VII

MEETINGS OF MEMBERS; ACTION BY MEMBERS

Section 7.1. *Meetings.* Meetings of the Members may be called at any time by any Member.

Section 7.2. *Notice of Meetings.* Written notice stating the date, time and place of the meeting shall be given by the Member or Members calling the meeting to each Member not less than ten (10) nor more than sixty (60) days before the date of any meeting of the Members and such notice need not specify the purpose for which the meeting is called. When a meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment.

Section 7.3. *Waiver of Notice.* Any Member may waive notice of any meeting before, during or after the meeting. The waiver must be in writing, signed by the Member and delivered to the Company for inclusion in the minutes or filing with the Company's records. A Member's attendance, in person or by proxy, at a meeting (a) waives objection to lack of notice or defective notice of the meeting unless the Member or its proxy at the beginning of the meeting objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to any action taken at the meeting; and (b) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice unless the Member or its proxy objects to considering the matter before it is voted upon.

Section 7.4. *Quorum.* Members may take action on a matter at the meeting only if Members representing a majority of the Profit-sharing Percentages (a "Quorum") are present in person or by proxy. Once a Member is represented for any purpose at a meeting, such Member is deemed present for Quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting. In the absence of a Quorum at the opening of any meeting of Members holding not less than fifty-one percent (51 %) of the Profit-sharing Percentages cast on the motion to adjourn; and, subject to the provisions of Section 7.2, at any adjourned meeting any business may be transacted that might have been transacted at the original meeting if a Quorum exists with respect to the matter proposed.

Section 7.5. *Proxies.* Members may vote either in person or by one or more proxies authorized by a written appointment of proxy signed by the Member or by a Member's duly authorized attorney-in-fact and delivered to the Company for inclusion in the minutes or filing with the Company's records. An appointment of proxy is valid for eleven months from the date of its execution unless a different period is expressly provided in the appointment form.

Section 7.6. *Action by Members.* Except as otherwise provided herein, if a Quorum exists, action on a matter is approved if Members holding a majority of the Profit-sharing

Percentages vote in favor of the action. As used in this Agreement, the phrase “the approval of the Members,” “the consent of the Members,” and similar phrases shall mean the approval as set forth in the foregoing sentence except as expressly provided otherwise in this Agreement.

Section 7.7. *Unanimous Written Consent.* Any action that is required or permitted to be taken at a meeting of the Members may be taken without a meeting if one or more written consents, describing the action so taken, shall be signed by all of the Members and delivered to the Company for inclusion in the minutes or filing with the Company’s records.

Section 7.8. *Delegation of Authority; Officers.*

(a) Subject to their duties hereunder and under applicable law, the Members may from time to time delegate to one or more persons other than Members such authority, powers and duties as the members shall deem appropriate.

(b) The Members may from time to time designate one or more individuals who are Members and, subject to their duties hereunder and under applicable law, individuals who are not Members, as officers of the Company. An officer so designated shall have such authority, powers and duties as the Members shall delegate to him or her. Any two or more offices may be held by the same individual, but no officer may act in more than one capacity where the action of two or more officers is specifically required by law or by the Members to be taken by two different individuals. The officers shall serve without compensation in such capacity unless otherwise determined by the Members. The designation of an officer does not itself create contract rights.

(c) Each officer shall hold office until such officer’s death, mental incapacity, resignation or removal or until the appointment of a successor. Any officer may be removed as an officer by the Members at any time with or without cause. An officer may resign as an officer at any time by communicating a resignation to the Company, orally or in writing. A resignation is effective when communicated unless it specifies in writing a later effective date. If a resignation is made effective at a later date, the Members may fill the pending vacancy before the effective date provided that the successor does not take office until the effective date.

Section 7.9. *Major Decisions.* Neither the Company nor any Member or officer thereof shall take or agree to take any of the following actions without the consent of all of the Members.

(a) Take any action which would make impossible the ordinary conduct of Company business, including selling, transferring or otherwise disposing of all or substantially all of the Company’s assets;

(b) Take any action in contravention of this Agreement;

(c) Confess a judgment against the Company;

(d) File or consent to the filing of a petition for or against the Company under any federal or state bankruptcy, insolvency or reorganization act;

(e) Make a non-pro rata distribution or return of capital to any Member, except as otherwise provided in this Agreement;

(f) Amend this Agreement;

(g) Change or reorganize the Company into any other legal form; or

(h) Merge the Company into another limited liability company.

Section 7.10. *Expenses.* The Company shall reimburse the Members and the officers for all reasonable expenses, if any, incurred in connection with the organization of this Company and in connection with the ownership, operation, and management of the property owned by the Company. In addition, the Company shall reimburse the Members and the officers for all reasonable expenses incurred in connection with the performance of duties and responsibilities hereunder, including such expenses as shall be incurred by the Members in connection with the keeping of books and records and other administrative expenses.

ARTICLE VIII

INDEMNIFICATION

The Company shall indemnify each Member to the extent permitted or required by law.

ARTICLE IX

WITHDRAWAL OF A MEMBER

No Member may voluntarily withdraw from the Company, by voluntary dissolution or otherwise, except as expressly permitted by this Agreement.

ARTICLE X

TRANSFER RESTRICTIONS; PURCHASE RIGHTS

Section 10.1. *General.* A Member may not sell or transfer all or any part of its membership interest except as provided in this Article. Any sale, assignment or transfer or purported sale or transfer of a membership interest, or any portion thereof, shall be null and void unless made strictly in accordance with the provisions of this Article.

Section 10.2. *Transfer to Related Party.* Each individual Member's membership interest may be transferred, during such Member's lifetime or by testamentary or intestate transfer, to any Related Party (as defined below) of such Member, and any transferee thereof shall become a Member only in accordance with Section 10.5. No further transfer of such membership interest shall be made by such transferee except back to the Member who originally owned it or to a Related Party of such Member who originally owned it, or except in accordance with the provisions of Section 10.2 through 10.6. For purposes of this Agreement, "Related Party" shall mean a spouse, any issue, spouse of issue, ancestor, trust for the sole benefit of any such Related Party or Parties, or partnership or limited liability company owned entirely by Members and Related Parties of Members, or any one of them; provided, however, that any spouse living separate and apart from the other spouse with the intention by either spouse to cease their matrimonial cohabitation shall not be deemed a Related Party.

Section 10.3. *Right of Refusal upon Voluntary Transfer.*

(a) Upon receipt of a bona fide offer from a non-related party to purchase a Member's membership interest or any portion thereof, the selling Member shall first offer to sell such membership interest, upon the same price, terms and conditions of the bona fide offer, to the other Members (the "offeree Members") on a pro rata basis determined by reference to the relative Profit-sharing Percentages of each of the offeree Members accepting such offer or as otherwise agreed by the offeree Members.

(b) Notice of such offer shall be given in accordance with Section 13.1 to each offeree Member, with copies to the company at its principal address, and must specify the price, terms and conditions of the bona fide offer and the identity and address of the proposed third party transferee. Each offeree Member shall have a period of thirty (30) days from the date of effective notice of such offer to accept such offer by written notice in accordance with Section 12.1 to all Members and the company at its principal office.

(c) If the entire membership interest offered by the selling Member is not purchased by the offeree Members, then the selling Member may sell such interest to the third person identified to the Members during the ninety (90) day period following the expiration of all offer periods referred to in subsection (b) above, but at a price and on terms no more favorable than the price and terms offered to the offeree Members. After the expiration of the 90-day period, no portion of the membership interest of the selling Member shall be sold without first being reoffered in accordance with this Section 10.3.

Section 10.4. *Purchase Option upon Involuntary Transfer or Breach.*

(a) Upon the occurrence of any of the following events concerning any Member, the other Members shall have the right to purchase at the Purchase Price (as defined below) the entire membership interest held by such Member on the terms and conditions set forth in this Article:

(i) the filing of a petition by a Member for relief as a debtor or bankrupt under the U.S. Bankruptcy Code or any similar federal or state law affording debtor relief proceedings; the adjudication of insolvency of a Member as finally determined by a court proceeding or the filing by or on behalf of a Member to accomplish the same or for the appointment of a receiver, custodian, assignee or trustee for the benefit of creditors of a Member;

(ii) the commencement of any proceedings relating to a Member by a third party under the U.S. Bankruptcy Code or similar federal or state law or other reorganization, arrangement, insolvency, adjustment of debt or liquidation law; the allowance of a Member's membership interest (or portion thereof) to become subject to attachment, garnishment, charging order, or similar charge unless any such preceding enumerated event is susceptible to cure and is cured within 90 days;

(iii) any voluntary withdrawal or attempted withdrawal of a Member other than as a result of a transfer of such Member's membership interest pursuant to Section 10.2 or 10.3; or

(iv) the change in control of a Member.

For purposes of this Section 10.4, "change of control" of any Member which is not a natural person shall mean any person or entity who is not now an equity owner of such Member shall hereafter own, or have the right to acquire, a majority of the voting power of such corporation or shall otherwise have the right, by contract or otherwise, to elect a majority of the directors or other management body of such Member.

(b) Any Member whose membership interest is subject to the purchase rights created by this Section 10.4 is referred to as the "Defaulting Member." Any Defaulting Member shall have the obligation to give notice to the other Members and the Company of any event triggering purchase rights, under this Section 10.4.

(c) The Members' collective purchase rights under this Section 10.4 shall be allocated to the Members in accordance with the relative profit-sharing Percentages of such Members electing to exercise such rights or as they otherwise agree. The right to purchase a Defaulting Member's interest pursuant to this Section 10.4 may be exercised by delivery of written notice to the Defaulting Member no later than sixty (60) days after the last to occur of (i) the occurrence of the event giving rise to the purchase right and (ii) actual receipt by all of the Members and the Company of written notice of the occurrence of such event. Upon delivery of such notice to purchase, the purchasing Member(s) shall have the right and obligation to purchase the Defaulting Member's

interests, and the Defaulting Member shall be required to sell such interest for the Purchase Price in accordance with this Article.

(d) If no Member elects to exercise purchase rights pursuant to this Section 10.4, the membership interest of any Defaulting Member shall be and become the interest of an assignee as set forth in the second and third sentences of Section 10.5.

(e) The "Purchase Price" of any membership interest shall mean such price as agreed by the parties, or if such parties cannot agree, the Purchase Price shall equal the fair market value of such membership interest as determined by an appraiser jointly selected by such parties no later than the initially scheduled Closing Date, or if the parties cannot agree on the selection of an appraiser, by three appraisers, the first of whom is selected by the purchasing party (or parties), the second of whom is selected by the selling party (or parties), and the third of whom is selected by the two appraisers so selected. If the three appraisers cannot agree on the Purchase Price, the Purchase Price shall equal the appraised value determined by the appraiser whose appraised value is not the lowest or the highest of the three appraised values. The appraisers shall be directed to submit their determinations in writing within thirty (30) days after their selection.

(f) The closing of the purchase of any membership interest shall occur within ninety (90) days after any obligation to close such purchase shall arise under this Section 10.4, such date being referred to herein as the "Closing Date". On the Closing Date, the selling Member shall convey its membership interest-free and clear of all liens, claims and encumbrances and pursuant to such instruments of conveyance and warranties as the purchasing Member shall reasonably request. The purchasing Member shall pay all fees and expenses in connection with such transaction, except the attorneys' fees of the selling Member. The failure of any party to satisfy the obligation to close the purchase and sale of a membership interest in accordance with this Article shall entitle the other party to specific performance of such obligation, in addition to all other equitable and legal remedies available.

Section 10.5. *Rights of Assignors and Assignees.* Any transfer to an existing Member pursuant to Section 10.3(a) or 10.4 shall be effective to make the transferee thereof a Member without further action by any person. Any other sale, assignment or transfer, whether voluntary or involuntary of any membership interest shall be effective to give the assignee only the right to receive the share of income, losses and distributions to which the assignor would otherwise be entitled and shall not be effective to constitute the assignee as a Member. Any assignee who assigns all of its membership interest shall be removed automatically as a Member without further action or approval by any person. An assignee who does not become a Member shall have no right to share in any management decisions, no voting rights, no right to examine Company books and records, and no other rights of any kind whatsoever except as described in the preceding sentence. Any assignee of the interest of a Member shall be admitted as a Member of the Company only after the following conditions are satisfied:

(a) Members holding at least a majority of the profit-sharing percentages and capital account balances of the members (exclusive of the assignor and assignee) consent in writing to the admission of the assignee as a Member, which consent may be granted or denied in the absolute discretion of such Members;

(b) the duly executed and acknowledged written instrument of assignment has been filed with the Company, setting forth the intention of the assignor that the assignee become a Member;

(c) the assignee has consented in writing in a form satisfactory to the Members (exclusive of the assignor and assignee) to be bound by all of the terms of this Agreement in the place and stead of the assignor; and

(d) the assignor and assignee have executed and acknowledged such other instruments as the Members (exclusive of the assignor and assignee) may deem necessary or desirable to effect such admission.

Any assignee of a membership interest who does not become a Member, whether or not admitted as a Member, shall be subject to all terms of this Agreement. Without limiting the generality of the foregoing, any such assignee who desires to make a further assignment of such membership interest shall be subject to all provisions of this Article X to the same extent and in the same manner as any Member desiring to make an assignment of its interest.

Section 10.6. *Further Restriction on Transfer.* Notwithstanding any provision of this Agreement to the contrary, (a) no Member may pledge or hypothecate a membership interest to secure a debt or other obligation of such Member; and (b) no interest in the Company may be transferred unless (i) such transfer will not cause a termination of the Company for federal tax purposes within the meaning of Section 708 of the Code, and (ii) the sale or transfer of such interest is registered under the applicable federal and state securities laws and regulations or the Company is furnished with an opinion of counsel (at the transferor's expense) satisfactory to the Members that such registration is not required.

ARTICLE XI

DISSOLUTION AND TERMINATION OF THE COMPANY

Section 11.1. *Events of Dissolution.* The Company shall be dissolved (a) upon the mutual consent of all Members; or (b) upon the sale by the Company of all or substantially all its right, title, and interest in and to the Company property and receipt by the Company of the purchase price in full; or (c) upon the entry of a decree of judicial dissolution, or the filing of a certificate of administrative dissolution, pursuant to the North Carolina Limited Liability Company Act (the "Act"), in either case that is not reversed, revoked or rescinded within sixty (60) days thereafter; or (d) upon the occurrence of any event described in Section 10.4(a), unless within ninety days after such event Members holding at least a majority of the Profit-sharing

Percentages and capital account balances of the remaining Members consent to the continuation of the company; or (e) in any event at midnight on the 31st day of October, 2026.

Section 11.2. *Winding-Up the Company.* In the event of a dissolution of the Company, a reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to creditors so as to enable the Members to minimize the normal losses attendant upon a liquidation. The Members shall continue to share profits or losses during the liquidation in the same proportion as before dissolution. The proceeds from liquidation of Company assets shall be applied as follows: (a) payment to creditors of the Company in the order of priority provided by law, and the establishment of a reserve for any unforeseen liabilities or obligations; and (b) in accordance with Section 6.2 hereof.

ARTICLE XII

MISCELLANEOUS

Section 12.1. *Notices.* All notices and other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed to have been given three (3) days after deposit in the United States mails if mailed by first class, certified or registered mail, postage prepaid, or on the date of delivery if delivered by overnight delivery service, hand, telegram or facsimile transmission, addressed to the Company at its principal office or to a Member at such Member's address then contained in the records of the Company. Any Member may change its notice address by giving written notice of such change to the Company.

Section 12.2. *Amendments.* This Agreement may not be modified or amended except with the written consent of Members holding a majority of the Profit-sharing Percentages (or such greater percentage as expressly required hereunder or as required by law or in order to maintain the tax status of the Company), and such writing must refer specifically to this Agreement.

Section 12.3. *Captions.* The captions and headings as used in this Agreement are used for convenience and reference only, and do not constitute substantive matter to be considered in construing the terms of this Agreement.

Section 12.4. *Variations in Pronouns.* All personal pronouns used in this Agreement, whether used in masculine, feminine, or neuter gender, shall include all other genders; singular shall include plural, and vice versa; and shall refer solely to the parties signatory thereto except where otherwise specifically provided.

Section 12.5. *Cumulative Remedies.* Each right, power, and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise.

Section 12.6. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina.

Section 12.7. *Merger and Modification.* This Agreement expresses the entire agreement between the parties hereto and supersedes any prior written or oral understanding or agreements. These terms and conditions may not be waived except by a writing signed by all of the Members, and such writing must refer specifically to this Agreement. A waiver of any breach on any one occasion shall not constitute a waiver of any other or subsequent breach whether of like or different nature.

Section 12.8. *Severability.* Every provision of this Agreement is intended to be severable, and if any term or provision hereof shall be declared illegal, invalid, or in conflict with the Act, or the purposes of this Agreement for any reason whatsoever, such term or provision shall be ineffectual and void, and the validity of the remainder of this Agreement shall not be affected thereby, unless the invalidity of any such provision substantially deprives either party of the practical benefits intended to be conferred by this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed under seal as of the day and year first above written.

Unifi, Inc.

By: /s/ William T. Kretzer (SEAL)
William T. Kretzer
President and Chief Executive Officer

UNIFI Manufacturing, Inc.

By: /s/ Willis C. Moore, III (SEAL)
Willis C. Moore, III
Vice President and Chief Financial Officer

UNIFI EXPORT SALES, LLC
OPERATING AGREEMENT
EXHIBIT A

MEMBER	TYPE OF PROPERTY	AGREED UPON VALUE	PERCENTAGE INTEREST
Unifi, Inc.	Cash	$ 9,500.00	95
UNIFI Manufacturing, Inc.	Cash	$ 500.00	5

Exhibit 3.11(i)

SOSID: 550275
Date Filed: 5/22/2000 7:57 AM
Elaine F. Marshall
North Carolina Secretary of State

ARTICLES OF INCORPORATION
OF
UTG ACQUISITION CORP.

Pursuant to Section 55-2-02 of the General Statutes of North Carolina, the undersigned does hereby submit these Articles of Incorporation for the purpose of forming a business corporation.

ARTICLE I

The name of the corporation is ***UTG ACQUISITION CORP.***

ARTICLE II

The aggregate number of shares of capital stock which the corporation shall have the authority to issue is 30,000,000 shares, all of which are to consist of one class of common stock only, of no par value.

ARTICLE III

The purposes for which the Corporation is organized and the business it shall engage in is the rendering of acquisition of business endeavors, by merger or otherwise and all related activities as well as any other lawful activities and/or business purposes and shall have and enjoy all of the general powers set forth in N.C. Gen. Stat. § 55-3-02, as from time to time amended, including the power to purchase, sell, and own both personal and real property.

ARTICLE IV

The address of the initial registered office of the corporation in the State of North Carolina, Guilford County, is 7201 West Friendly Avenue, Greensboro, NC 27410, and the name of the initial Registered agent at such address is Charles F. McCoy.

ARTICLE V

The incorporator is Ben Sirmons, whose address is 102 North Elm Street, Southeastern Building, Suite 206, P.O. Drawer 1559, Greensboro, Guilford County, North Carolina, 27402.

ARTICLE VI

The initial Board of Directors shall consist of five persons. The name and mailing address of the persons who are to serve as the initial directors of the corporation until the first annual meeting of the stockholders, or until their successors are elected and qualified are:

NAME	ADDRESS
G. Allen Mebane, IV	Post Office Box 19109 Greensboro, NC 27419-9109
Brian R. Parke	Post Office Box 19109 Greensboro, NC 27419-9109
W. Michael Mebane	Post Office Box 698 Yadkinville, NC 27055
Ralph D. Mayes	3030 Whitehall Park Drive Charlotte, NC 28273
Willis C. Moore	Post Office Box 19109 Greensboro, NC 27419-9109

ARTICLE VII

The number of Directors may be increased or decreased to any number not less than one nor more than nine and their authority to act on certain corporate matters may be limited or enlarged in the manner provided in the By-Laws.

ARTICLE VIII

A Director of the corporation shall not be liable to the corporation or its Shareholders for monetary damages for breach of duty as a Director except to the extent such exemption from liability or limitation thereof is not permitted under the North Carolina Business Corporation Act or any other applicable law as the same exists or hereafter may be amended.

Any repeal or modification of the foregoing paragraph by the Shareholders of the corporation shall not adversely affect any right or protection of a Director of the corporation existing at the time of such repeal or modification.

ARTICLE IX

In furtherance and not in limitation of the powers conferred upon it by law, the Board of Directors of the corporation shall have the power, from time to time, without the assent or vote of the stockholders of the corporation, except to the extent to which such assent or vote is required by By-Laws adopted by the shareholders to make, alter, amend and/or rescind the By-Laws of the corporation; to fix the amount to be reserved by the corporation as working capital; to set apart out

of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created; to create and designate an executive committee which shall consist of two or more directors of the corporation, and to the extent provided for in the By-Laws of the corporation, they shall have and may exercise all the powers of the Board of Directors with regard to the management of the business and affairs of the corporation which may lawfully be delegated.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on this the 17th day of May, 2000.

/s/ Ben Sirmons (Seal)

Ben Sirmons, Incorporator

Exhibit 3.11(ii)

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UTG ACQUISITION CORP.

ARTICLE I

OFFICES

Section 1. Principal Office. The principal office of the corporation shall be located in Suite 600, 2815 Coliseum Centre Drive, Charlotte, North Carolina 28217, or at such other place as the Board of Directors shall determine.

Section 2. Registered Office. The registered office of the corporation required by law to be maintained in the State of North Carolina may be, but need not be, identical to the principal office. The address of the registered office may be changed from time to time by the Board of Directors.

Section 3. Other Offices. The corporation may, from time to time, have offices at such places, either within or without the State of North Carolina, as the Board of Directors may designate or as the business of the corporation may require.

ARTICLE II

MEETINGS OF SHAREHOLDERS

Section 1. Annual Meeting. The annual meeting of the shareholders shall be held annually, beginning with the year 2001, on the date and at the time determined by the Board of Directors (which shall not be more than 150 days after the end of the Corporation's fiscal year) and designated in the notice of meeting, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of North Carolina, such meeting shall be held on the next succeeding business day.

Section 2. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by the Board of Directors for the annual meeting of shareholders, or at any adjournment thereof, then a substitute annual meeting may be called in accordance with Section 3 of this Article and the meeting so called may be designated and treated for all purposes as the annual meeting.

Section 3. Special Meetings. Special meetings of the shareholders may be called by the President or by the Board of Directors or shall be called by the Secretary within thirty (30) days after the delivery to the Secretary of the written request of the holder or holders of not less than one-tenth of all shares entitled to vote at the meeting. Such request must be signed, dated and delivered to the Secretary and must describe the purpose or purposes for which the meeting is to be held.

Section 4. Place of Meeting. The Board of Directors may designate any place, either within or without the State of North Carolina, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. A waiver of notice signed by all shareholders entitled to vote at a meeting may designate any place, either within or without the State of North Carolina, as the place for the holding of such meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal office of the corporation.

Section 5. Notice of Meeting. Written or printed notice stating the time and place of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60), or in case of a special meeting called at the request of the shareholders, not more than thirty (30), days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his address as it appears on the record of shareholders of the corporation, with postage thereon prepaid. In addition to the foregoing, notice of a substitute annual meeting shall state that the annual meeting was not held on the day designated by these bylaws and that such substitute annual meeting is being held in lieu of and is designated as such annual meeting.

If a meeting of shareholders is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is fixed, however, notice of the adjourned meeting must be given to persons who are shareholders as of the new record date.

Section 6. Waiver of Notice.

(a) A shareholder may waive any notice required by law, the articles of incorporation, or these bylaws before or after the date and time stated in the notice. The waiver must be in writing, be signed by the shareholder entitled to the notice, and be delivered to the corporation for inclusion in the minutes or filing with the corporate records.

(b) A shareholder's attendance at a meeting:

(1) waives objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and

(2) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter before it is voted upon.

Section 7. Closing of Transfer Books or Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, seventy (70) days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten (10) days immediately preceding such meeting.

In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy days and, in the case of a meeting of shareholders, not less than ten (10) full days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken.

If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders.

When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this Section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the stock transfer books and the stated period of closing has expired, and except where the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

Section 8. Voting Lists. After fixing a record date for a meeting, the Secretary of the corporation shall prepare an alphabetical list of the names of all its shareholders who are entitled to notice of a shareholders' meeting. The list shall be arranged by voting group (and within each voting group by class or series of shares) and show the address of and number of shares held by each shareholder. The shareholders' list shall be available for inspection by any shareholder, beginning two (2) business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the corporation's principal office or at a place

identified in the meeting notice in the city where the meeting will be held. A shareholder, or his agent or attorney, is entitled on written demand to inspect and, subject to the requirements of N.C. Gen. Stat. §55-16-02(c), as may be hereafter amended, to copy the list, during regular business hours and at his expense, during the period it is available for inspection. The Secretary of the corporation shall make the shareholders' list available at the meeting, and any shareholder or his agent or attorney is entitled to inspect the list at any time during the meeting or any adjournment.

Section 9. Voting Groups. All shares of one or more classes or series that under the articles of incorporation or the North Carolina Business Corporation Act are entitled to vote and be counted together collectively on a matter at a meeting of shareholders constitute a voting group. All shares entitled by the articles of incorporation or the North Carolina Business Corporation Act to vote generally on a matter are for that purpose a single voting group. Classes or series of shares shall not be entitled to vote separately by voting group unless expressly authorized by the articles of incorporation or specifically required by law.

Section 10. Quorum. Shares entitled to vote as a separate voting group may take action on a matter at the meeting only if a quorum of those shares exists. A majority of the votes entitled to be cast on the matter by the voting group constitutes a quorum of that voting group for action on that matter.

The shareholders at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

In the absence of a quorum at the opening of any meeting of shareholders, such meeting may be adjourned from time to time by a vote of the majority of the shares voting on the motion to adjourn; and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

Section 11. Proxies. Shares may be voted either in person or by one or more agents authorized by a written proxy executed by the shareholder or by his duly authorized attorney in fact.

An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes. An appointment is valid for eleven (11) months unless a different period is expressly provided in the appointment form.

Section 12. Voting of Shares. Each outstanding share of Common Stock entitled to vote shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders.

Except as otherwise provided by law, the articles of incorporation or these bylaws, if a quorum exists, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action.

Shares of its own stock owned by the corporation directly, or indirectly through a corporation in which it owns, directly or indirectly, a majority of the shares entitled to vote for directors, shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares at a given time entitled to vote; provided that this provision does not limit the power of the corporation to vote its own shares held by it in a fiduciary capacity.

Section 13. Votes Required. The vote of a majority of the shares voted at a meeting of shareholders, duly held at which a quorum is present, shall be sufficient to take or authorize action upon any matter which may properly come before the meeting except as otherwise provided by law, by the articles of incorporation or by these bylaws. Any provision in these bylaws prescribing the vote required for any purpose as permitted by law may not itself be amended by a vote less than the vote prescribed therein.

Section 14. Action of Shareholders Without Meeting. Any action which may be taken at a meeting of the shareholders may be taken without a meeting if the action is taken by all the shareholders entitled to vote on the action. The action must be evidenced by one or more written consents signed by all the shareholders before or after such action, describing the action taken and delivered to the corporation for inclusion in the minutes or filing with the corporate records. A consent signed under this Section has the effect of a meeting vote and may be described as such in any document.

ARTICLE III

BOARD OF DIRECTORS

Section 1. General Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation managed under the direction of, the Board of Directors.

Section 2. Number, Tenure and Qualifications. The number of directors of the corporation shall be not less than five (5) nor more than nine (9) as shall be determined from time to time by the directors. Directors need not be residents of the State of North Carolina or shareholders of the corporation. The directors shall be elected at the annual meeting of the shareholders (except as herein otherwise provided for the filling of vacancies). Those persons who receive the highest number of votes at a meeting at which a quorum is present shall be deemed to have been elected.

Each initial director shall hold office until the first shareholders' meeting at which directors are elected, or until such director's death, resignation or removal. The term of every other director shall expire at the next annual shareholder's meeting following the director's election or upon such director's death, resignation or removal. The term of a director elected to fill a vacancy expires at the next shareholders' meeting at which directors are elected. A decrease in the number of directors shall not shorten an incumbent director's term. Despite the expiration of a director's term, such director shall continue to serve until a successor shall be elected or qualifies or until there is a decrease in the number of directors.

Section 3. Vacancies. Except as otherwise provided by law or the articles of incorporation, any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors even though less than a quorum or by the sole remaining director. The term of a director elected to fill a vacancy expires at the next shareholders' meeting at which directors are elected. At a special meeting of shareholders, the shareholders may elect a director to fill any vacancy not filled by the directors.

Section 4. Removal. Any director may be removed at any time with or without cause by a vote of the shareholders holding a majority of the outstanding shares entitled to vote at an election of directors. If cumulative voting is authorized, a director may not be removed if the number of votes sufficient to elect him under cumulative voting is voted against his removal. A director may not be removed by the shareholders at a meeting unless the notice of the meeting states that the purpose, or one of the purposes, of the meeting is removal of the director.

Section 5. Compensation. The Board of Directors may compensate directors for their services as such and may provide for the payment of all expenses incurred by directors in attending meetings of the Board.

Section 6. Chairman of the Board. There may be a Chairman of the Board of Directors elected by the directors from their number at the annual meeting of the Board of Directors. The Chairman shall preside at all meetings of the Board of Directors and **the shareholders and** perform such other duties as may be directed by the Board.

ARTICLE IV

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of shareholders. The Board of Directors may provide, by resolution, the time and place, either within or without the State of North Carolina for the holding of additional regular meetings without other notice than such resolution.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman, the President, or any **director.** The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of North Carolina, as the place for holding any special meeting of the Board of Directors called by them.

Section 3. Notice. The person calling the meeting shall give or cause to be given oral or written notice of special meetings of the Board of Directors to each director not less than three (3) days before the date of the meeting**; provided that oral notice of a special meeting shall not be effective unless on the same day of the oral notice it is confirmed by either a telecopy notice or electronic-mail notice to each director.**

Neither the business transacted at, nor the purposes of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 4. Waiver of Notice.

(a) A director may waive any notice required by law, the articles of incorporation, or these bylaws before or after the date and time stated in the notice. Except as provided by subsection (b), the waiver must be in writing, signed by the director entitled to the notice, and delivered to the corporation for filing with the minutes or corporate records.

(b) A director's attendance at or participation in a meeting waives any required notice to him of the meeting unless the director at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 5. Quorum. Unless the articles of incorporation or these bylaws provide otherwise, a majority of the number of directors fixed by or pursuant to these bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, or if no number is so fixed, the number of directors in office immediately before the meeting begins shall constitute a quorum.

Section 6. Manner of Acting. If a quorum is present when a vote is taken, the affirmative act of the majority of the directors present is the act of the Board of Directors, except as otherwise provided in these bylaws.

Section 7. Presumption of Assent. A director who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless:

(a) He objects at the beginning of the meeting (or promptly upon his arrival) to holding it or transacting business at the meeting;

(b) His dissent or abstention from the action taken is entered in the minutes of the meeting; or

(c) He files written notice of his dissent or abstention with the presiding officer of the meeting before its adjournment or with the corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

Section 8. Action by Directors Without Meeting. Action required or permitted by law to be taken at a Board of Directors' meeting may be taken without a meeting if the action is taken by all members of the Board. The action must be evidenced by one or more written

consents signed by each director before or after such action, describing the action taken, and included in the minutes or filed with the corporate records. Action taken under this Section is effective when the last director signs the consent unless the consent specifies a different effective date. A consent signed under this Section has the effect of a meeting vote and may be described as such in any document.

Section 9. Meetings by Conference Telephone. Any one or more directors may participate in a meeting of the Board or a committee by means of a conference telephone or similar communications device by which all directors participating may simultaneously hear each other during the meeting, and such participation in a meeting shall be deemed presence in person at such meeting.

ARTICLE V

COMMITTEES OF THE BOARD

Section 1. Executive Committee. The Board of Directors, by resolution adopted by a majority of the number of directors fixed by these bylaws, may designate two or more directors to constitute an Executive Committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors to the extent permitted by applicable law.

Section 2. Other Committees. The Board of Directors may create one or more other committees and appoint members of the Board of Directors to serve on them. Each committee must have two or more members, who serve at the pleasure of the Board of Directors. The creation of a committee and appointment of members to it must be approved by the greater of:

(a) A majority of all the directors in office when the action is taken; or

(b) The number of directors constituting a quorum under the articles of incorporation or these bylaws.

Section 3. Vacancy. Any vacancy occurring in any committee shall be filled by a majority of the number of directors fixed by these bylaws at a regular or special meeting of the Board of Directors.

Section 4. Removal. Any member of a committee may be removed at any time with or without cause by a majority of the number of directors fixed in accordance with these bylaws.

Section 5. Minutes. Each committee shall keep regular minutes of its proceedings and report the same to the Board when required.

Section 6. Responsibility of Directors. The designation of a committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility or liability imposed upon it or him by law.

Any resolutions adopted or other action taken by a committee within the scope of the authority delegated to it by the Board of Directors shall be deemed for all purposes to be adopted or taken by the Board of Directors.

If action taken by a committee is not thereafter formally considered by the Board, a director may dissent from such action by filing his written objection with the Secretary with reasonable promptness after learning of such action.

ARTICLE VI

OFFICERS

Section 1. Officers of the Corporation. The officers of the corporation shall consist of a President, a Secretary, a Treasurer and such Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Board of Directors may from time to time appoint. The same individual may simultaneously hold more than one office in the corporation, but no individual may act in more than one capacity where action of two or more officers is required.

Section 2. Appointment and Term. The officers of the corporation shall be appointed by the Board of Directors and each officer shall hold office until his death, resignation, retirement, removal, disqualification or his successor shall have been appointed and qualified.

Section 3. Compensation of Officers. The compensation of all officers of the corporation shall be fixed by the Board of Directors and no officer shall serve the corporation in any other capacity and receive compensation therefor unless such additional compensation has been authorized by the Board of Directors. The appointment of an officer does not itself create contract rights.

Section 4. Removal of Officers. The Board of Directors may remove any officer at any time with or without cause, but such removal shall not itself affect the officer's contract rights, if any, with the corporation.

Section 5. Resignation. An officer may resign at any time by communicating his or her resignation to the corporation, orally or in writing. A resignation is effective when communicated unless it specifies in writing a later effective date. If a resignation is made effective at a later date that is accepted by the corporation, the Board of Directors may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date. An officer's resignation does not affect the corporation's contract rights, if any, with the officer.

Section 6. Bonds. The Board of Directors may by resolution require any officer, agent, or employee of the corporation to give bond to the corporation, with sufficient sureties, conditioned upon the faithful performance of the duties of his respective office or position, and to

comply with such other conditions as may from time to time be required by the Board of Directors.

Section 7. President. The President shall be the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation. **Unless a Chairman has been elected pursuant to Section 6 of Article III, the President** shall preside at all meetings of the shareholders.

He shall sign any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 8. Vice Presidents. In the absence of the President or in the event of his death, inability or refusal to act, the Vice Presidents, in the order of the seniority of their titles or if they shall all be the same level of Vice President in the order of their length of uninterrupted service at such level of Vice President, unless otherwise determined by the Board of Directors, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Each Vice President shall perform such other duties as from time to time may be assigned to him by the President or Board of Directors.

Section 9. Secretary. The Secretary shall: (a) attend all meetings of the shareholders and of the Board of Directors, keep the minutes of such meetings in one or more books provided for that purpose, and perform like duties for the standing committees when required; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (e) have general charge of the stock transfer books of the corporation; and (f) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the Board of Directors or by the President, under whose supervision he shall be.

The Secretary shall keep or cause to be kept at the corporation’s principal office a record of the corporation’s shareholders, giving the names and addresses of all shareholders and the number and class of shares held by each, and such other records as are required to be kept at the corporation’s principal office by N.C. Gen. Stat. §55-16-01 and any successor to such statute.

Section 10. Assistant Secretaries. In the absence of the Secretary or in the event of his death, inability or refusal to act, any Assistant Secretary, unless otherwise determined by the Board of Directors, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such

other duties as may be assigned to them by the Secretary, by the President or by the Board of Directors.

Section 11. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for money due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such depositories as shall be selected in accordance with the provisions of Article VII, Section 4 of these bylaws; and (b) in general perform all of the duties incident to the office of Treasurer, including preparing, or causing to be prepared, all financial statements required by law, and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 12. Assistant Treasurers. In the absence of the Treasurer or in the event of his death, inability or refusal to act, the Assistant Treasurers in the order of their length of service as Assistant Treasurer, unless otherwise determined by the Board of Directors, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, by the President or by the Board of Directors.

Section 13. Other Officers. The Board of Directors may appoint such other officers as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

ARTICLE VII

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money, issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such depositories as the Board of Directors may select.

ARTICLE VIII

CERTIFICATES FOR SHARES AND THEIR TRANSFER

Section 1. Certificates for Shares. The Board of Directors may authorize the issuance of some or all of the shares of the corporation's classes or series without issuing certificates to represent such shares. If shares are represented by certificates, the certificates shall be in such form as shall be determined by the Board of Directors. Certificates shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number and class of shares and the date of issue, shall be entered on the stock transfer books of the corporation. When shares are represented by certificates, the corporation shall issue and deliver, to each shareholder to whom such shares have been issued or transferred, certificates representing the shares owned by him. When shares are not represented by certificates, then within a reasonable time after the issuance or transfer of such shares, the corporation shall send the shareholder to whom such shares have been issued or transferred a written statement of the information required by law to be on certificates.

Section 2. Transfer of Shares. Transfer of shares of the corporation shall be made only on the stock transfer books of the corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary, and, when shares are represented by certificates, on surrender for cancellation of the certificate for such shares.

Section 3. Lost Certificates. The Board of Directors or the President may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation claimed to have been lost or destroyed, upon receipt of an affidavit of such fact from the shareholder. When authorizing such issuance of a new certificate, the Board of Directors or the President may require that the shareholder give the corporation a bond in such sum as the Board or the President may direct as indemnity against any claim that may be made against the corporation with respect to the certificate claimed to have been lost or destroyed or may require the shareholder to agree to indemnify the corporation against any claims that may be made against the corporation with respect to the certificate claimed to have been lost or destroyed.

Section 4. Holder of Record. The corporation may treat as an absolute owner of shares the person in whose name the shares stand of record on its books just as if that person had full competency, capacity and authority to exercise all rights of ownership irrespective of any knowledge or notice to the contrary or any description indicating a representative, pledge or other fiduciary relation or any reference to any other instrument or to the rights of any other person appearing upon its records or upon the share certificate except that any person furnishing to the corporation proof of his appointment as a fiduciary shall be treated as if he were a holder of record of its shares.

ARTICLE IX

GENERAL PROVISIONS

Section 1. Distributions. The Board of Directors may from time to time authorize, and the corporation may grant, distributions and share dividends pursuant to law and subject to the provisions of its articles of incorporation.

Section 2. Seal. The corporate seal of the corporation shall consist of two concentric circles between which is the name of the corporation and in the center of which is inscribed SEAL; and such seal, as impressed on the margin hereof, is hereby adopted as the corporate seal of the corporation.

Section 3. Fiscal Year. The fiscal year of the corporation shall be fixed by the Board of Directors.

Section 4. Pronouns. Each reference to pronouns herein shall be construed in the masculine, feminine, neuter, singular or plural, as the context may require.

Section 5. Amendments. The Board of Directors may amend or repeal the bylaws, except to the extent otherwise provided by law, the articles of incorporation or a Bylaw adopted by the shareholders, and except that a Bylaw adopted, amended or repealed by the shareholders may not be readopted, amended or repealed by the Board of Directors unless the articles of incorporation or a Bylaw adopted by the shareholders authorizes the Board of Directors to adopt, amend or repeal that particular Bylaw or the bylaws generally.

Section 6. Voting of Shares of Other Corporations. Authority to vote shares of another corporation or of any association held by this corporation, and to execute proxies and written waivers and consents in relation thereto, shall be vested exclusively in the President or such officer(s) and employee(s) of this corporation as shall be expressly identified by name or title from time to time by the Board of Directors of this corporation in resolutions formally adopted for that purpose.

ARTICLE X

INDEMNIFICATION

Section 1. Coverage. Any person who at any time serves or has served as a director officer, agent or employee of the corporation, or in such capacity at the request of the corporation for any other corporation, partnership, joint venture, trust or other enterprise, or as a trustee or administrator under an employee benefit plan, shall have a right to be indemnified by the corporation to the fullest extent permitted by law against (a) reasonable expenses, including reasonable attorneys' fees, actually incurred by him in connection with any threatened, pending or completed action, suit or proceeding (and any appeal thereof), whether civil, criminal,

administrative, investigative or arbitrative, and whether or not brought by or on behalf of the corporation, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine (including, without limitation, an excise tax assessed with respect to an employee benefit plan), penalty or settlement for which he may have become liable in any such action, suit or proceeding.

Section 2. Payment. Expenses incurred by such person shall be paid in advance of the final disposition of such investigation, action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation.

Section 3. Evaluation. The Board of Directors of the corporation shall take all such action as may be necessary and appropriate to authorize the corporation to pay the indemnification required by this Article X, including without limitation, to the extent needed, making a determination that indemnification is permissible under the circumstances and a good faith evaluation of the manner in which the claimant for indemnity acted and of the amount of indemnity due him, and giving notice to and obtaining approval by the shareholders of the corporation.

Section 4. Consideration. Any person who at any time after the adoption of this Article X serves or has served in any of the aforesaid capacities for or on behalf of the corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of this Article X. Any repeal or modification of these indemnification provisions shall not affect any rights or obligations existing at the time of such repeal or modification.

Section 5. Definitions. For purposes of this Article X, terms defined by the North Carolina Business Corporation Act and used but not defined herein shall have the meanings assigned to them by the Act.

KNOW ALL MEN, BY THESE PRESENTS that the undersigned directors of UTG ACQUISITION CORP., do hereby certify that the above and foregoing By-Laws have been duly adopted and that the same do constitute the By-Laws of this corporation.

Executed and effective the 29th day of June, 2000.

/s/ G. Allen Mebane, IV
G. Allen Mebane, IV, Director

/s/ Brian R. Parke
Brian R. Parke, Director

/s/ W. Michael Mebane

W. Michael Mebane, Director

/s/ Ralph D. Mayes

Ralph D. Mayes, Director

/s/ Willis C. Moore, III

Willis C. Moore, III, Director

Exhibit 3.12(i)

[STAMP]

ARTICLES OF INCORPORATION

OF

UNIFI INTERNATIONAL SERVICE, INC.

The undersigned, being of the age of eighteen years or more, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a corporation under and by virtue of the laws of the State of North Carolina.

1. The name of the corporation shall be Unifi International Service, Inc.

2. The period of duration of the corporation shall be perpetual.

3 . The purposes for which the corporation is organized are:

(a) To engage in the business of furnishing marketing and managerial services for international business operations, and any and. all other business incidental thereto.

(b) To acquire, by purchase, lease or otherwise, lands and interests in lands, and to own, hold, improve, subdivide, develop and manage any real estate so acquired, and to erect, or cause to be erected, on any lands owned, held, or occupied by the corporation, buildings or other structures, with their appurtenances and to manage, operate, lease, rebuild, enlarge, alter and improve any buildings or other structures, now or hereinafter erected on any lands so owned, held or occupied and to encumber or dispose of any lands or interest in lands and any buildings or other structures, and any stores, shops, suites, rooms, or part of any buildings or other structures, at any time owned or held by the corporation.

(c) To acquire, by purchase, lease, manufacture or otherwise, any personal property deemed necessary or useful in the equipment, furnishing, improvement, development or management of any property, real or personal, at any time owned, held, or occupied by the corporation, and to invest, trade, and deal in any personal property deemed beneficial to the corporation, and to encumber or dispose of any personal property at any time owned or held by the corporation.

(d) To do a general commission merchant’s and selling agent’s business; to buy, sell, and otherwise dispose of, hold, own, manufacture, produce, export and import and deal in, either as principal or agent, and upon commission or otherwise, all kinds of personal property whatsoever, without limit as to amount; to make and enter into all manner and kinds of contracts, agreements and obligations by or with any person

or persons, corporation or corporations, for the purchasing, acquiring, manufacturing, repairing, selling and dealing in any article of personal property of any kind and nature whatsoever, and generally with full power to perform any and all acts connected with the same or arising therefrom or incidental thereto, and all acts proper or necessary for the purpose of the business or conducive to its best interests.

(e) To acquire by purchase, subscription, or otherwise invest in, hold for investment, or otherwise, and to sell, exchange, mortgage, pledge, or otherwise dispose of, and deal in all stocks, bonds, and other evidences of indebtedness of any corporation, public quasi-public, or private, domestic or foreign, and all trust or other certificates of, or receipts evidencing interest in any such securities; to issue in exchange therefor its own stocks, bonds, or other obligations, and while the owner of any such stocks, bonds, and other evidences of indebtedness or interest therein, to exercise all the rights, powers, and privileges of ownership, including the right to vote thereon for any and all purposes.

(f) To buy, sell, exchange, pledge, endorse, guarantee the payment of, discount and otherwise deal in all kinds of bills, notes, contracts, bonds, debentures, stocks, securities, trade acceptances, open accounts, all kinds of negotiable instruments, commercial paper and evidence of debts whatsoever, and to engage in the discount and finance business generally, and in businesses pertaining and incidental thereto.

(g) To loan its own money; to make unsecured or secured loans on all types of real and personal property; to act as agent or broker in procuring money for and in making loans; to act as surety, guarantor, or accommodation endorser on negotiable paper, for other corporations, individuals, firms and associations, including stockholders and officers of this corporation, and to pledge the assets of this corporation to secure such endorsement, surety or guarantee.

(h) To purchase the shares of its own capital stock and to become a partner in business with any other firm, individual, or corporation. No contract or other transaction of the corporation with any other firm, person, or corporation, or in which this corporation is interested shall be affected or invalidated by: (1) the fact that any one or more of the directors or shareholders of this corporation is interested or is a director, officer or shareholder of the other corporation, or (2) the fact that any officer, director or shareholder, individually or jointly with others, may be a party to or may be interested in such contract or transactions and each and every person who may become an officer, director or shareholder of the corporation is

hereby relieved from any liability that might otherwise arise by reason of his connection with the corporation for the benefit of himself or any firm or corporation in which he may be in any wise interested.

The foregoing clauses shall be construed as enumerating specific objects and powers, but no recitation, expression or declaration of specific powers or purposes herein enumerated shall be deemed to be exclusive, and it is hereby expressly declared that all other forms of business not prohibited by law and all other powers not inconsistent herewith are hereby included and in order to properly prosecute the objects and purposes above set forth, the corporation, shall have full power and authority to purchase, lease and otherwise acquire, to hold, mortgage, convey and otherwise dispose of all kinds of property, both real and personal, of any firm, individual or corporation; to purchase and hold stocks, bonds, and other evidences of indebtedness in other corporations; to construct, equip and maintain buildings and plants of any and all types and nature, and generally to perform all acts which may be deemed necessary or expedient for the proper and successful prosecution of the objects and purposes for which this corporation is created.

4. The aggregate number of shares which the corporation shall have authority to issue is 100,000. The designation of classes, number of shares and the par value of the shares is as follows:

CLASS	NUMBER OF SHARES	PAR VALUE PER SHARE
Common	100,000	$1.00

5. The minimum amount of consideration for its shares to be received by the corporation before it shall commence business is $500.00 in cash or property of equivalent value.

6. The address of the initial registered office of the corporation is 7201 West Friendly Avenue, Guilford County, Greensboro, North Carolina, and the name of the initial registered agent at such address is Robert A. Ward.

7. The number of directors constituting the initial Board of Directors shall be four, and the name and address of the persons who are to serve as directors until the first meeting of the shareholders, or until their successors are elected and qualified are:

Name	Address
G. Allen Mebane	7201 West Friendly Avenue Greensboro, NC 27420
H. Wellford Lineweaver	7201 West Friendly Avenue Greensboro, NC 27420
J. Richard Hardin	7201 West Friendly Avenue Greensboro, NC 27420
Robert A. Ward	7201 West Friendly Avenue Greensboro, NC 27420

The number of directors may be increased or decreased to any number in the manner provided in the By-Laws; provided, however, that the number of directors will not at any time be fewer than the number of shareholders.

8. The name and address of the incorporator is:

Name	**Address**
Clifford Frazier, Jr.	206 Southeastern Bldg. Greensboro, NC 27401

9. In furtherance and not in limitation of the powers conferred upon it by law, the Board of Directors of the corporation shall have the power, from time to time, without the assent or vote of the stockholders of the corporation, except to the extent to which such assent or vote is required by the By-laws adopted by the stockholders; to make, later amend and rescind the By-Laws of the corporation; to fix the amount to be reserved by the corporation as working capital; to set apart out of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created; to create and designate an executive committee which shall consist of two or more directors of the corporation, and to the extant provided for in the By-Laws of the corporation, shall have and may exercise all the powers of the Board of Directors with regard to the management of the business and affairs or the corporation which may lawfully be delegated.

IN WITNESS WHEREOF, I have hereunto set my hand on this the 1st day of March, 1984

/s/ Clifford Frazier, Jr
Clifford Frazier, Jr.

NORTH CAROLINA

GUILFORD COUNTY

This is to certify that on the 1st day of March, 1984, before me, a Notary Public, personally appeared Clifford Frazier, Jr., who I am satisfied, is the person named in and who executed the foregoing Articles of Incorporation of Unifi International Service, Inc., and I, having made known to him the contents thereof, do certify that he did acknowledge he signed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal, on this the 1st day of March, 1984.

/s/ Illegible
Notary Public

My commission expires: 10-12-87

[SEAL]

Exhibit 3.12(ii)

BY-LAWS

OF

UNIFI INTERNATIONAL SERVICE, INC.

ARTICLE I

OFFICES

Section 1. Principal Office. The principal offices of the corporation shall be located at 7201 West Friendly Road, Greensboro, North Carolina 27410.

Section 2. Registered Office. The registered office of the corporation required by law to be maintained in the State of North Carolina may be, but need not be identical with the principal office.

Section 3. Other Offices. The corporation may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may designate or as the affairs of the corporation may require from time to time.

ARTICLE II

MEETINGS OF SHAREHOLDERS

Section 1. Place of Meetings. All meetings of shareholders shall be held at the principal office of the corporation, or at such other place, either within or without the State of North Carolina, as shall be designated in the Notice of the meeting or agreed upon by a majority of the shareholders entitled to vote thereat.

Section 2. Annual Meetings. The annual meeting of shareholders shall be held on such date in each calendar year , not later than the 120th day after the close of the corporation's fiscal year (except Saturday, Sunday or legal holidays) as shall be fixed by the Board of Directors and stated in the Notice or Waiver of Notice of Annual Meeting, for the purpose of electing Directors of the corporation and for the transaction of such other business as may be brought before the meeting.

Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these By-Laws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article II . A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. Special Meetings. Special meetings of the shareholders may be called at any time by the President, Secretary or Board of Directors of the corporation, or by any shareholder pursuant to the written request of the holders of not less than one-tenth of all the shares entitled to vote at the meeting.

Section 5. Notice of Meetings. Written or printed notice stating the time and place of the meeting shall be delivered not less than ten nor more than fifty days before the date of any shareholders' meeting, either personally or by mail, by or at the direction of the president, the Secretary or other person calling the meeting, to each shareholder of record entitled to vote at such meeting; provided that such notice must be given not less than twenty days before the date of any meeting at which a merger or consolidation is to be considered. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the record of shareholders of the corporation, with postage thereon prepaid.

In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called; but in the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of the North Carolina Business Corporation Act.

When a meeting is adjourned for thirty days or more, notice of the adjourned meetings shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty days in any one adjournment, it is not necessary to give any notice of the adjourned meetings other than by announcement at the meeting at which the adjournment is taken.

Section 6. Voting Lists. At least ten days before each meeting of shareholders the Secretary of the corporation shall prepare an alphabetical list of the

shareholders entitled to vote at such meeting or any adjournment thereof, with the address of and number of shares held by each, which list shall be kept on file at the registered office of the corporation for a period of ten days prior to such meeting, and shall be subject to inspection by any shareholder at any time during the usual business hours. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any shareholder during the whole time of the meeting.

Section 7. Quorum. A majority of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders, except that at a substitute annual meeting of shareholders the number of shares there represented either in person or by proxy, even though less than a majority, shall constitute a quorum for the purpose of such meeting.

The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

In the absence of a quorum at the opening of any meeting of shareholders, such meeting may be adjourned from time to time by a vote of the majority of the shares voting on the motion to adjourn, and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

Section 8. Proxies. Shares may be voted either in person or by one or more agents authorized by a written proxy executed by the shareholder or by his duly authorized attorney in fact. A proxy is not valid after the expiration of eleven months from the date of its execution, unless the person executing it specifies therein the length of time for which it is to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten years from the date of its execution.

Section 9. Voting of Shares. Subject to the provisions of Section 4 of Article III, each outstanding share entitled to vote shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders.

Except in the election of directors as governed by the provisions of Section 3, of Article III, the vote of a majority of the shares voted on any matter at a meeting of shareholders at which a quorum is present shall be the act of the shareholders on that matter, unless the vote of a greater number is required by law or by the Charter of By-Laws of the corporation.

Shares of its own stock owned by the corporation, directly or indirectly, through a subsidiary corporation or otherwise, or held directly or indirectly in a fiduciary capacity by it or by a subsidiary corporation, shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares at a given time.

Section 10. Informal Action by Shareholders. Any action which may be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the persons who would be entitled to vote upon such action at a meeting, and filed with the Secretary of the corporation to be kept as part of the corporate records.

ARTICLE III

BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the corporation shall be managed by its Board of Directors.

Section 2. Number, Term and Qualifications. The number of directors constituting the Board of Directors shall be three. Each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor shall have been elected and qualified. Directors need not be residents of the State of North Carolina or shareholders of the corporation.

Section 3. Election of Directors. Except as provided in Section 6 of this Article III, the directors shall be elected at an Annual Meeting of the Shareholders; and those persons who receive the highest number of votes shall be deemed to have been elected. If any shareholder so demands, the election of directors shall be by ballot.

Section 4. Cumulative Voting. Every shareholder entitled to vote at an election of directors shall have the

right to vote the number of shares standing of record in his name for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principal among any number of such candidates. This right of cumulative voting shall not be exercised unless some shareholder or proxy holder announces in open meeting, before the voting for the directors starts, his intention so to vote cumulatively; and if such announcement is made, the chair shall declare that all shares entitled to vote have the right to vote cumulatively and shall thereupon grant a recess of not less than one or more than four hours, as he shall determine, or of such other period of time as is unanimously then agreed upon.

Section 5. Increase or Decrease in Number of Directors. The number of directors may be increased or decreased to any number not less than. three nor more than five by the affirmative vote of a majority of the shareholders at any regular meeting, all other meetings in which all shareholders are present or to which they consent and in such case the additional directors may be chosen at said meeting to hold office until their successors are respectively elected and qualified.

Section 6. Removal . Any director may be removed at any time with or without cause by a vote of the shareholders holding a majority of the outstanding shares entitled to vote at an election of directors. However, unless the entire Board is removed, an individual directors shall not be removed when the number of shares voting against the proposal for removal would be sufficient to elect a directors if such shares could be voted cumulatively at an annual election. If any directors are so removed, new directors may be elected at the same meeting.

Section 7. Vacancies. If any vacancies shall occur among the directors by death, resignation, removal or otherwise, the Chairman of the Board of Directors, if one be elected, the President or Secretary of the corporation shall call a special meeting of the shareholders, at which meeting the shareholders by majority vote shall elect a successor or successors to hold the office of the unexpired term of the director or directors whose place has been vacated.

Section 8. Chairman of Board. There may be a Chairman of the Board of Directors elected by the directors from their number at any meeting of the Board. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board, or as specified by the Board, or as specified in the By-Laws of the Corporation.

Section 9. Compensation. The Board of Directors may compensate directors for their services as such and may provide for the payment of any or all expenses incurred by directors in attending regular and special meetings of the Board.

ARTICLE IV

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of shareholders. In addition, the Board of Directors may provide, by resolution, the time and place, either within or without the State of North Carolina for the holding of additional regular meetings.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors. Such a meeting may be held either within or without the State of North Carolina, as fixed by the person or persons calling the meeting.

Section 3. Notice of Meetings. Regular meetings of the Board of Directors may be held without notice.

The person or persons calling a special meeting of the Board of Directors shall, at least two days before the meeting, give notice thereof, by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Section 4. Waiver of Notice. Any director may waive notice of any meeting. The attendance by a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5. Quorum. A majority of the number of directors fixed by these By-Laws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 6. Manner of Acting. Except as otherwise provided in these By-Laws, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 7. Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 8. Informal Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

ARTICLE V

OFFICERS

Section 1. Officers of the Corporation. The officers of the corporation shall consist of a Chairman of the Board, a President, two Vice Presidents, a Secretary, and a Treasurer. The same person may hold more than one office, but no officer may act in more than one capacity where action of two or more officers is required. The Secretary or Vice President, if one be elected, need not be directors of the corporation. The President shall be chosen from among the Directors.

Section 2. Additional Officers and Agents. The Board of Directors in its discretion, may elect a Chairman of the Board of Directors, additional Vice Presidents,

Secretaries, a General Manager and such other officers or agents as it may deem desirable from time to time and prescribe the duties thereof.

Section 3. Election and Term. The officers of the corporation shall be elected by the Board of Directors at its annual meeting and shall hold office for one year or until their successors are elected and qualified; provided, however, if the need for any additional officer or officers as hereinbefore provided, shall occur during the year a Special Meeting may be held by the Board of Directors at which such additional officers may be elected.

Section 4. Compensation of Officers. The compensation of all officers of the corporation shall be fixed by the Board of Directors and no officer shall serve the corporation in any other capacity and receive compensation therefor unless such additional compensation be authorized by the Board of Directors.

Section 5. Removal. Any officer or agent elected or appointed by the Board of Directors shall be subject to removal at any time by the affirmative vote of a majority of the Board of Directors or a majority of the stockholders whenever in the judgment of the majority of the Board of Directors or a majority of the stockholders the best interest of the corporation would be served thereby.

Section 6. Vacancies. If any vacancy shall occur among the officers of the corporation by death, resignation or otherwise, the Chairman of the Board of Directors, if one be elected, the President, or a majority of the Board of Directors of the Corporation will call a Special Meeting of the directors at which meeting the Directors shall elect a successor or successors to hold office for the unexpired term of the officer or officers whose place has been vacated.

Section 7. Bonds. The Board of Directors, may, by resolution, require any officer, agent, or employee of the corporation to give bond to the corporation, with sufficient security, conditioned on the faithful performance of the duties of his respective office or position, and to comply with such other conditions as may from time to time be required by the Board of Directors.

Section 8. Chairman of the Board of Directors. The Chairman of the Board of Directors, if one be elected or in his absence, the President of the corporation shall act as Chairman of all the meetings of the Board of Directors and have such other duties as may be assigned to him by the Board of Directors. If neither the Chairman of the Board of Directors nor the President of the corporation shall be present, any director may be elected Chairman for the meeting by those present.

Section 9. President. The President shall be the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall in general supervise and control all the business and affairs of the corporation. He shall, when present, preside at all meetings of the shareholders. He shall sign, with the Secretary, an Assistant Secretary, or any other proper officer of the corporation thereunto authorized by the Board of Directors, certificates for shares of the corporation, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general he shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 10. Executive Vice President. The Executive Vice President shall, subject to the control of the President, in general supervise and control the business and affairs of the corporation. In the absence of the President or in the event of his death, inability or refusal to act, the Executive Vice President, unless otherwise determined by the Board of Directors, shall perform all the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Executive Vice President, may sign, with the Secretary or an Assistant Secretary, certificates for shares of the corporation; and shall perform such other duties as from time to time may be assigned to him by the President or Board of Directors.

Section 11. Vice Presidents. In the absence of the President and Executive Vice President or in the event of their death, inability or refusal to act, the Vice Presidents in the order of their length of service as Vice Presidents, unless otherwise determined by the Board of

Directors, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may sign, with the Secretary or an Assistant Secretary, certificates for shares of the corporation; and shall perform such other duties as from time to time may be assigned to him by the President or Board of Directors.

Section 12. Secretary. The Secretary shall keep accurate minutes of all meetings of the shareholders and the Board of Directors and shall perform all the duties commonly incident to his office, and shall perform such other duties and have such other powers as the Board of Directors shall designate. The Secretary, together with the President, or any other corporate officer as provided in these By-Laws, shall have the power to sign certificates of stock of the corporation. In his absence at any meeting, an Assistant Secretary or Secretary Pro Tempore, shall perform his duties thereat.

Section 13. Assistant Secretaries. In the absence of the Secretary or in the event of his death, inability or refusal to act, the Assistant Secretaries in the order of their length of service as Assistant Secretaries, unless otherwise determined by the Board of Directors, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, by the President, or by the Board of Directors. Any Assistant Secretary may sign, with the President, Executive Vice President or a Vice President, certificates for shares of the corporation.

Section 14. Treasurer. The Treasurer, subject to the order of the Board of Directors, shall have the care and custody of the money, funds, valuable papers and documents of the corporation (other than his own bond, if any, which shall be in the custody of the President), and shall have and exercise, under the supervision of the Board of Directors, all the powers and duties commonly incident to his office, and shall give bond in such form and with such securities as shall be required by the Board of Directors. He shall deposit all funds of the corporation in such bank or banks, trust company or trust companies, or with such firm or firms doing a banking business as the Directors shall designate. He may endorse for deposit or collection all checks and notes payable to the corporation or to its

order, may accept drafts on behalf of the corporation, and together with the President, may sign certificates of stock. He shall keep accurate books of account of the corporation's transactions, which shall be subject at all times to the inspection of the Board of Directors.

Section 15. Assistant Treasurers. In the absence of the Treasurer or in the event of his death, inability or refusal to act, the Assistant Treasurers in the order of their length of service as Assistant Treasurers, unless otherwise determined by the Board of Directors, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, by the President, or by the Board of Directors.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time in the credit of the corporation in such depositories as the Board of Directors may select.

ARTICLE VII

CERTIFICATES FOR SHARES AND THEIR TRANSFER

Section 1. Certificates for Shares. Certificates representing shares of the corporation shall be in such form as shall be determined by the Board of Directors. The corporation shall issue and deliver to each shareholder certificates representing all fully paid shares owned by him. Certificates shall be signed by the President,

Executive Vice President, or a Vice President and by the Secretary or Treasurer. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number and class of shares and the date of issue, shall be entered on the stock transfer books of the corporation.

Section 2. Sale of Stock. The Board of Directors shall from time to time authorize the sale of the capital stock of the corporation, and in its sole discretion, establish the terms had conditions including, but not limited, to the number of shares to be sold and the purchase price upon which the capital stock of the corporation shall be sold.

Section 3. Transfer of Shares. Transfer of shares of the corporation shall be made only on the stock transfer books of the corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary and on surrender for cancellation of the certificate of such shares.

Section 4. Lost Certificate. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation claimed to have been lost or destroyed, upon receipt of any affidavit of such fact from the person claiming the certificate of stock to have been lost or destroyed. When authorizing such issue of a new certificate, the Board of Directors shall require that the owner of such lost or destroyed certificate, or his legal representative, give the corporation a bond in such sum as the Board may direct as indemnity against any claim that may be made against the corporation with respect to the certificate claimed to have been lost or destroyed, except where the Board of Directors by resolution finds that in the judgment of the directors the circumstances justify omission of a bond.

Section 5. Closing Transfer Books and Fixing Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may provide that the stock transfer books shall be

closed for a stated period but not to exceed, in any case, fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting.

In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such record date in any case to be not more than fifty days and, in case of a meeting of shareholders, not less than ten days immediately preceding the date on which the particular action, required such determination of shareholders, is to be taken.

If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted as the case may be, shall be the record date for such determination of shareholders.

When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the transfer books and the stated period of closing has expired.

Section 6. Holder of Record. The corporation may treat as absolute owner of share the person in whose name the shares stand of record on its books just as if that person had full competency, capacity, and authority to exercise all rights of ownership irrespective of any knowledge or notice to the contrary or any description indicating a representative, pledge or other fiduciary relation or any reference to any other instrument or to the rights of any other person appearing upon its record or upon the share certificate as a fiduciary shall be treated as if he were a holder of record of its shares.

Section 7. Retirement of Stock. The corporation, may with the approval of the Directors, retire such outstanding capital stock as may be tendered or offered to the corporation by paying par value thereof, or such amount as may be decided by the Board of Directors and hold such stock as Treasury Stock.

Section 8. Fractional Shares. There shall be no fractional shares of stock sold by this corporation. When any amount of stock issuable for stock dividends shall be less than one (1) share, such fractional share shall not be issued, but an equivalent payment shall be made in cash, the basis of the value of the share of stock being the book value thereof.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Dividends. The Board of Directors may from time to time declare, and the corporation may pay, dividends on its outstanding shares in cash, property or its own shares pursuant to law and subject to the provisions of its charter.

Section 2. Seal. The corporate seal of the corporation shall consist of two concentric circles between which is the name of the corporation and in the center of which is inscribed SEAL; and such seal of the corporation as impressed on the margin hereof, is hereby adopted as the corporate seal of the corporation.

Section 3. Waiver of Notice. Whenever any notice is required to be given to any shareholder or director by law, by the charter or by these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 4. Fiscal Year. The fiscal year of the corporation shall be fixed by the Board of Directors.

Section 5. Indemnification. Any person who at any time serves or has served as a director, officer, employee or agent of the corporation, or in such capacity at the request of the corporation for any other corporation, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the corporation to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceedings, whether

civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the corporation, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty or settlement for which he may have become liable in any such action, suit or proceeding.

The Board of Directors of the corporation shall take all such action as may be necessary and appropriate to authorize the corporation to pay the indemnification required by this By-Law, including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval by, the shareholders of the corporation.

Any person who at any time after the adoption of this By-Law serves or has served in any of the aforesaid capacities for or on behalf of the corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this By-Law.

Section 6. Amendments. Except as otherwise provided herein, these By-Laws may be amended or repealed and new By-Laws may be adopted by the affirmative vote of a majority of the directors then holding office at any regular or special meeting of the Board of Directors.

The Board of Directors shall have no power to adopt a By-Law: (1) requiring more than a majority of the voting shares for a quorum at a meeting of shareholders, or more than a majority of the votes cast to constitute action by the shareholders, except where higher percentages are required by law; (2) providing for the management of the corporation otherwise than by the Board of Directors; (3) increasing or decreasing the number of directors; and (4) classifying the election of directors.

No By-Laws adopted or amended by the shareholders shall be altered or repealed by the Board of Directors.

KNOW ALL MEN BY THESE PRESENTS that WE, the undersigned initial Directors of UNIFI INTERNATIONAL SERVICE, INC., do hereby certify that the above and foregoing By-Laws are duly adopted By-Laws of this corporation and that the same do constitute the By-Laws of this corporation.

This the 14 day of March, 1984.

G. Allen Mebane

R. Wellford Lineweaver

/s/ Robert A. Ward
Robert A. Ward

/s/ J. Richard Hardin
J. Richard Hardin

Exhibit 3.13(i)

[STAMP]

ARTICLES OF ORGANIZATION
OF
UNIFI TECHNICAL FABRICS, LLC

Pursuant to Section 57C-2-20 of the General Statutes of North Carolina, the undersigned hereby submits these Articles of Organization for the purpose of forming a limited liability company.

1. The name of the limited liability company is UNIFI TECHNICAL FABRICS, LLC.

2. The latest date on which the limited liability company is to dissolve is December 31, 2098.

3. The name and address of the organizer executing these Articles of Organization is:

Name:	Address:
Charles F. McCoy	Unifi, Inc. P. O. Box 19109 Greensboro, NC 27419-9109

4. The street address of the initial registered office of the limited liability company in the State of North Carolina is 7201 W. Friendly Avenue, Greensboro, Guilford County, North Carolina, 27410; and the name of its initial registered agent at such address is Charles F. McCoy.

5. The Limited Liability Company is a Manager-Managed Limited Liability Company and, except as provided by N.C.G.S. §57C-3-20(a), the members, by virtue of their status as members shall not be Managers of this limited liability company.

6. To the fullest extent permitted by the North Carolina Limited Liability Company Act as it exists or may hereafter be amended, no person who is serving or who has served as a Manager of the limited liability company shall be personally liable to the limited liability company or any of its members for monetary damages for breach of duty as a Manager, and the limited liability company shall indemnify the Managers and make advances for expenses to them with respect to matters capable of indemnification under the Act. The company shall indemnify its employees and other agents provided that such indemnification in any given situation is approved by a majority in interest of the Members. No amendment or repeal of this article, nor the adoption of any provision to these Articles of Organization inconsistent with this article, shall eliminate or reduce the protection granted herein with respect to any matter that occurred prior to such amendment, repeal or adoption.

7. These articles will be effective upon filing.

This the 29th day of July, 1999.

/s/ Charles F. McCoy

Charles F. McCoy, ORGANIZER

BY-LAWS

OF

UNIFI TECHNICAL FABRICS, LLC

EFFECTIVE AUGUST 3, 1999

ARTICLE I

OFFICES

SECTION 1. PRINCIPAL OFFICE. The principal office of Unifi Technical Fabrics, LLC ("LLC") shall be located at 7201 W. Friendly Avenue, Greensboro, Guilford County, North Carolina, 27410.

SECTION 2. REGISTERED OFFICE. The registered office of the LLC required by law to be maintained in the State of North Carolina may be, but need not be identical with, the principal office.

SECTION 3. OTHER OFFICES. The LLC may have offices at such other places, either within or without the State of North Carolina, as the Board of Managers may designate or as the affairs of the LLC may require from time to time.

ARTICLE II

MEETING OF MEMBERS

SECTION 1. PLACE OF MEETINGS. All meetings of Members shall be held at the principal office of the LLC, or at such other place, either within or without the State of North Carolina, as shall be designated in the Notice of the meeting or agreed upon by a majority of the Members entitled to vote thereat.

SECTION 2. ANNUAL MEETINGS. The Annual Meeting of the Members shall be held on such date in each calendar year, not later than the 120th day after the close of the LLC's fiscal year (except Saturday, Sunday or legal holidays) as shall be fixed by the Board of Managers or the President and stated in the Notice or Waiver of Notice of Annual Meeting, for the purpose of electing Managers of the LLC and for the transaction of such other business as may be brought before the meeting.

SECTION 3. SUBSTITUTE ANNUAL MEETING. If the Annual Meeting shall not be held on the day designated by these By-Laws, a substitute Annual Meeting may be called in accordance with the provisions of Section 4 of this Article II. A meeting so called shall be designated and treated for all purposes as the Annual Meeting.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Members may be called at any time by the President, Secretary and Board of Managers of the LLC or within thirty (30) days after the holders of at least ten percent (10%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting, sign, date and deliver to the Secretary one or more written demands for the meeting, describing the purpose or purposes for which it is to be held.

SECTION 5. NOTICE OF MEETINGS. Written or printed notice stating the date, time, place and purpose of the meeting shall be given not less than ten (10) nor more than fifty (50) days before the date of any Members' meeting, either by personal delivery, telegram, by mail, or by private carrier, by or at the direction of the Board of Managers, President, the Secretary or other person calling the meeting, to each Member of record entitled to vote at such meeting, provided that such notice must be given not less than twenty (20) days before the date of any meeting in which a

merger or consolidation is to be considered. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the current record of Members of the LLC, with postage thereon prepaid.

In the case of a special meeting, the Notice of Meeting shall specifically state the purpose or purposes for which the meeting is called; but in the case of an annual or substitute annual meeting, the Notice of Meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of the North Carolina Limited Liability Company Act.

When an annual or special member meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment. If a new record date is fixed for the adjourned meeting (which must be done if the new date is more than 120 days after the date of the original notice) notice of the adjourned meeting must be given as provided in this Section to persons who are Members as of the new record date.

SECTION 6. LIST OF MEMBERS. The Secretary of the LLC shall prepare or have prepared an alphabetical list of Members entitled to vote at any meeting of the Members or any adjournment thereof showing the address of and percentage of ownership interest held by each Member. The Members list will be available for inspection by any Member, beginning two business days after Notice of the Member Meeting is given for which the list was prepared and continuing through the meeting, at the LLC's principal office or a place identified in the meeting notice in the city where the meeting will be held. A Member, or his agent or attorney, is entitled on written demand to inspect and to copy the list, during regular business hours and at his expense, during the period it is available for inspection. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by the Member, his agent or attorney during the whole time of the meeting.

SECTION 7. QUORUM. A majority in interest of the Members of the LLC entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Members.

Once a Member is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set before that adjourned meeting, notwithstanding the withdrawal of enough Members to leave less than a quorum.

In the absence of a quorum at the opening of any Meeting of Members, such meeting may be adjourned from time to time by a vote of a majority in interest of the Members voting on the motion to adjourn, and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

SECTION 8. PROXIES. Membership interest may be voted either in person or by one or more agents authorized by a written proxy executed by the Member or by his duly authorized attorney-in-fact. A proxy is not valid after the expiration of eleven months from the date of its execution, unless the person executing it specifies therein the length of time for which it is to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten years from the date of its execution.

SECTION 9. VOTING OF MEMBERS. Except as otherwise expressly provided in these By-Laws, all action by the Members shall be made by vote of a Majority in Interest of the Members, including (without limitation) any action for which Section 57C-3-03 of the Act, in the absence of this

provision, would otherwise require unanimous consent. Voting on all matters shall be by voice vote or by a show of hands, unless the holders of one-fourth of the Membership Interest represented at the meeting shall demand a ballot vote on a particular matter.

SECTION 10. ACTION WITHOUT MEETING. Any action which the Members could take at a meeting may be taken without a meeting if one or more written consents, setting forth the action taken, shall be signed, before or after such action, by Members having such percent of the Membership Interest as would be required to take the action at a meeting. The consent shall be delivered to the Company for inclusion in the minutes or filing with the Company's records and shall be circulated to all Members not signing the consent within thirty days of the Company's receipt of such action.

ARTICLE III

BOARD OF MANAGERS

SECTION 1. GENERAL POWERS. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the LLC shall be managed under the direction of, the Board of Managers.

SECTION 2. NUMBER, TERM AND QUALIFICATIONS. The number of Managers constituting the Board of Managers shall be five (5). Each Manager shall hold office until his or her death, resignation, retirement, removal, disqualification, or his or her successor shall have been elected and qualified. Managers need not be residents of the State of North Carolina or Members of the LLC.

SECTION 3. ELECTION OF MANAGERS. Except as provided in Section 6 of this Article III, the Managers shall be elected at an Annual Meeting of the Members, and those persons who receive the highest percentage interest of the votes cast shall be deemed to have been elected. If any Member so demands, the election of Managers shall be by ballot.

SECTION 4. INCREASE OR DECREASE IN NUMBER OF MANAGERS. The number of Managers may be increased or decreased to any number, however, the number of Managers will not at any time be fewer than the number of Members if the number of Members is three (3) or less.

SECTION 5. REMOVAL. Any Manager may be removed at any time with or without cause by a vote of the Members holding a majority of the ownership interest in the LLC entitled to vote at an election of Managers. However, unless the entire Board of Managers is removed, an individual Manager shall not be removed when the percentage interest voting against the proposal for removal would be sufficient to elect a Manager if such shares could be voted cumulatively at an annual election. If any Managers are so removed, new Managers may be elected at the same meeting.

SECTION 6. VACANCIES. Any vacancy occurring in the Board of Managers, including any managership to be filled by reason of an increase in the authorized number of Managers or the removal of a Manager, may be filled by the affirmative vote of a majority of all of the remaining Managers even though less than a quorum, or by the sole remaining Manager. A Manager elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

SECTION 7. CHAIRMAN OF THE BOARD. There may be a Chairman of the Board of Managers elected by the Managers from their number at any meeting of the Board of Managers. The Chairman shall preside at all meetings of the Board of Managers and perform such other duties

as may be directed by the Board of Managers, or as specified in the By-Laws of the LLC.

SECTION 8. COMPENSATION. The Board of Managers may compensate Managers for their services as such and may provide for the payment of any or all expenses incurred by Managers in attending regular and special meetings of the Board of Managers.

ARTICLE IV

MEETINGS OF THE BOARD OF MANAGERS

SECTION 1. REGULAR MEETINGS. A regular meeting of the Board of Managers shall be held immediately after, and at the same place as, the annual meeting of the Members. In addition, the Board of Managers may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board of Managers may be called by or at the request of the Chairman of the Board, if any, by the President or any two Managers. Such a meeting may be held either within or without the State of North Carolina, as fixed by the person or persons calling the meeting.

SECTION 3. NOTICE OF MEETINGS. Regular meetings of the Board of Managers may be held without notice. The person or persons calling a special meeting of the Board of Managers shall, at least two days before the meeting, give notice thereof, by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

SECTION 4. WAIVER OF NOTICE. Any Manager may waive notice of any meeting before or after the meeting. The waiver must be in writing, signed by the Manager entitled to notice and delivered to the LLC for inclusion in the minutes or filing with the corporate records. A Manager's attendance at or participation in a meeting waives any required notice of such meeting unless such Manager, at the beginning of the meeting or promptly upon arrival, objects to the holding of the meeting or to transacting business at the meeting and does not thereafter vote for or against to actions taken at the meeting.

SECTION 5. QUORUM. A majority of the number of Managers fixed by these By-Laws shall constitute a quorum for the transaction of business at any meeting of the Board of Managers.

SECTION 6. MANNER OF ACTING. Except as otherwise provided in these By-Laws, the act of the majority of the Managers present at a meeting at which a quorum is present shall be the act of the Board of Managers.

SECTION 7. PRESUMPTION OF ASSENT. A Manager of the LLC who is present at a meeting of the Board of Managers at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the LLC immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Manager who voted in favor of such action.

SECTION 8. INFORMAL ACTION BY MANAGERS. Action taken by a majority of the Managers without a meeting is nevertheless the Board of Managers action if written consent to the action in question is signed by all the Managers and filed with the Minutes of the proceedings of the Board of Managers, whether done before or after the action so taken, such consents may be signed in counterpart.

ARTICLE V

OFFICERS

SECTION 1. OFFICERS OF THE LLC. The Officers of the LLC shall consist of a President, one or more Vice Presidents, Secretary and a Treasurer. The same person may hold more than one office, but no Officer may act in more than one capacity where action of two or more Officers is required. The Secretary, Treasurer and any Vice President need not be Managers of the LLC. The President shall be chosen from among the Managers.

SECTION 2. ADDITIONAL OFFICERS AND AGENTS. The Board of Managers in its discretion may elect a Chairman of the Board of Managers, additional Vice Presidents, Assistant Secretaries, Assistant Treasurers, a General Manager and such other officers or agents as it may deem desirable from time to time and prescribe the duties thereof.

SECTION 3. ELECTION AND TERM. The Officers of the LLC shall be elected by the Board of Managers at its Annual Meeting and the Officers shall hold office for one year or until their successors are elected and qualified; provided, however, if the need for any additional Officer or Officers, as hereinbefore provided, shall occur during the year, such additional Officer or Officers may be elected at a special meeting held by the Board of Managers or by consent to action without meeting of the Board of Managers.

SECTION 4. COMPENSATION OF OFFICERS. The compensation of all Officers of the LLC shall be fixed by or under the authority of the Board of Managers and no Officer shall serve the LLC in any other capacity and receive compensation therefore unless such additional compensation is authorized by the Board of Managers.

SECTION 5. REMOVAL. Any Officer or Agent elected or appointed by the Board of Managers shall be subject to removal at any time by the affirmative vote of a majority of the Board of Managers or a majority of the Members whenever in the judgment of the majority of the Board of Managers or a majority of the Members the best interest of the LLC would be served thereby.

SECTION 6. VACANCIES. If any vacancy shall occur among the Officers of the LLC by death, resignation or otherwise, the Chairman of the Board of Managers, if one be elected, the President, or a majority of the Board of Managers of the LLC will call a special meeting of the Board of Managers at which meeting the Managers shall elect a successor or successors to hold office for the unexpired term of the Officer or Officers whose place has been vacated.

SECTION 7. BONDS. The Board of Managers may, by resolution, require any Officer, Agent or employee of the LLC to give bond to the LLC, with sufficient sureties, conditioned on the faithful performance of the duties of his respective office or position, and to comply with such other conditions as may from time to time be required by the Board of Managers.

SECTION 8. CHAIRMAN OF THE BOARD. The Chairman of the Board of Managers, if one is elected, shall oversee the general operation of the LLC and discuss with the President the LLC’s

policies, the implementation and interpretation and carrying out of said policies, and shall be, an executive officer of the LLC. The Chairman shall, when present, preside at all meetings of the Members.

SECTION 9. PRESIDENT. The President shall be the principal executive officer of the LLC and, subject to the control of the Board of Managers, shall, in general, supervise and control all the business and affairs of the LLC, The President shall sign, with the Secretary, an Assistant Secretary, or any other proper officer of the LLC thereunto authorized by the Board of Managers, any deeds, mortgages, bonds, contracts or other instruments which the Board of Managers has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Managers or by these By-Laws to some other Officer or Agent of the LLC, or shall be required by law to be otherwise signed or executed and, in general, shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Managers from time to time.

SECTION 10. VICE PRESIDENT. In the absence of the President or in the event of his death, inability or refusal to act, a Vice President, unless otherwise determined by the Board of Managers, shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such duties as from time to time may be assigned to him by the President or Board of Managers.

SECTION 11. SECRETARY. The Secretary shall keep accurate Minutes of all meetings of the Members and the Board of Managers and shall perform all the duties commonly incident to his office, and shall perform such other duties and have such other powers as the Board of Managers shall designate. In his absence at any meeting, an Assistant Secretary or Secretary Pro Tempore, shall perform his duties thereat.

SECTION 12. ASSISTANT SECRETARIES. In the absence of the Secretary, or in the event of his death, inability or refusal to act, the Assistant Secretaries, if any are elected, in the order of their length of service as Assistant Secretary, unless otherwise determined by the Board of Managers, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, by the President, or by the Board of Managers.

SECTION 13. TREASURER. The Treasurer, subject to the order of the Board of Managers, shall have the care and custody of the money, funds, valuable papers and documents of the LLC (other than his own bond, if any, which shall be in the custody of the President), and shall have and exercise, under the supervision of the Board of Managers, all the powers and duties commonly incident to his office, and shall give bond in such form and with such sureties as shall be required by the Board of Managers. He shall deposit all funds of the LLC in such bank or banks, trust company or trust companies, or with such firm or firms doing a banking business as the Board of Managers shall designate. He may endorse for deposit or collection all checks and notes payable to the LLC or to its order, may accept drafts on behalf of the LLC. He shall keep accurate books of account of the LLC’s transactions, which shall be subject at all times to the inspection of the Board of Managers.

SECTION 14. ASSISTANT TREASURERS. In the absence of the Treasurer, or in the event of his death, inability or refusal to act, the Assistant Treasurers, if any are elected, in the order of their length of service as Assistant Treasurer, unless otherwise determined by the Board of Managers, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, by the President, or by the Board of Managers.

ARTICLE VI

CONTRACTS, LOANS, CHECKS, AND DEPOSITS

SECTION 1. CONTRACTS. The Board of Managers may authorize any Officer or Officers, Agent or Agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the LLC, and such authority may be general or confined to specific instances.

SECTION 2. LOAN. No loan shall be contracted on behalf of the LLC and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Managers. Such authority may be general or confined to specific instances.

SECTION 3. DEPOSITS. All funds of the LLC not otherwise employed shall be deposited from time to time in the credit of the LLC in such depositories as authorized by a resolution adopted by the Board of Managers.

SECTION 4. CHECKS AND DRAFTS. All checks, drafts and other orders for the payment of monies, issued in the name of the LLC, shall be signed by such Officer or Officers, agent or agents of the LLC, and in such manner as shall, from time to time, be determined by the Board of Managers.

ARTICLE VII

INTENTIONALLY OMITTED

ARTICLE VIII

GENERAL PROVISIONS

SECTION 1. DISTRIBUTIONS. The Board of Managers may, from time to time, authorize and the LLC may grant and make distributions to its Members in cash or property pursuant to law.

SECTION 2. SEAL. Intentionally Omitted.

SECTION 3. WAIVER OF NOTICE. Whenever any notice is required to be given to any Member or Manager by law, by the Articles of Organization of the LLC or by these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

SECTION 4. FISCAL OR CALENDAR YEAR. The fiscal or calendar year of the LLC shall be fixed by the Board of Managers.

SECTION 5. INDEMNIFICATION. Any person who at any time serves or has served as a Manager, Officer, employee or Agent of the LLC, or in such capacity at the request of the LLC for any other LLC, partnership, joint venture, trust or other enterprise, shall have a right to be

indemnified by the LLC to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the LLC, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty or settlement for which he may have become liable in any such action, suit or proceeding.

The Board of Managers of the LLC shall take all such action as may be necessary and appropriate to authorize the LLC to pay the indemnification required by this By-Law, including, without limitation to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval by, the Members of the LLC.

Any person who at any time after the adoption of this By-Law serves or has served in any of the aforesaid capacities for or on behalf of the LLC shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representative of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this By-Law.

SECTION 6. AMENDMENTS. Except as otherwise provided herein, these By-Laws may be amended or repealed and new By-Laws may be adopted by the affirmative vote of a majority of the Board of Managers at any regular or special meeting.

The Board of Managers shall have no power to adopt a By-Law: (1) requiring more than a majority in interests of the Members for a quorum at a meeting of the Members, or more than a majority in interests of the Members to constitute action by the Members, except where higher percentages are required by law; or (2) providing for the management of the LLC otherwise than by the Board of Managers.

No By-Laws adopted, amended or repealed by the Members shall be readopted, amended or repealed by the Board of Managers unless the Articles of Organization of the LLC or a By-Law adopted by the Members authorizes the Board of Managers to adopt, amend or repeal that particular By-Law or the By-Laws generally.

SECTION 7. DEFINITIONS. The terms used in these By-Laws shall have the same meaning assigned to them as in the North Carolina Limited Liability Company Act to the extent defined therein.

Exhibit 3.14(i)

[STAMP]

ARTICLES OF INCORPORATION

OF

UTG SHARED SERVICES, INC.

Pursuant to Section 55-2-02 of the General Statutes of North Carolina, the undersigned does hereby submit these Articles of Incorporation for the purpose of forming a business corporation.

ARTICLE I

The name of the corporation is UTG Shared Services, Inc.

ARTICLE II

The aggregate number of shares of capital stock which the corporation shall have authority to issue is 100,000 shares, all of which are to consist of one class of common stock at a par value of $1.00 each.

ARTICLE III

The address of the initial registered office of the corporation in the State of North Carolina is 7201 West Friendly Avenue, Greensboro, Guilford County, North Carolina 27419 and the name of the initial registered agent at such address is Charles F. McCoy.

ARTICLE IV

The incorporator is Charles F. McCoy, whose address is 7201 West Friendly Avenue, Greensboro, Guilford County, North Carolina, 27419.

ARTICLE V

The name and mailing address of the persons who are to serve as the initial directors of the corporation until the first annual meeting of the stockholders or until their successors are elected and qualified are:

NAME	ADDRESS
Ralph D. Mayes	7201 West Friendly Avenue Greensboro, NC 27419
Charles F. McCoy	7201 West Friendly Avenue Greensboro, NC 27419

ARTICLE VI

The number of Directors may be increased or decreased to any number and their authority to act on certain corporate matters may be limited or enlarged in the manner provided in the By-Laws; provided, however, that the number of directors will not at any time be fewer than the number of shareholders, if the number of shareholders is three or less.

ARTICLE VII

A Director of the corporation shall not be liable to the corporation or its Shareholders for monetary damages for breach of duty as a Director except to the extent such exemption from liability or limitation thereof is not permitted under the North Carolina Business Corporation Act as the same exists or hereafter be amended.

Any repeal or modification of the foregoing paragraph by the Shareholders of the corporation shall not adversely affect any right or protection of a Director of the corporation existing at the time of such repeal or modification.

ARTICLE VIII

In furtherance and not in limitation of the powers conferred upon it by law, the Board of Directors of the corporation shall have the power, from time to time, without the assent or vote of the stockholders of the corporation, except to the extent to which such assent or vote is required by By-Laws adopted by the stockholders; to make, alter, amend and/or rescind the By-Laws of the corporation; to fix the amount to be reserved by the corporation as working capital; to set apart out of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and to abolish any such reserve in the manner in which it was created; to create and designate an executive committee which shall consist of two or more directors of the corporation, and to the extent provided for in the By-Laws of the corporation, shall have and may exercise all the powers of the Board of Directors with regard to the management of the business and affairs of the corporation which may lawfully be delegated.

IN WITNESS WHEREOF, I have herunto set my hand on this the 7th day of December, 1999.

/s/ Charles F. McCoy (SEAL)
Charles F. McCoy, Incorporator

Exhibit 3.14(ii)

BY-LAWS
OF

UTG Shared Services, INC.

ARTICLE I - OFFICES

SECTION 1. PRINCIPAL OFFICE. The principal office of the Corporation shall be located at 7201 W. Friendly Avenue, Greensboro; Guilford County, North Carolina, 27410.

SECTION 2. REGISTERED OFFICE. The registered office of the Corporation required by law to be maintained in the State of North Carolina may be, but need not be identical with, the principal office.

SECTION 3. OTHER OFFICES. The Corporation may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may designate or as the affairs of the Corporation may require from time to time.

ARTICLE II - MEETING OF SHAREHOLDERS

SECTION 1. PLACE OF MEETINGS. All meetings of Shareholders shall be held at the principal office of the Corporation, or at such other place, either within or without the State of North Carolina, as shall be designated in the Notice of the meeting or agreed upon by a majority of the Shareholders entitled to vote thereat.

SECTION 2. ANNUAL MEETINGS. The Annual Meeting of the Shareholders shall be held on such date in each calendar year, not later than the 120th day after the close of the Corporation's fiscal year (except Saturday, Sunday or legal holidays) as shall be fixed by the Board of Directors or the President and stated in the Notice or Waiver of Notice of Annual Meeting, for the purpose of electing Directors of the Corporation and for the transaction of such other business as may be brought before the meeting.

SECTION 3. SUBSTITUTE ANNUAL MEETING. If the Annual Meeting shall not be held on the day designated by these By-Laws, a substitute Annual Meeting may be called in accordance with the provisions of Section 4 of this Article II. A meeting so called shall be designated and treated for all purposes as the Annual Meeting.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Shareholders may be called at any time by the President, Secretary and Board of Directors of the Corporation or within thirty (30) days after the holders of at least ten percent (10%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting, sign, date and deliver to the corporate secretary one or more written demands for the meeting, describing the purpose or purposes for which it is to be held.

SECTION 5. NOTICE OF MEETINGS. Written or printed notice stating the date, time, place and purpose of the meeting shall be given not less than ten (10) nor more than fifty (50) days before the date of any Shareholders' meeting, either by personal delivery, telegram, by mail, or by private carrier, by or at the direction of the Board of Directors, President, the Secretary or other person calling the meeting, to each Shareholder of record entitled to vote at such meeting, provided that such notice must be given not less than twenty (20) days before the date of any meeting in which a merger or consolidation is to be considered. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Shareholder at his address as it appears on the current record of Shareholders of the Corporation, with postage thereon prepaid.

In the case of a special meeting, the Notice of Meeting shall specifically state the purpose or purposes for which the meeting is called; but in the case of an annual or substitute annual meeting, the Notice of Meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of the North Carolina Business Corporation Act.

When an annual or special shareholder meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment. If a new record date is fixed for the adjourned meeting (which must be done if the new date is more than 120 days after the date of the original notice) notice of the adjourned meeting must be given as provided in this Section to persons who are Shareholders as of the new record date.

SECTION 6. LIST OF SHAREHOLDERS. The Secretary of the Corporation shall prepare or have prepared an alphabetical list of Shareholders entitled to vote at any meeting of the Shareholders or any adjournment thereof showing the address of and number of shares held by each Shareholder. The list shall be arranged by voting group (and within each voting group by class or series of shares). The Shareholders list will be available for inspection by any Shareholder, beginning two business days after Notice of the Shareholder Meeting is given for which the list was prepared and continuing through the meeting, at the Corporation's principal office or a place identified in the meeting notice in the city where the meeting will be held. A Shareholder, or his agent or attorney, is entitled on written demand to inspect and to copy the list, during regular business hours and at his expense, during the period it

is available for inspection. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by the Shareholder, his agent or attorney during the whole time of the meeting.

SECTION 7. QUORUM. A majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Shareholders.

Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set before that adjourned meeting, notwithstanding the withdrawal of enough Shareholders to leave less than a quorum.

In the absence of a quorum at the opening of any Meeting of Shareholders, such meeting may be adjourned from time to time by a vote of the majority of the shares voting on the motion to adjourn, and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

SECTION 8. PROXIES. Shares may be voted either in person or by one or more agents authorized by a written proxy executed by the Shareholder or by his duly authorized attomey-in-fact. A proxy is not valid after the expiration of eleven months from the date of its execution, unless the person executing it specifies therein the length of time for which it is to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten years from the date of its execution.

SECTION 9. VOTING OF SHARES. Subject to the provisions of Section 4 of Article III, each outstanding share entitled to vote shall be entitled to one vote on each matter submitted to a vote at a Meeting of Shareholders.

Except in the election of Directors as governed by the provisions of Section 3 of Article III, the vote of a majority of the shares voted on any matter at a Meeting of Shareholders at which a quorum is present shall be the act of the Shareholders on that matter.

Absent special circumstances, shares of the Corporation are not entitled to vote if they are owned, directly or indirectly, by another corporation in which the Corporation owns, directly or indirectly, a majority of the shares entitled to vote for Directors of the second corporation; provided that this provision does not limit the power of the Corporation to vote its own shares held by it in a fiduciary capacity.

SECTION 10. INFORMAL ACTION BY SHAREHOLDERS. Any action which may be taken at a Meeting of the Shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the persons who would be entitled to vote upon such action at a meeting, and filed with the Secretary of the Corporation to keep as part of the corporate records.

ARTICLE III - BOARD OF DIRECTORS

SECTION 1. GENERAL POWERS. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors.

SECTION 2. NUMBER, TERM AND QUALIFICATIONS. The number of Directors constituting the Board of Directors shall be two (2). Each Director shall hold office until his or her death, resignation, retirement, removal, disqualification, or his or her successor shall have been elected and qualified. Directors need not be residents of the State of North Carolina or Shareholders of the Corporation.

SECTION 3. ELECTION OF DIRECTORS. Except as provided in Section 6 of this Article III, the Directors shall be elected at an Annual Meeting of the Shareholders, and those persons who receive the highest number of votes shall be deemed to have been elected. If any Shareholder so demands, the election of Directors shall be by ballot.

SECTION 4. INCREASE OR DECREASE IN NUMBER OF DIRECTORS. The number of Directors may be increased or decreased to any number, however, the number of Directors will not at any time be fewer than the number of Shareholders if the number of Shareholders is three (3) or less, by the affirmative vote of a majority of the shares voted at the annual meeting or a special meeting of the Shareholders, or any other meeting in which all Shareholders are present or to which they consent and in such case the additional Directors may be chosen at said meeting to hold office until a successor is elected and qualified.

SECTION 5. REMOVAL. Any Director may be removed at any time with or without cause by a vote of the Shareholders holding a majority of the outstanding shares entitled to vote at an election of Directors. However, unless the entire Board of Directors is removed, an individual Director shall not be removed when the number of shares voting against the proposal for removal would be sufficient to elect a Director if such shares could be voted cumulatively at an annual election. If any Directors are so removed, new Directors may be elected at the same meeting.

SECTION 6. VACANCIES. Any vacancy occurring in the Board of Directors, including any directorship to be filled by reason of an increase in the authorized number of Directors or the removal of a Director, may be filled by the affirmative vote of a majority of all of the remaining Directors even though less than a quorum, or by the sole remaining Director. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

SECTION 7. CHAIRMAN OF THE BOARD. There may be a Chairman of the Board of Directors elected by the Directors from their number at any meeting of the Board of Directors. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board of Directors, or as specified in the By-Laws of the Corporation.

SECTION 8. COMPENSATION. The Board of Directors may compensate Directors for their services as such and may provide for the payment of any or all expenses incurred by Directors in attending regular and special meetings of the Board of Directors.

ARTICLE IV - MEETINGS OF THE BOARD OF DIRECTORS

SECTION 1. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of the Shareholders. In addition, the Board of Directors may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, if any, by the President or any two Directors. Such a meeting may be held either within or without the State of North Carolina, as fixed by the person or persons calling the meeting.

SECTION 3. NOTICE OF MEETINGS. Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board of Directors shall, at least two days before the meeting, give notice thereof, by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

SECTION 4. WAIVER OF NOTICE. Any Director may waive notice of any meeting before or after the meeting. The waiver must be in writing, signed by the Director entitled to notice and delivered to the Corporation for inclusion in the minutes or filing with the corporate records. A Director’s attendance at or participation in a

meeting waives any required notice of such meeting unless such Director, at the beginning of the meeting or promptly upon arrival, objects to the holding of the meeting or to transacting business at the meeting and does not thereafter vote for or against to actions taken at the meeting.

SECTION 5. QUORUM. A majority of the number of Directors fixed by these By-Laws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

SECTION 6. MANNER OF ACTING. Except as otherwise provided in these By-Laws, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 7. PRESUMPTION OF ASSENT. A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

SECTION 8. INFORMAL ACTION BY DIRECTORS. Action taken by a majority of the Directors without a meeting is nevertheless the Board of Directors action if written consent to the action in question is signed by all the Directors and filed with the Minutes of the proceedings of the Board of Directors, whether done before or after the action so taken, such consents may be signed in counterpart.

ARTICLE V - OFFICERS

SECTION 1. OFFICERS OF THE CORPORATION. The Officers of the Corporation shall consist of a President, one or more Vice Presidents, and a Secretary. The same person may hold more than one office, but no Officer may act in more than one capacity where action of two or more Officers is required. The Secretary and any Vice President need not be Directors of the Corporation. The President shall be chosen from among the Directors.

SECTION 2. ADDITIONAL OFFICERS AND AGENTS. The Board of Directors in its discretion may elect a Chairman of the Board of Directors, additional Vice Presidents, Assistant Secretaries, Assistant Treasurers, a General Manager and such other officers or agents as it may deem desirable from time to time and prescribe the duties thereof.

SECTION 3. ELECTION AND TERM. The Officers of the Corporation shall be elected by the Board of Directors at its Annual Meeting and the Officers shall hold office for one year or until their successors are elected and qualified; provided, however, if the need for any additional Officer or Officers, as hereinbefore provided, shall occur during the year, such additional Officer or Officers may be elected at a special meeting held by the Board of Directors or by consent to action without meeting of the Board of Directors.

SECTION 4. COMPENSATION OF OFFICERS. The compensation of all Officers of the Corporation shall be fixed by or under the authority of the Board of Directors and no Officer shall serve the Corporation in any other capacity and receive compensation therefore unless such additional compensation is authorized by the Board of Directors.

SECTION 5. REMOVAL. Any Officer or Agent elected or appointed by the Board of Directors shall be subject to removal at any time by the affirmative vote of a majority of the Board of Directors or a majority of the Shareholders whenever in the judgment of the majority of the Board of Directors or a majority of the Shareholders the best interest of the Corporation would be served thereby.

SECTION 6. VACANCIES. If any vacancy shall occur among the Officers of the Corporation by death, resignation or otherwise, the Chairman of the Board of Directors, if one be elected, the President, or a majority of the Board of Directors of the Corporation will call a special meeting of the Board of Directors at which meeting the Directors shall elect a successor or successors to hold office for the unexpired term of the Officer or Officers whose place has been vacated.

SECTION 7. BONDS. The Board of Directors may, by resolution, require any Officer, Agent or employee of the Corporation to give bond to the Corporation, with sufficient sureties, conditioned on the faithful performance of the duties of his respective office or position, and to comply with such other conditions as may from time to time be required by the Board of Directors.

SECTION 8. CHAIRMAN OF THE BOARD. The Chairman of the Board of Directors, if one is elected, shall oversee the general operation of the Corporation and discuss with the President the Corporation’s policies, the implementation and interpretation and carrying out of said policies, and shall be an executive officer of the Corporation. The Chairman shall, when present, preside at all meetings of the Shareholders.

SECTION 9. PRESIDENT. The President shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall, in general, supervise and control all the business and affairs of the Corporation. The President shall, when present, preside at all meetings of the Shareholders. The President shall sign, with the Secretary, an Assistant Secretary, or any other proper officer of the Corporation thereunto authorized by the Board of Directors, certificates for shares of the Corporation, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other Officer or Agent of the Corporation, or shall be required by law to be otherwise signed or executed and, in general, shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 10. VICE PRESIDENT. In the absence of the President or in the event of his death, inability or refusal to act, a Vice President, unless otherwise determined by the Board of Directors, shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President may sign, with the Secretary or an Assistant Secretary, certificates for shares of the Corporation, and shall perform such other duties as from time to time may be assigned to him by the President or Board of Directors.

SECTION 11. SECRETARY. The Secretary shall keep accurate Minutes of all meetings of the Shareholders and the Board of Directors and shall perform all the duties commonly incident to his office, and shall perform such other duties and have such other powers as the Board of Directors shall designate. The Secretary, together with the President, shall have the power to sign certificates of stock of the Corporation. In his absence at any meeting, an Assistant Secretary or Secretary Pro Tempore, shall perform his duties thereat.

SECTION 12. ASSISTANT SECRETARIES. In the absence of the Secretary, or in the event of his death, inability or refusal to act, the Assistant Secretaries, if any are elected, in the order of their length of service as Assistant Secretary, unless otherwise determined by the Board of Directors, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, by the President, or by the Board of Directors. Any Assistant Secretary may sign, with the President, or a Vice President, certificates for shares of the corporation.

SECTION 13. TREASURER. The Treasurer, subject to the order of the Board of Directors, shall have the care and custody of the money, funds, valuable papers and documents of the Corporation (other than his own bond, if any, which shall be in the custody of the President), and shall have and exercise, under the supervision of the Board of Directors, all the powers and duties commonly incident to his office, and shall give bond in such form and with such sureties as shall be required by the Board of Directors. He shall deposit all funds of the Corporation in such bank or banks, trust company or trust companies, or with such firm or firms doing a banking business as the Board of Directors shall designate. He may endorse for deposit or collection all checks and notes payable to the Corporation or to its order, may accept drafts on behalf of the Corporation and, together with the President, may sign certificates of stock. He shall keep accurate books of account of the Corporation's transactions, which shall be subject at all times to the inspection of the Board of Directors.

SECTION 14. ASSISTANT TREASURERS. In the absence of the Treasurer, or in the event of his death, inability or refusal to act, the Assistant Treasurers, if any are elected, in the order of their length of service as Assistant Treasurer, unless otherwise determined by the Board of Directors, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, by the President, or by the Board of Directors.

ARTICLE VI - CONTRACTS, LOANS, CHECKS, AND DEPOSITS

SECTION 1. CONTRACTS. The Board of Directors may authorize any Officer or Officers, Agent or Agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

SECTION 2. LOAN. No loan shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 3. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time in the credit of the Corporation in such depositories as authorized by a resolution adopted by the Board of Directors.

SECTION 4. CHECKS AND DRAFTS. All checks, drafts and other orders for the payment of monies, issued in the name of the Corporation, shall be signed by such Officer or Officers, agent or agents of the Corporation, and in such manner as shall, from time to time, be determined by the Board of Directors.

ARTICLE VII - CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. CERTIFICATES FOR SHARES. Certificates representing shares of the Corporation shall be in such form as shall be determined by the Board of Directors. The Corporation shall issue and deliver to each Shareholder certificates representing all fully paid shares owned by him. Certificates shall be signed by the President, or a Vice President and by the Secretary or Treasurer, or any Assistant Secretary or an Assistant Treasurer. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number and class of shares and the date of issue, shall be entered on the stock transfer books of the Corporation.

SECTION 2. SALE OF STOCK. The Board of Directors shall from time to time authorize the sale of the capital stock of the Corporation and, in its sole discretion, establish the terms and conditions, including, but not limited to, the number of shares to be sold and the purchase price upon which the capital stock of the Corporation shall be sold.

SECTION 3. SHAREHOLDERS' PREEMPTIVE RIGHTS. The Shareholders of the Corporation do not have preemptive rights as the term is used in the North Carolina Business Corporation Act.

SECTION 4. TRANSFER OF SHARES. Transfer of shares of the Corporation shall be made only on the stock transfer books of the Corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney-in-fact thereunto authorized by power of attorney duly executed and filed with the Secretary and on surrender for cancellation of the certificate for such shares.

SECTION 5. LOST CERTIFICATE. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore destroyed, upon receipt of any affidavit of such fact from the person claiming the certificate of stock to have been lost or destroyed. When authorizing such issue of a new certificate, the Board of Directors shall require that the owner of such lost or destroyed certificate, or his legal representative, give the Corporation a bond in such sum as the Board of Directors may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate claimed to have been lost or destroyed, except where the Board of Directors by resolution find that in the judgment of the Directors the circumstances justify omission of a bond.

SECTION 6. CLOSING TRANSFER BOOKS AND FIXING RECORD DATE. For the purpose of determining Shareholders entitled to notice of or to vote at any meeting of the Shareholders, or any adjournment thereof, or entitled to receive payment of any dividend or, in order to make a determination of shareholders for any other property purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period, but not to exceed, in any case, fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of the shareholders, such books shall be closed for at least ten days immediately preceding such meeting.

In lieu of closing the stock transfer books, the authorized Directors may fix in advance a date as the record date for any such determination of the Shareholders, such record date in any case to be not more than fifty days and, in case of a meeting of the Shareholders, not less than ten days immediately preceding the date on which the particular action, requiring such determination of the Shareholders, is to be taken.

If the stock transfer books are not closed and no record date is fixed for the determination of the Shareholders entitled to notice of or to vote at a meeting of the Shareholders, or the Shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of the Shareholders.

When a determination of the Shareholders entitled to vote at any meeting of the Shareholders has been made as provided in this Section, such determination shall apply to any adjournment thereof, except where the determination has been made through the closing of the stock transfer books and the stated period of closing has expired.

SECTION 7. HOLDER OF RECORD. The Corporation may treat as absolute owner of shares the person in whose name the shares stand of record on its stock transfer books just as if that person had full competency, capacity and authority to exercise all rights of ownership irrespective of any knowledge or notice to the contrary or any description indicating a representative, pledge or other fiduciary relation or any reference to any other instrument or to the rights of any other person appearing upon its record or upon the share certificate as a fiduciary shall be treated as if he were a holder of record of its shares.

SECTION 8. RETIREMENT OF STOCK. The Corporation may, with the approval of the Board of Directors, retire such outstanding capital stock as may be tendered or offered to the Corporation by paying par value thereof, or such amount as may be decided by the Board of Directors and hold such stock as Treasury Stock or cancel the same.

SECTION 9. FRACTIONAL SHARES. There shall be no fractional shares of stock sold by this Corporation. When any amount of stock issuable for stock dividends shall be less than one (1) share, such fractional share shall not be issued, but an equivalent payment shall be made in cash, the basis of the value of the share of stock being the book value thereof.

ARTICLE VIII - GENERAL PROVISIONS

SECTION 1. DISTRIBUTIONS. The Board of Directors may, from time to time, authorize and the Corporation may grant and make distributions on its outstanding shares in cash, property or its own shares pursuant to law and subject to the provisions of its Certificate of Incorporation.

SECTION 2. SEAL. The seal of the Corporation shall consist of two concentric circles between which is the name of the Corporation and in the center of which is inscribed SEAL; and such seal of the Corporation, as impressed on the margin hereof, is hereby adopted as the corporate seal of the Corporation.

SECTION 3. WAIVER OF NOTICE. Whenever any notice is required to be given to any Shareholder or Director by law, by the Articles of Incorporation or by these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

SECTION 4. FISCAL OR CALENDAR YEAR. The fiscal or calendar year of the Corporation shall be fixed by the Board of Directors.

SECTION 5. INDEMNIFICATION. Any person who at any time serves or has served as a Director, Officer, employee or Agent of the Corporation, or in such capacity at the request of the Corporation for any other Corporation, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the Corporation to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Corporation, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty or settlement for which he may have become liable in any such action, suit or proceeding.

The Board of Directors of the Corporation shall take all such action as may be necessary and appropriate to authorize the Corporation to pay the indemnification required by this By-Law, including, without limitation to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval by, the Shareholders of the Corporation.

Any person who at any time after the adoption of this By-Law serves or has served in any of the aforesaid capacities for or on behalf of the Corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representative of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this By-Law.

SECTION 6. AMENDMENTS. Except as otherwise provided herein, these By-Laws may be amended or repealed and new By-Laws may be adopted by the affirmative vote of a majority of the Board of Directors at any regular or special meeting.

The Board of Directors shall have no power to adopt a By-Law: (1) requiring more than a majority of the voting shares for a quorum at a meeting of the Shareholders, or more than a majority of the votes cast to constitute action by the Shareholders, except where higher percentages are required by law; (2) providing for the management of the Corporation otherwise than by the Board of Directors; and (3) increasing or decreasing the number of Directors, except as provided in the Certificate of Incorporation.

No By-Laws adopted, amended or repealed by the Shareholders shall be readopted, amended or repealed by the Board of Directors unless the Articles of incorporation or a By-Law adopted by the Shareholders authorizes the Board of Directors to adopt, amend or repeal that particular By-Law or the By-Laws generally.

SECTION 7. DEFINITIONS. Unless the contacts otherwise require, terms used in these By-Laws shall have the same meaning assigned to them as in the North Carolina Business Corporation Act to the extent defined therein.

Exhibit 3.15(i)

SOSID: 693371
Date Filed: 10/2/2003 12:01:00 PM
Elaine F. Marshall
North Carolina Secretary of State
C200327400187

ARTICLES OF ORGANIZATION

OF

UniMatrix Americas, LLC

Pursuant to Section 57C-2-20 of the General Statutes of North Carolina, the undersigned does hereby submit these Articles of Organization for the purpose of forming a limited liability company.

1. The name of the limited liability company is:

UniMatrix Americas, LLC

2. The limited liability company shall commence its operations as soon as possible after filing of these Articles of Organization and shall continue perpetually thereafter until dissolved and liquidated pursuant to the provisions of its Operating Agreement.

3. The name and address of the organizer executing these Articles of Organization is:

Name:	**Address:**
Ben Sirmons	***102 North Elm Street, Suite 206*** ***Greensboro, North Carolina 27401*** ***(Guilford County)***

4. The street address of the initial registered office of the limited liability company in the State of North Carolina is:

7201 West Friendly Avenue
Greensboro, NC 27410
(Guilford County)

and the name of its initial registered agent at such address is:

Charles F. McCoy

5. This is a Manager managed Limited Liability Company and members shall not be managers of the company solely by virtue of their membership status.

6. To the fullest extent permitted by the North Carolina Limited Liability Company Act as it exists or may hereafter be amended, no person who is serving or who has served as an organizer, agent or manager of the limited liability company shall be personally liable to the limited liability company or any of its members for monetary damages for breach of duty as a manager. No amendment or repeal of this article, nor the adoption of any provision to these Articles of Organization inconsistent with this article, shall eliminate or reduce the protection granted herein with respect to any matter that occurred prior to such amendment, repeal or adoption.

7. These articles will be effective upon filing.

This the 30th day of September, 2003.

/s/ Ben Sirmons
Ben Sirmons, Organizer

BY-LAWS

OF

UNIMATRIX AMERICAS, LLC

EFFECTIVE OCTOBER 3, 2003

ARTICLE I

OFFICES

SECTION 1. PRINCIPAL OFFICE. The principal office of Unimatrix Americas, LLC ("LLC") shall be located at 7201 W. Friendly Avenue, Greensboro, Guilford County, North Carolina, 27410.

SECTION 2. REGISTERED OFFICE. The registered office of the LLC required by law to be maintained in the State of North Carolina may be, but need not be identical with, the principal office.

SECTION 3. OTHER OFFICES. The LLC may have offices at such other places, either within or without the State of North Carolina, as the Board of Managers may designate or as the affairs of the LLC may require from time to time.

ARTICLE II

MEETING OF MEMBERS

SECTION 1. PLACE OF MEETINGS. All meetings of Members shall be held at the principal office of the LLC, or at such other place, either within or without the State of North Carolina, as shall be designated in the Notice of the meeting or agreed upon by a majority of the Members entitled to vote thereat.

SECTION 2. ANNUAL MEETINGS. The Annual Meeting of the Members shall be held on such date in each calendar year, not later than the 120th day after the close of the LLC's fiscal year (except Saturday, Sunday or legal holidays) as shall be fixed by the Board of Managers or the President and stated in the Notice or Waiver of Notice of Annual Meeting, for the purpose of electing Managers of the LLC and for the transaction of such other business as may be brought before the meeting.

SECTION 3. SUBSTITUTE ANNUAL MEETING. If the Annual Meeting shall not be held on the day designated by these By-Laws, a substitute Annual Meeting may be called in accordance with the provisions of Section 4 of this Article II. A meeting so called shall be designated and treated for all purposes as the Annual Meeting.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Members may be called at any time by the President, Secretary and Board of Managers of the LLC or within thirty (30) days after the holders of at least ten percent (10%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting, sign, date and deliver to the Secretary one or more written demands for the meeting, describing the purpose or purposes for which it is to be held.

SECTION 5. NOTICE OF MEETINGS. Written or printed notice stating the date, time, place and purpose of the meeting shall be given not less than ten (10) nor more than fifty (50) days before the date of any Members' meeting, either by personal delivery, telegram, by mail, or by private carrier, by or at the direction of the Board of Managers, President, the Secretary or other

person calling the meeting, to each Member of record entitled to vote at such meeting, provided that such notice must be given not less than twenty (20) days before the date of any meeting in which a merger or consolidation is to be considered. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the current record of Members of the LLC, with postage thereon prepaid.

In the case of a special meeting, the Notice of Meeting shall specifically state the purpose or purposes for which the meeting is called; but in the case of an annual or substitute annual meeting, the Notice of Meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of the North Carolina Limited Liability Company Act.

When an annual or special member meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment. If a new record date is fixed for the adjourned meeting (which must be done if the new date is more than 120 days after the date of the original notice) notice of the adjourned meeting must be given as provided in this Section to persons who are Members as of the new record date.

SECTION 6. LIST OF MEMBERS. The Secretary of the LLC shall prepare or have prepared an alphabetical list of Members entitled to vote at any meeting of the Members or any adjournment thereof showing the address of and percentage of ownership interest held by each Member. The Members list will be available for inspection by any Member, beginning two business days after Notice of the Member Meeting is given for which the list was prepared and continuing through the meeting, at the LLC's principal office or a place identified in the meeting notice in the city where the meeting will be held. A Member, or his agent or attorney, is entitled on written demand to inspect and to copy the list, during regular business hours and at his expense, during the period it is available for inspection. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by the Member, his agent or attorney during the whole time of the meeting.

SECTION 7. QUORUM. A majority in interest of the Members of the LLC entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Members.

Once a Member is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set before that adjourned meeting, notwithstanding the withdrawal of enough Members to leave less than a quorum.

In the absence of a quorum at the opening of any Meeting of Members, such meeting may be adjourned from time to time by a vote of a majority in interest of the Members voting on the motion to adjourn, and at any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting.

SECTION 8. PROXIES. Membership interest may be voted either in person or by one or more agents authorized by a written proxy executed by the Member or by his duly authorized attorney-in-fact. A proxy is not valid after the expiration of eleven months from the date of its execution, unless the person executing it specifies therein the length of time for which it is to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten years from the date of its execution.

SECTION 9. VOTING OF MEMBERS. Except as otherwise expressly provided in these By-Laws, all action by the Members shall be made by vote of a Majority in Interest of the Members, including (without limitation) any action for which Section 57C-3-03 of the Act, in the absence of this provision, would otherwise require unanimous consent. Voting on all matters shall be by voice vote or by a show of hands, unless the holders of one-fourth of the Membership interest represented at the meeting shall demand a ballot vote on a particular matter.

SECTION 10. ACTION WITHOUT MEETING. Any action which the Members could take at a meeting may be taken without a meeting if one or more written consents, setting forth the action taken, shall be signed, before or after such action, by Members having such percent of the Membership Interest as would be required to take the action at a meeting. The consent shall be delivered to the Company for inclusion in the minutes or filing with the Company's records and shall be circulated to all Members not signing the consent within thirty days of the Company's receipt of such action.

ARTICLE III

BOARD OF MANAGERS

SECTION 1. GENERAL POWERS. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the LLC shall be managed under the direction of, the Board of Managers.

SECTION 2. NUMBER, TERM AND QUALIFICATIONS. The number of Managers constituting the Board of Managers shall be three (3). Each Manager shall hold office until his or her death, resignation, retirement, removal, disqualification, or his or her successor shall have been elected and qualified. Managers need not be residents of the State of North Carolina or Members of the LLC.

SECTION 3. ELECTION OF MANAGERS. Except as provided in Section 6 of this Article III, the Managers shall be elected at an Annual Meeting of the Members, and those persons who receive the highest percentage interest of the votes cast shall be deemed to have been elected. If any Member so demands, the election of Managers shall be by ballot

SECTION 4. INCREASE OR DECREASE IN NUMBER OF MANAGERS. The number of Managers may be increased or decreased to any number, however, the number of Managers will not at any time be fewer than the number of Members if the number of Members is three (3) or less.

SECTION 5. REMOVAL. Any Manager may be removed at any time with or without cause by a vote of the Members holding a majority of the ownership interest in the LLC entitled to vote at an election of Managers. However, unless the entire Board of Managers is removed, an individual Manager shall not be removed when the percentage interest voting against the proposal for removal would be sufficient to elect a Manager if such shares could be voted cumulatively at an annual election. If any Managers are so removed, new Managers may be elected at the same meeting,

SECTION 6. VACANCIES. Any vacancy occurring in the Board of Managers, including any managership to be filled by reason of an increase in the authorized number of Managers or the removal of a Manager, may be filled by the affirmative vote of a majority of all of the remaining Managers even though less than a quorum, or by the sole remaining Manager. A Manager elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

SECTION 7. CHAIRMAN OF THE BOARD. There may be a Chairman of the Board of Managers elected by the Managers from their number at any meeting of the Board of Managers. The Chairman shall preside at all meetings of the Board of Managers and perform such other duties as may be directed by the Board of Managers, or as specified in the By-Laws of the LLC,

SECTION 8. COMPENSATION. The Board of Managers may compensate Managers for their services as such and may provide for the payment of any or all expenses incurred by Managers in attending regular and special meetings of the Board of Managers.

ARTICLE IV

MEETINGS OF THE BOARD OF MANAGERS

SECTION 1. REGULAR MEETINGS. A regular meeting of the Board of Managers shall be held immediately after, and at the same place as, the annual meeting of the Members. In addition, the Board of Managers may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board of Managers may be called by or at the request of the Chairman of the Board, if any, by the President or any two Managers. Such a meeting may be held either within or without the State of North Carolina, as fixed by the person or persons calling the meeting.

SECTION 3. NOTICE OF MEETINGS. Regular meetings of the Board of Managers may be held without notice. The person or persons calling a special meeting of the Board of Managers shall, at least two days before the meeting, give notice thereof, by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

SECTION 4. WAIVER OF NOTICE. Any Manager may waive notice of any meeting before or after the meeting. The waiver must be in writing, signed by the Manager entitled to notice and delivered to the LLC for inclusion in the minutes or filing with the corporate records. A Manager's attendance at or participation in a meeting waives any required notice of such meeting unless Such Manager, at the beginning of the meeting or promptly upon arrival, objects to the holding of the meeting or to transacting business at the meeting and does not thereafter vote for or against actions taken at the meeting.

SECTION 5. QUORUM, A majority of the number of Managers Fixed by these By-Laws shall constitute a quorum for the transaction of business at any meeting of the Board of Managers.

SECTION 6. MANNER OF ACTING. Except as otherwise provided in these By-Laws, the act of the majority of the Managers present at a meeting at which a quorum is present shall be the act of the Board of Managers.

SECTION 7. PRESUMPTION OF ASSENT. A Manager of the LLC who is present at a meeting of the Board of Managers at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the LLC immediately after the

adjournment of the meeting. Such right to dissent shall not apply to a Manager who voted in favor of such action.

SECTION 8. INFORMAL ACTION BY MANAGERS. Action taken by a majority of the Managers without a meeting is nevertheless the Board of Managers action if written consent to the action in question is signed by all the Managers and filed with the Minutes of the proceedings of the Board of Managers, whether done before or after the action so taken, such consents may be signed in counterpart.

ARTICLE V

OFFICERS

SECTION 1. OFFICERS OF THE LLC. The Officers of the LLC shall consist of a President, one or more Vice Presidents, Secretary and a Treasurer. The same person may hold more than one office, but no Officer may act in more than one capacity where action of two or more Officers is required. The Secretary, Treasurer and any Vice President need not be Managers of the LLC. The President shall be chosen from among the Managers.

SECTION 2. ADDITIONAL OFFICERS AND AGENTS. The Board of Managers in its discretion may elect a Chairman of the Board of Managers, additional Vice Presidents, Assistant Secretaries, Assistant Treasurers, a General Manager and such other officers or agents as it may deem desirable from time to time and prescribe the duties thereof.

SECTION 3. ELECTION AND TERM. The Officers of the LLC shall be elected by the Board of Managers at its Annual Meeting and the Officers shall hold office for one year or until their successors are elected and qualified; provided, however, if the need for any additional Officer or Officers, as hereinbefore provided, shall occur during the year, such additional Officer or Officers may be elected at a special meeting held by the Board of Managers or by consent to action without meeting of the Board of Managers.

SECTION 4. COMPENSATION OF OFFICERS. The compensation of all Officers of the LLC shall be fixed by or under the authority of the Board of Managers and no Officer shall serve the LLC in any other capacity and receive compensation therefore unless such additional compensation is authorized by the Board of Managers.

SECTION 5. REMOVAL. Any Officer or Agent elected or appointed by the Board of Managers shall be subject to removal at any time by the affirmative vote of a majority of the Board of Managers or a majority of the Members whenever in the judgment of the majority of the Board of Managers or a majority of the Members the best interest of the LLC would be served thereby.

SECTION 6. VACANCIES. If any vacancy shall occur among the Officers of the LLC by death, resignation or otherwise, the Chairman of the Board of Managers, if one be elected, the President, or a majority of the Board of Managers of the LLC will call a special meeting of the Board of Managers at which meeting the Managers shall elect a successor or successors to hold office for the unexpired term of the Officer or Officers whose place has been vacated.

SECTION 7. BONDS. The Board of Managers may, by resolution, require any Officer, Agent or employee of the LLC to give bond to the LLC, with sufficient sureties, conditioned on the

faithful performance of the duties of his respective office or position, and to comply with such other conditions as may from time to time be required by the Board of Managers.

SECTION 8. CHAIRMAN OF THE BOARD. The Chairman of the Board of Managers, if one is elected, shall oversee the general operation of the LLC and discuss with the President the LLC's policies, the implementation and interpretation and carrying out of said policies, and shall be an executive officer of the LLC. The Chairman shall, when present, preside at all meetings of the Members.

SECTION 9. PRESIDENT. The President shall be the principal executive officer of the LLC and, subject to the control of the Board of Managers, shall, in general, supervise and control all the business and affairs of the LLC. The President shall sign, with the Secretary, an Assistant Secretary, or any other proper officer of the LLC thereunto authorized by the Board of Managers, any deeds, mortgages, bonds, contracts or other instruments which the Board of Managers has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Managers or by these By-Laws to some other Officer or Agent of the LLC, or shall be required by law to be otherwise signed or executed and, in general, shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Managers from time to time.

SECTION 10. VICE PRESIDENT. In the absence of the President or in the event of his death, inability or refusal to act, a Vice President, unless otherwise determined by the Board of Managers, shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such duties as from time to time may be assigned to him by the President or Board of Managers.

SECTION 11. SECRETARY. The Secretary shall keep accurate Minutes of all meetings of the Members and the Board of Managers and shall perform all the duties commonly incident to his office, and shall perform such other duties and have such other powers as the Board of Managers shall designate. In his absence at any meeting, an Assistant Secretary or Secretary Pro Tempore, shall perform his duties thereat.

SECTION 12. ASSISTANT SECRETARIES. In the absence of the Secretary, or in the event of his death, inability or refusal to act, the Assistant Secretaries, if any are elected, in the order of their length of service as Assistant Secretary, unless otherwise determined by the Board of Managers, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary, They shall perform such other duties as may be assigned to them by the Secretary, by the President, or by the Board of Managers.

SECTION 13. TREASURER. The Treasurer, subject to the order of the Board of Managers, shall have the care and custody of the money, funds, valuable papers and documents of the LLC (other than his own bond, if any, which shall be in the custody of the President), and shall have and exercise, under the supervision of the Board of Managers, all the powers and duties commonly incident to his office, and shall give bond in such form and with such sureties as shall be required by the Board of Managers. He shall deposit all funds of the LLC in such bank or banks, trust company or trust companies, or with such firm or firms doing a banking business as the Board of Managers shall designate. He may endorse for deposit or collection all checks and notes payable to the LLC or to its order, may accept drafts on behalf of the LLC. He shall keep accurate books of account of the LLC's transactions, which shall be subject at all times to the inspection of the Board of Managers.

SECTION 14. ASSISTANT TREASURERS. In the absence of the Treasurer, or in the event of his death, inability or refusal to act, the Assistant Treasurers, if any are elected, in the order of their length of service as Assistant Treasurer, unless otherwise determined by the Board of Managers, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, by the President, or by the Board of Managers.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. CONTRACTS. The Board of Managers may authorize any Officer or Officers, Agent or Agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the LLC, and such authority may be general or confined to specific instances.

SECTION 2. LOAN. No loan shall be contracted on behalf of the LLC and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Managers. Such authority may be general or confined to specific instances.

SECTION 3. DEPOSITS. All funds of the LLC not otherwise employed shall be deposited from time to time in the credit of the LLC in such depositories as authorized by a resolution adopted by the Board of Managers.

SECTION 4. CHECKS AND DRAFTS. All checks, drafts and other orders for the payment of monies, issued in the name of the LLC, shall be signed by such Officer or Officers, agent or agents of the LLC, and in such manner as shall, from time to time, be determined by the Board of Managers.

ARTICLE VII

INTENTIONALLY OMITTED

ARTICLE VIII

GENERAL PROVISIONS

SECTION 1. DISTRIBUTIONS. The Board of Managers may, from time to time, authorize and the LLC may grant and make distributions to its Members in cash or property pursuant to law.

SECTION 2. SEAL. Intentionally Omitted.

SECTION 3. WAIVER OF NOTICE. Whenever any notice is required to be given to any Member or Manager by law, by the Articles of Organization of the LLC or by these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

SECTION 4. FISCAL OR CALENDAR YEAR. The fiscal or calendar year of the LLC shall be fixed by the officers in their discretion.

SECTION 5. INDEMNIFICATION. Any person who at any time serves or has served as a Manager, Officer, employee or Agent of the LLC, or in such capacity at the request of the LLC for any other LLC, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the LLC to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the LLC, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty or settlement for which he may have become liable in any such action, suit or proceeding.

The Board of Managers of the LLC shall take all such action as may be necessary and appropriate to authorize the LLC to pay the indemnification required by this By-Law, including, without limitation to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval by, the Members of the LLC.

Any person who at any time after the adoption of this By-Law serves or has served in any of the aforesaid capacities for or on behalf of the LLC shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representative of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this By-Law.

SECTION 6. AMENDMENTS. Except as otherwise provided herein, these By-Law may be amended or repealed and new By-Laws may be adopted by the affirmative vote of a majority of the Board of Managers at any regular or special meeting.

The Board of Managers shall have no power to adopt a By-Law: (1) requiring more than a majority in interests of the Members for a quorum at a meeting of the Members, or more than a majority in interests of the Members to constitute action by the Members, except where higher percentages are required by law; or (2) providing for the management of the LLC otherwise than by the Board of Managers.

No By-Laws adopted, amended or repealed by the Members shall be readopted, amended or repealed by the Board of Managers unless the Articles of Organization of the LLC or a By-Law adopted by the Members authorizes the Board of Managers to adopt, amend or repeal that particular By-Law or the By-Laws generally.

SECTION 7. DEFINITIONS. The terms used in these By-Laws shall have the same meaning assigned to them as in the North Carolina Limited Liability Company Act to the extent defined therein.

The foregoing By-Laws of the Company are approved and effective as of October 3, 2003, by Joint Resolution of the Sole Member and the Board of Managers.

/s/ Charles F. McCoy
Charles F. McCoy, Secretary

Exhibit 5.1

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
(212) 373-3000

October 12, 2006

Unifi, Inc.
7201 West Friendly Avenue
Greensboro, North Carolina 27410

Registration Statement on Form S-4

Ladies and Gentlemen:

In connection with the Registration Statement on Form S-4, as amended (the "Registration Statement") filed by Unifi, Inc., a New York corporation (the "Company"), and the subsidiaries of the Company named therein as guarantors (collectively, the "Guarantors") with the Securities and Exchange Commission pursuant to the Securities Act of 1933 (the "Act"), and the rules and regulations thereunder (the "Rules"), you have asked us to furnish our opinion as to the legality of the securities being registered under the Registration Statement. The Registration Statement relates to the registration under the Act of the issuance and sale of the Company's $190,000,000 aggregate principal amount of 11 1/2 % Senior Secured Notes due 2014 (the "Exchange Notes") and the guarantees of the Exchange Notes by the Guarantors (the "Guarantees"). Capitalized terms used and not otherwise defined in this opinion have the respective meanings given them in the Registration Statement.

The Exchange Notes and the Guarantees are to be offered in exchange for the Company's outstanding $190,000,000 aggregate principal amount of 11 1/2 % Senior

Secured Notes due 2014 (the "Initial Notes") and the guarantees of the Initial Notes by the Guarantors that were issued on May 26, 2006. The Exchange Notes and the Guarantees will be issued by the Company in accordance with the terms of the Indenture, dated as of May 26, 2006 (the "Indenture"), among the Company, the Guarantors and U.S. Bank National Association, as trustee.

In connection with the furnishing of this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the following documents (collectively, the "Documents"):

(i) the Registration Statement;

(ii) the Indenture, including as exhibits thereto the forms of Exchange Note and Guarantee, incorporated by reference as Exhibit 4.1 to the Registration Statement; and

(iii) the Registration Rights Agreement, dated as of May 26, 2006 (the "Registration Rights Agreement"), among the Company, the Guarantors and the initial purchasers named therein, incorporated by reference as Exhibit 4.3 to the Registration Statement.

In addition, we have examined: (i) such corporate records of the Company that we have considered appropriate, including a copy of the restated certificate of incorporation and restated by-laws of the Company, certified by the Company as in effect on the date of this letter and copies of resolutions of the board of directors of the Company relating to the issuance of the Exchange Notes and Guarantees, certified by the Company, and (ii) those other certificates, agreements and documents that we deemed

relevant and necessary as a basis for the opinions expressed below. We have also relied upon the factual matters contained in the representations and warranties of the Company and the Guarantors made in the Documents and upon certificates of public officials and the officers of the Company and the Guarantors.

In our examination of the documents referred to above, we have assumed, without independent investigation, the genuineness of all signatures, the legal capacity of all individuals who have executed any of the documents reviewed by us, the authenticity of all documents submitted to us as originals, the conformity to the originals of all documents submitted to us as certified, photostatic, reproduced or conformed copies of valid existing agreements or other documents, the authenticity of all the latter documents and that the statements regarding matters of fact in the certificates, records, agreements, instruments and documents that we have examined are accurate and complete. We have also assumed, without independent investigation, (i) that the Exchange Notes and Guarantees will be issued as described in the Registration Statement and (ii) that the Exchange Notes and Guarantees will be in substantially the form attached to the Indenture and that any information omitted from such form will be properly added. With regards to certain matters of North Carolina state law, we have relied, with the Company’s permission, upon the opinion of Moore & Van Allen PLLC, filed as Exhibit 5.2 to the Registration Statement.

Based upon the above, and subject to the stated assumptions, exceptions and qualifications, we are of the opinion that:

1. When duly issued, authenticated and delivered against the surrender and cancellation of the Initial Notes as set forth in the Registration Statement and in accordance with the terms of the Indenture and the Registration Rights Agreement, the Exchange Notes will be valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms, except that the enforceability of the Exchange Notes may be subject to bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting creditors' rights generally and subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

2. When the Exchange Notes are duly issued, authenticated and delivered against the surrender and cancellation of the Initial Notes as set forth in the Registration Statement and in accordance with the terms of the Indenture and the Registration Rights Agreement, the Guarantees will be valid and legally binding obligations of each of the Guarantors, enforceable against each of the Guarantors in accordance with their terms, except that enforceability of the Guarantees may be subject to bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting creditors' rights generally and subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

The opinions expressed above are limited to the laws of the State of New York. Our opinion is rendered only with respect to the laws, and the rules, regulations and orders under those laws, that are currently in effect.

We hereby consent to use of this opinion as an exhibit to the Registration Statement and to the use of our name under the heading “Legal Matters” contained in the prospectus included in the Registration Statement. In giving this consent, we do not thereby admit that we come within the category of persons whose consent is required by the Act or the Rules.

Very truly yours,

/s/ Paul, Weiss, Rifkind, Wharton & Garrison LLP

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP

Exhibit 5.2

Moore&VanAllen

Moore & Van Allen PLLC
Attorneys at Law

Suite 4700
100 North Tryon Street
Charlotte, NC 28202-4003

T 704 331 1000
F 704 331 1159
www.mvalaw.com

October 12, 2006

Unifi, Inc.
7201 West Friendly Avenue
Greensboro, North Carolina 27410

Ladies and Gentlemen:

We have acted as special North Carolina counsel to Unifi, Inc., a New York corporation (the "Company"), and the following domestic subsidiaries of the Company: Unifi Manufacturing Virginia, LLC, a North Carolina limited liability company; Unifi Manufacturing, Inc., a North Carolina corporation; Unifi Export Sales, LLC, a North Carolina limited liability company; Unifi Sales & Distribution Inc., a North Carolina corporation; Unifi International Service, Inc., a North Carolina corporation; Glentouch Yarn Company, LLC, a North Carolina limited liability company; Spanco Industries, Inc., a North Carolina corporation; Spanco International, Inc., a North Carolina corporation; Unifi Kinston, LLC, a North Carolina limited liability company; Unifi Textured Polyester, LLC, a North Carolina limited liability company; Unifi Technical Fabrics, LLC, a North Carolina limited liability company; Charlotte Technology Group, Inc., a North Carolina corporation; UTG Shared Services, Inc., a North Carolina corporation; and Unimatrix Americas, LLC, a North Carolina limited liability company (collectively the "Guarantors") in connection with the filing on October 12, 2006 of the Registration Statement on Form S-4 (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Act of 1933 and the rules and regulations thereunder, relating to the registration of $190,000,000 in aggregate principal amount of 11 1/2% Senior Secured Notes due 2014 (the "Exchange Notes") of the Company and the guarantees of the Exchange Notes by the Guarantors (the "Guarantees"). This opinion is being furnished at the request of the Company in connection with the Registration Statement. Capitalized terms used and not otherwise defined in this letter have the respective meanings given those terms in the Registration Statement.

For purposes of rendering this opinion, we have examined and reviewed execution copies of the following documents:

(a) the Registration Statement;

(b) the Indenture dated as of May 26, 2006 among the Company, the Guarantors and U.S. Bank National Association, as Trustee (the "Indenture");

(c) the Registration Rights Agreement dated as of May 26, 2006 by and among the Company, the Guarantors, and Lehman Brothers Inc. and Banc of America Securities LLC (the "Registration Rights Agreement"); and

(d) the form of Exchange Notes attached as an exhibit to the Indenture (including the Guarantees endorsed thereon (the "Exchange Guarantees")).

For purposes of this letter, the above-referenced documents are collectively referred to as the "Documents."

The opinions set forth herein are limited to matters governed by the laws of the State of North Carolina (the "State") and no opinion is expressed herein as to the laws of any other jurisdiction, including the federal laws of the United States. We express no opinion concerning any matter respecting or affected by any laws other than laws that a lawyer admitted to practice law in the State exercising customary professional diligence would reasonably recognize as being directly applicable to the Company or the Guarantors or the transactions contemplated in the Documents. Without limiting the generality of the foregoing, we express no opinion concerning the following legal issues or the application of any such laws or regulations to the matters on which our opinions are referenced:

(i) federal and State securities laws and regulations;

(ii) Federal Reserve Board margin regulations;

(iii) pension and employee benefit laws and regulations;

(iv) federal and State antitrust and unfair competition laws and regulations;

(v) federal and State laws and regulations concerning document filing requirements and other filing requirements;

(vi) compliance with fiduciary duty requirements;

(vii) the statutes, administrative decisions, and rules and regulations of county, municipal and special political subdivisions, whether State-level, regional or otherwise;

(viii) federal and State laws and regulations concerning the condition of title to any property or the priority of a lien or security interest in real or personal property;

(ix) fraudulent transfer laws;

(x) federal and State environmental laws and regulations;

(xi) federal and State tax laws and regulations;

(xii) federal and State land use and subdivision laws and regulations; or

(xiii) federal and State regulatory laws or regulations specifically applicable to any entity solely because of the business in which it is engaged.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of the documents pursuant to which the Guarantors have been organized or formed and other related documents, such as resolutions, if applicable, as well as the documents and agreements covered by our opinions below, and have

made such other examinations as we have deemed appropriate with respect to the subject matter of this letter. As to any facts relevant to our opinions, we have relied upon information furnished to us by or on behalf of the Company and the Guarantors. As to various questions of fact material to our opinion, we have relied upon, and assumed without independent investigation the accuracy of the representations made by the parties to the Documents (other than those which are expressed as our opinions).

Based upon and subject to the foregoing and to the qualifications, limitations, exceptions and assumptions set forth below, we are of the opinion that:

1. Based solely on our review of that certain Certificate of Authorization issued by the North Carolina Secretary of State, dated as of a recent date, the Company is duly qualified to transact business as a foreign corporation in the State.

2. Based solely on our review of those certain Certificates of Existence issued by the North Carolina Secretary of State, dated as of a recent date, the Guarantors are corporations or limited liability companies, as the case may be, validly existing under the laws of the State.

3. Each of the Guarantors has all requisite corporate or limited liability company, as the case may be, power to own and operate their respective properties as described in the Registration Statement, and to execute and deliver the Documents to which they are a party and to perform their respective obligations thereunder.

4. The Documents have each been duly authorized by the Guarantors party thereto and, to the extent the laws of the State are applicable thereto, the Indenture and Registration Rights Agreement have each been duly executed and delivered by the Guarantors party thereto, and the Registration Statement has been duly executed by the Guarantors party thereto and the filing of the Registration Statement with the SEC has been duly authorized by the Guarantors.

5. The Documents and the consummation of the transactions contemplated thereby do not violate the articles of incorporation, articles of organization, bylaws or operating agreements (as applicable) of the Guarantors or any applicable laws of the State. (We express no opinion with respect to federal or State securities laws or other bodies of law excluded from this opinion.)

The opinions expressed in this letter are subject to the following assumptions:

(a) We have assumed the legal capacity of each individual signing one or more of the Documents or other documentation upon which our opinions have been based.

(b) We have assumed that each document submitted to us as an original is authentic, all signatures on the Documents are authentic and genuine, each document submitted to us as a certified, conformed or photostatic copy conforms to the authentic original document and the Documents that are executed and delivered are identical to the respective execution copies thereof submitted to us for our review.

(c) We have assumed that any certificate, opinion from another attorney, representation or other document upon which we have relied and that was given or dated earlier than the date of this letter continues to

remain accurate, insofar as relevant to the opinions contained herein, from such earlier date through and including the date hereof.

The opinions set forth herein are being rendered to you solely in connection with the transactions contemplated by the Documents and may not be relied upon for any other purpose or furnished or referred to, or relied upon by any other person or entity for any reason (except that your counsel, Paul, Weiss, Rifkind, Wharton & Garrison LLP may rely on the opinions set forth herein in connection with the issuance of its opinion letter in connection with the transactions contemplated by the Documents) without our prior written consent. The opinions expressed this letter are rendered as of the date hereof and we express no opinion as to circumstances or events or change in applicable law that may occur subsequent to such date.

We hereby consent to use of this opinion as an exhibit to the Registration Statement and to the use of our name under the heading “Legal Matters” contained in the prospectus included in the Registration Statement. In giving this consent, we do not thereby admit that we come within the category of persons whose consent is required under the Securities Act of 1933 or the rules and regulations thereunder.

Very truly yours,

/s/ Moore & Van Allen PLLC

Moore & Van Allen PLLC

Exhibit 8.1

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
(212) 373-3000

October 12, 2006

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

Ladies and Gentlemen:

We have acted as United States tax counsel for Unifi, Inc. (the "Company") in connection with its offer to exchange $190,000,000 aggregate principal amount of 11½% Senior Secured Notes due 2014 (the "Exchange Notes"), for the same aggregate principal amount of substantially identical 11½% Senior Secured Notes due 2014 that were issued by the Company pursuant to the Offering Memorandum dated as of May 26, 2006 (the "Initial Notes") in an offering that was exempt from registration under the Securities Act of 1933, as amended (the "Securities Act").

We have been requested to render our opinion as to certain tax matters in connection with the Registration Statement on Form S-4 (the "Registration Statement"), relating to the registration by the Company of the Exchange Notes to be offered in the exchange offer, filed by the Company with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Act and the rules and regulations of the Commission promulgated thereunder (the "Rules"). Capitalized terms used but not defined herein have the respective meanings ascribed to them in the Registration Statement.

In rendering our opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such agreements and other documents as we have deemed relevant and necessary and we have made such investigations of law as we have deemed appropriate as a basis for the opinion expressed below. In our examination, we have assumed, without independent verification, (i) the authenticity of original documents, (ii) the accuracy of copies and the genuineness of signatures, (iii) that the execution and delivery by each party to a document and the performance by such party of its obligations thereunder have been authorized by all necessary measures and do not violate or result in a breach of or default under such party's certificate or instrument of formation and by-laws or the laws of such party's jurisdiction of organization, (iv) that each agreement represents the entire agreement between the parties with respect to the subject matter thereof, (v) that the parties to each agreement have complied, and will

comply, with all of their respective covenants, agreements and undertakings contained therein and (vi) that the transactions provided for by each agreement were and will be carried out in accordance with their terms. In rendering our opinion we have made no independent investigation of the facts referred to herein and have relied for the purpose of rendering this opinion exclusively on those facts that have been provided to us by you and your agents, which we assume have been, and will continue to be, true.

The opinion set forth below is based on the Internal Revenue Code of 1986, as amended, administrative rulings, judicial decisions, treasury regulations and other applicable authorities, all as in effect on the date hereof. The statutory provisions, regulations, and interpretations upon which our opinion is based are subject to change, and such changes could apply retroactively. Any change in law or the facts regarding the Exchange Offer, or any inaccuracy in the facts or assumptions on which we relied, could affect the continuing validity of the opinion set forth below. We assume no responsibility to inform you of any such changes or inaccuracy that may occur or come to an attention.

Based upon and subject to the foregoing, and subject to the qualifications set forth herein, we are of the opinion that the statements set forth under the caption “Certain United States Federal Tax Considerations” in the Registration Statement are an accurate general description of the United States federal income and estate tax consequences described therein. Such statements do not, however, purport to discuss all United States federal income and estate tax consequences and are limited to those United States federal income and estate tax consequences specifically discussed therein and subject to the qualifications set forth therein.

We are furnishing this letter in our capacity as United States tax counsel to the Company. This letter is not to be used, circulated, quoted or otherwise referred to for any other purpose, except as set forth below.

We hereby consent to the filing of this opinion as an Exhibit to the Registration Statement. The issuance of such consent does not concede that we are an “expert” for purposes of the Securities Act or the Rules.

Very truly yours,

/s/ Paul, Weiss, Rifkind, Wharton & Garrison LLP

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP

Exhibit 12.1

Computation of Ratio of Earnings to Fixed Charges

	Fiscal Years Ended				
	June 25, 2006	June 26, 2005	June 27, 2004	June 29, 2003	June 30, 2002
Computation of Earnings					
Pre-tax loss from continuing operations	$(15,896)	$(33,221)	$(69,262)	$(18,680)	$ (4,585)
Minority interests	—	(530)	(6,430)	4,769	—
(Income) loss in equity affiliates	(825)	(6,938)	6,877	(10,728)	1,659
Fixed charges	19,562	20,995	19,142	20,186	23,397
Distributed income from equity affiliates	1,770	6,905	1,079	11,749	861
Earnings	$ 4,611	$(12,789)	$(48,594)	$ 7,296	$21,332
Computation of Fixed Charges					
Interest expense	$ 19,247	$ 20,575	$ 18,698	$ 19,736	$22,948
Interest within rental expense	315	420	444	450	449
Fixed charges	$ 19,562	$ 20,995	$ 19,142	$ 20,186	$23,397
Ratios of Earnings to Fixed Charges(1)	—	—	—	—	—

(1) The ratio of earnings to fixed charges was less than one-to-one coverage for all periods presented. Earnings were insufficient to cover fixed charges by $15.0 million, $33.8 million, $67.7 million, $12.9 million and $2.1 million, respectively in fiscal years 2006, 2005, 2004, 2003 and 2002.

Exhibit 21.1

UNIFI, INC.

SUBSIDIARIES

Name	Address	Incorporation	Unifi Percentage Of Voting Securities Owned
Unifi Holding 1, BV (“UH1”)	Amsterdam, Netherlands	Netherlands	100% - Unifi, Inc.
Unifi Holding 2, BV (“UH2”)	Amsterdam, Netherlands	Netherlands	100% - UH1
Unifi Asia, Ltd.	Hong Kong, China	China	100% - UH2
Unifi Asia Holding, SRL	St Michael, Barbados	Barbados	.01% - Unifi, Inc. 99.99% - UH2
Unifi do Brasil, Ltda	San Paulo, Brazil	Brazil	99.99% - Unifi, Inc. .01% - UMI
Unifi Manufacturing, Inc. (“UMI”)	Greensboro, NC	North Carolina	100% - Unifi, Inc.
Unifi Manufacturing Virginia, LLC	Greensboro, NC	North Carolina	95% - Unifi, Inc. 5% - UMI
Unifi Textured Polyester, LLC	Greensboro, NC	North Carolina	100% - UMI
Unifi Kinston, LLC	Greensboro, NC	North Carolina	100% - UMI
Spanco Industries, Inc. (“SI”)	Greensboro, NC	North Carolina	100% - UMI
Spanco International, Inc. (“SII”)	Greensboro, NC	North Carolina	100% - SI
Unifi Latin America, S.A. (“ULA”)	Bogota, Columbia	Columbia, S.A.	100% - SII

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated August 30, 2006, in the Registration Statement (Form S-4 No. 333-) and related Prospectus of Unifi, Inc. for the registration of $190,000,000 11 1/2 % Senior Secured Notes due 2014.

We also consent to the incorporation by reference therein of our reports dated August 30, 2006, with respect to the consolidated financial statements and schedule of Unifi, Inc., Unifi, Inc. management’s assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Unifi, Inc., included in its Annual Report (Form 10-K) for the year ended June 25, 2006, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Greensboro, North Carolina
October 11, 2006

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” in the Registration Statement (Form S-4 No. 333-) and related Prospectus of Unifi, Inc. for the registration of $190,000,000 11 1/2 % Senior Secured Notes due 2014, and to the incorporation by reference of our report dated July 31, 2006, with respect to the financial statements of Yihua Unifi Fibre Industry Company Limited included in the Annual Report (Form 10-K) of Unifi, Inc. for the year ended June 25, 2006, filed with the Securities and Exchange Commission.

/s/ Ernst & Young Hua Ming, Shanghai Branch
The People’s Republic of China
October 10, 2006

Exhibit 23.3

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 17, 2006, on the financial statements of Parkdale America, LLC for the year ended December 31, 2005, which are incorporated by reference in the Annual Report of Unifi, Inc. on Form 10-K for the year ended June 25, 2006. We hereby consent to the incorporation by reference of the said report in the Registration Statement of Unifi, Inc. on Form S-4.

/s/ Grant Thornton LLP

Charlotte, North Carolina
October 10, 2006

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER
THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE
Check if an Application to Determine Eligibility of
a Trustee Pursuant to Section 305(b)(2)

U.S. BANK NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

31-0841368
I.R.S. Employer Identification No.

800 Nicollet Mall
Minneapolis, Minnesota **55402**
(Address of principal executive offices) **(Zip Code)**

Raymond S. Haverstock
U.S. Bank National Association
60 Livingston Avenue
St. Paul, MN 55107
(651) 495-3909
(Name, address and telephone number of agent for service)

Unifi, Inc.
(Exact name of obligor as specified in its charter)

New York **11-2165495**
(State or other jurisdiction of incorporation or organization) **(I.R.S. Employer Identification No.)**

P.O Box 19109
7201 West Friendly Avenue
Greensboro, NC **19109**
(Address of Principal Executive Offices) **(Zip Code)**

11 1/2% Senior Secured Notes due 2014
(Title of the Indenture Securities)

FORM T-1

Item 1. **GENERAL INFORMATION.** Furnish the following information as to the Trustee.

a) *Name and address of each examining or supervising authority to which it is subject.*

Comptroller of the Currency
Washington, D.C.

b) *Whether it is authorized to exercise corporate trust powers.*

Yes

Item 2. **AFFILIATIONS WITH OBLIGOR.** *If the obligor is an affiliate of the Trustee, describe each such affiliation.*

None

Items 3-15 *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

Item 16. **LIST OF EXHIBITS:** *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee.*
2. A copy of the certificate of authority of the Trustee to commence business.*
3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers.*
4. A copy of the existing bylaws of the Trustee.*
5. A copy of each Indenture referred to in Item 4. Not applicable.
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
7. Report of Condition of the Trustee as of March 31, 2006 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of St. Paul, State of Minnesota on the 12th of October, 2006.

By: /s/ Raymond S. Haverstock
Raymond S. Haverstock
Vice President

By: /s/ Jay Paulson
Jay Paulson
Vice President

Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: October 12, 2006

By: /s/ Raymond S. Haverstock
Raymond S. Haverstock
Vice President

By: /s/ Jay Paulson
Jay Paulson
Vice President

Exhibit 7
U.S. Bank National Association
Statement of Financial Condition
As of 6/30/2006

($000's)

	6/30/2006
Assets	
Cash and Due From Depository Institutions	$ 7,250,783
Securities	38,280,379
Federal Funds	3,206,234
Loans & Lease Financing Receivables	138,643,464
Fixed Assets	1,738,725
Intangible Assets	11,772,884
Other Assets	11,661,480
Total Assets	**$ 212,553,949**
Liabilities	
Deposits	$ 135,429,440
Fed Funds	9,690,491
Treasury Demand Notes	0
Trading Liabilities	370,355
Other Borrowed Money	32,369,084
Acceptances	0
Subordinated Notes and Debentures	6,909,696
Other Liabilities	6,518,843
Total Liabilities	**$ 191,287,909**
Equity	
Minority Interest in Subsidiaries	$ 1,033,230
Common and Preferred Stock	18,200
Surplus	11,804,040
Undivided Profits	8,410,170
Total Equity Capital	**$ 21,265,640**
Total Liabilities and Equity Capital	**$ 212,553,549**

To the best of the undersigned's determination, as of the date hereof, the above financial information is true and correct.

U.S. Bank National Association

By: /s/ Raymond S. Haverstock
Raymond S. Haverstock
Vice President

Date: October 12, 2006

LETTER OF TRANSMITTAL

To Tender for Exchange
$190,000,000 aggregate principal amount
11 1/2% Senior Secured Notes due 2014
(CUSIP Numbers 904677AF8/49043NAA)

Unifi, Inc.

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON ,2006, UNLESS EXTENDED (THE "EXPIRATION DATE"). TENDERS OF INITIAL NOTES MAY BE WITHDRAWN PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.

Delivery to:

U.S. Bank National Association, Exchange Agent

By Registered or Certified Mail:	*By Overnight Courier:*	*By Hand:*	*By Facsimile:*
U.S. Bank National Association 60 Livingston Avenue Minneapolis, Minnesota 55107 Attn: Specialized Finance Department	U.S. Bank National Association 60 Livingston Avenue Minneapolis, Minnesota 55107 Attn: Specialized Finance Department	U.S. Bank National Association 60 Livingston Avenue Minneapolis, Minnesota 55107 Attn: Specialized Finance Department	U.S. Bank National Association Attn: Specialized Finance Department (651) 495-8158 *Confirm by telephone:* (800) 934-6802

For information, call:
(800) 934-6802

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

PLEASE READ THIS ENTIRE LETTER OF TRANSMITTAL CAREFULLY BEFORE COMPLETING ANY BOX BELOW.

The undersigned acknowledges that he or she has received and reviewed the prospectus, dated (the "Prospectus"), of Unifi, Inc., a New York corporation (the "Company"), and this Letter of Transmittal (the "Letter"), which together constitute the Company's offer (the "Exchange Offer") to exchange $190,000,000 in aggregate principal amount of its 11 1/2% Senior Secured Notes due 2014 (CUSIP Number) (the "Exchange Notes"), for a like aggregate principal amount of its outstanding 11 1/2% Senior Secured Notes due 2014 (CUSIP Numbers 904677AF8/49043NAA) (the "Initial Notes") that were issued and sold in reliance upon an exemption from registration under the Securities Act of 1933, as amended (the "Securities Act").

For each Initial Note accepted for exchange, the holder of such Initial Note will receive an Exchange Note having an aggregate principal amount equal to that of the surrendered Initial Note.

This Letter is to be completed by a holder of Initial Notes either if certificates are to be forwarded herewith or if a tender of certificates for Initial Notes, if available, is to be made by book-entry transfer to the account

maintained by the Exchange Agent at The Depository Trust Company (the "Book-Entry Transfer Facility") pursuant to the procedures set forth in "The Exchange Offer–Procedures for Tendering Initial Notes–Book-Entry Delivery Procedure" section of the Prospectus and an Agent's Message (as defined herein) is not delivered. Delivery of this Letter and any other required documents should be made to the Exchange Agent. Delivery of documents to the Book-Entry Transfer Facility does not constitute delivery to the Exchange Agent.

Holders of Initial Notes whose certificates are not immediately available, or who are unable to deliver their certificates (or cannot obtain a confirmation of the book-entry tender of their Initial Notes into the Exchange Agent's account at the Book-Entry Transfer Facility (a "Book-Entry Confirmation") on a timely basis) and all other documents required by this Letter to the Exchange Agent on or prior to the Expiration Date, must tender their Initial Notes according to the guaranteed delivery procedures set forth in "The Exchange Offer–Procedures for Tendering Initial Notes–Guaranteed Delivery Procedure" section of the Prospectus. See Instruction 1.

The undersigned has completed the appropriate boxes below and signed this Letter to indicate the action the undersigned desires to take with respect to the Exchange Offer. Holders who wish to exchange their Initial Notes must complete this Letter in its entirety.

The instructions included with this Letter must be followed. Questions and requests for assistance or for additional copies of the Prospectus and this Letter may be directed to the Exchange Agent.

List below the Initial Notes to which this Letter relates. If the space provided below is inadequate, the certificate numbers and principal amount of Initial Notes should be listed on a separate signed schedule affixed to this Letter.

DESCRIPTION OF INITIAL NOTES
(See Instruction 2)

Name(s) and Address(es) of Registered Holder(s) Exactly as Name(s) appear(s) on Initial Notes (Please fill in, if blank)	Certificate Number(s)*	Aggregate Principal Amount Represented by Certificate	Principal Amount Tendered (if less than all)**
	Total		

* Need not be completed if Initial Notes are being tendered by book-entry transfer.

** Unless otherwise indicated in this column, the holder will be deemed to have tendered the full aggregate principal amount represented by such Initial Notes. See Instruction 2. Initial Notes tendered hereby must be in denominations of principal amount of $2,000 or whole multiples of $1,000 in excess thereof. See Instruction 1.

☐ **CHECK HERE IF TENDERED INITIAL NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING:**

Name of Tendering Institution: _____

Account Number: _____ Transaction Code Number: _____

By crediting Initial Notes to the Exchange Agent's Account at the Book-Entry Transfer Facility in accordance with the Book-Entry Transfer Facility's Automated Tender Offer Program ("ATOP") and by complying with applicable ATOP procedures with respect to the Exchange Offer, including transmitting an Agent's Message to the Exchange Agent in which the holder of Initial Notes acknowledges and agrees to be bound by the terms of this Letter, the participant in ATOP confirms on behalf of itself and the beneficial owners of such Initial Notes all provisions of this Letter applicable to it and such beneficial owners as if it had completed the information required herein and executed and transmitted this Letter to the Exchange Agent.

☐ **CHECK HERE IF TENDERED INITIAL NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY AND COMPLETE THE FOLLOWING:**

Name(s) of Registered Holder(s): _____

Window Ticket Number (if any): _____

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Eligible Institution that Guaranteed Delivery: _____

If Delivered by Book-Entry Transfer, Complete the Following:

Account Number: _____ Transaction Code Number: _____

☐ **CHECK HERE IF YOU ARE A BROKER-DEALER.**

☐ **CHECK HERE IF YOU WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.**

Name: _____
Address: _____
_____
_____

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Company for exchange the aggregate principal amount of Initial Notes indicated above. Subject to, and effective upon, the acceptance for exchange of the Initial Notes tendered hereby, the undersigned hereby sells, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to such Initial Notes as are being tendered hereby.

The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as the agent and attorney-in-fact of the undersigned (with full knowledge that the Exchange Agent also acts as the agent of the Company in connection with the Exchange Offer) with respect to the tendered Initial Notes with full power of substitution to (i) deliver such Initial Notes, or transfer ownership of such Initial Notes on the account books maintained by the Book-Entry Transfer Facility, to the Company and deliver all accompanying evidences of transfer and authenticity, and (ii) present such Initial Notes for transfer on the books of the Company and receive all benefits and otherwise exercise all rights of beneficial ownership of such Initial Notes, all in accordance with the terms of the Exchange Offer. The power of attorney granted in this paragraph shall be deemed to be irrevocable and coupled with an interest.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Initial Notes tendered hereby and to acquire Exchange Notes issuable upon the exchange of such tendered Initial Notes, and that the Company will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim when the same are accepted by the Company.

The undersigned acknowledges that this Exchange Offer is being made in reliance on interpretations by the staff of the Securities and Exchange Commission (the "SEC"), as set forth in no-action letters issued to third parties, that the Exchange Notes issued in exchange for the Initial Notes pursuant to the Exchange Offer may be offered for resale, resold and otherwise transferred by holders thereof (other than (i) any such holder that is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act or (ii) any broker-dealer that purchases Initial Notes from the Company to resell pursuant to Rule 144A under the Securities Act ("Rule 144A") or any other available exemption), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such holders' business and such holders have no arrangement with any person to participate in the distribution of such Exchange Notes and are not participating in, and do not intend to participate in, the distribution of the Exchange Notes. The undersigned acknowledges that the Company does not intend to request the SEC to consider, and the SEC has not considered the Exchange Offer in the context of a no-action letter, and there can be no assurance that the staff of the SEC would make a similar determination with respect to the Exchange Offer as in other circumstances. The undersigned acknowledges that any holder that is an affiliate of the Company, or is participating in or intends to participate in or has any arrangement or understanding with respect to the distribution of the Exchange Notes to be acquired pursuant to the Exchange Offer, (i) cannot rely on the applicable interpretations of the staff of the SEC and (ii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

The undersigned hereby further represents that (i) any Exchange Notes acquired pursuant to the Exchange Offer are being acquired in the ordinary course of business of the person receiving such Exchange Notes, whether or not such person is the holder; (ii) such holder or other person has no arrangement or understanding with any person to participate in, a distribution of such Exchange Notes within the meaning of the Securities Act and is not participating in, and does not intend to participate in, the distribution of such Exchange Notes within the meaning of the Securities Act and (iii) such holder or such other person is not an "affiliate," as defined in Rule 405 under the Securities Act, of the Company or, if such holder or such other person is an affiliate, such

holder or such other person will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaging in, and does not intend to engage in, a distribution of Exchange Notes. If the undersigned is a broker-dealer that will receive Exchange Notes for its own account in exchange for Initial Notes, it represents that the Initial Notes to be exchanged for the Exchange Notes were acquired by it as a result of market-making or other trading activities and acknowledges that it will deliver a prospectus in connection with any resale, offer to resell or other transfer of such Exchange Notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The undersigned also warrants that acceptance of any tendered Initial Notes by the Company and the issuance of Exchange Notes in exchange therefor shall constitute performance in full by the Company of certain of its obligations under the Registration Rights Agreement, which has been filed as an exhibit to the registration statement in connection with the Exchange Offer.

The undersigned will, upon request, execute and deliver any additional documents deemed by the Company to be necessary or desirable to complete the sale, assignment and transfer of the Initial Notes tendered hereby. All authority conferred or agreed to be conferred in this Letter and every obligation of the undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. This tender may be withdrawn only in accordance with the procedures set forth in this Letter.

The undersigned understands that tenders of the Initial Notes pursuant to any one of the procedures described under "The Exchange Offer–Procedures for Tendering Initial Notes" in the Prospectus and in the instructions hereto will constitute a binding agreement between the undersigned and the Company in accordance with the terms and subject to the conditions of the Exchange Offer.

The undersigned recognizes that, under certain circumstances set forth in the Prospectus under "The Exchange Offer–Conditions to the Exchange Offer" the Company may not be required to accept for exchange any of the Initial Notes tendered. Initial Notes not accepted for exchange or withdrawn will be returned to the undersigned at the address set forth below unless otherwise indicated under "Special Delivery Instructions" below.

Unless otherwise indicated herein in the box entitled "Special Issuance Instructions" below, please deliver the Exchange Notes (and, if applicable, substitute certificates representing Initial Notes for any Initial Notes not exchanged) in the name of the undersigned or, in the case of a book-entry delivery of Initial Notes, please credit the account indicated above maintained at the Book Entry Transfer Facility. Similarly, unless otherwise indicated under the box entitled "Special Delivery Instructions" below, please send the Exchange Notes (and, if applicable, substitute certificates representing Initial Notes for any Initial Notes not exchanged) to the undersigned at the address shown below the undersigned's signature(s). In the event that both "Special Issuance Instructions" and "Special Delivery Instructions" are completed, please issue the Exchange Notes issued in exchange for the Initial Notes accepted for exchange (and, if applicable, substitute certificates representing Initial Notes for any Initial Notes not exchanged) in the names of the person(s) so indicated. The undersigned recognizes that the Company has no obligation pursuant to the "Special Issuance Instructions" and "Special Delivery Instructions" to transfer any Initial Notes from the name of the registered holder(s) thereof if the Company does not accept for exchange any of the Initial Notes so tendered for exchange.

The Book-Entry Transfer Facility, as the holder of record of certain Initial Notes, has granted authority to the Book-Entry Transfer Facility participants whose names appear on a security position listing with respect to such Initial Notes as of the date of tender of such Initial Notes to execute and deliver

this Letter as if they were the holders of record. Accordingly, for purposes of this Letter, the term "holder" shall be deemed to include such Book-Entry Transfer Facility participants.

THE UNDERSIGNED, BY COMPLETING THE BOX ENTITLED "DESCRIPTION OF INITIAL NOTES" ABOVE AND SIGNING THIS LETTER AND DELIVERING SUCH NOTES AND THIS LETTER TO THE EXCHANGE AGENT, WILL BE DEEMED TO HAVE TENDERED THE INITIAL NOTES AS SET FORTH IN SUCH BOX ABOVE.

SPECIAL ISSUANCE INSTRUCTIONS
(See Instructions 3, 4 and 5)

To be completed ONLY if certificates for Initial Notes not tendered or not accepted for exchange, or Exchange Notes issued in exchange for Initial Notes accepted for exchange, are to be issued in the name of and sent to someone other than the undersigned, or if Initial Notes delivered by book-entry transfer which are not accepted for exchange are to be returned by credit to an account maintained at the Book-Entry Transfer Facility other than the account indicated above.

Issue (certificates) to:

Name(s): _____
(Please Type or Print)

_____
(Please Type or Print)

Address: _____

_____
(Include Zip Code)

_____
(Taxpayer Identification or Social Security Number)

(Complete Substitute Form W-9)

- Credit unexchanged Initial Notes delivered by book-entry transfer to the Book-Entry Transfer Facility account set forth below.

_____
(Book-Entry Transfer Facility Account Number, if applicable)

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 3, 4 and 5)

To be completed ONLY if certificates for Initial Notes not tendered or not accepted for exchange, or Exchange Notes issued in exchange for Initial Notes accepted for exchange, are to be sent to someone other than the undersigned or to the undersigned at an address other than shown in the box entitled "Description of Initial Notes" above.

Mail to:

Name(s): _____
(Please Type or Print)

_____
(Please Type or Print)

Address: _____

_____
(Include Zip Code)

_____
(Taxpayer Identification or Social Security Number)

(Complete Substitute Form W-9)

IMPORTANT: UNLESS GUARANTEED DELIVERY PROCEDURES ARE COMPLIED WITH, THIS LETTER OR A FACSIMILE HEREOF OR AN AGENT'S MESSAGE IN LIEU HEREOF (IN EACH CASE, TOGETHER WITH THE CERTIFICATE(S) FOR INITIAL NOTES OR A CONFIRMATION OF BOOK-ENTRY TRANSFER AND ALL OTHER REQUIRED DOCUMENTS) MUST BE RECEIVED BY THE EXCHANGE AGENT PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.

PLEASE READ THIS ENTIRE LETTER OF TRANSMITTAL CAREFULLY BEFORE COMPLETING ANY BOX ABOVE.

PLEASE SIGN HERE

(TO BE COMPLETED BY ALL TENDERING HOLDERS WHETHER OR NOT INITIAL NOTES ARE BEING PHYSICALLY TENDERED HEREBY)

(Please Also Complete and Return the Accompanying Substitute Form W-9)

x _____ _____

x _____ _____

Signature(s) of Owner(s) ***Date***

Area Code and Telephone Number: _____

If a holder is tendering any Initial Notes, this Letter must be signed by the registered holder(s) exactly as the name(s) appear(s) on the certificate(s) for the Initial Notes or on a security position listing as the owner of Initial Notes by person(s) authorized to become registered holder(s) by a properly completed bond power from the registered holder(s), a copy of which must be transmitted with this Letter. If Initial Notes to which this Letter relates are held of record by two or more joint holders, then all such holders must sign this Letter. If signature is by a trustee, executor, administrator, guardian, officer or other person acting in a fiduciary or representative capacity, then such person must (i) set forth his or her full title below and (ii) unless waived by the Company, submit evidence satisfactory to the Company of such person's authority to so act. See Instruction 3.

Name(s): _____

(Please Type or Print)

_____

(Please Type or Print)

Capacity: _____

Address: _____

_____

(Including Zip Code)

SIGNATURE GUARANTEE BY AN ELIGIBLE INSTITUTION
(If required by Instruction 3)

Signature(s) Guaranteed by
an Eligible Institution: _____

(Authorized Signature)

_____

(Title)

_____

(Name of Firm)

_____

(Address, Include Zip Code)

_____

(Area Code and Telephone Number)

Dated: _____

INSTRUCTIONS

Forming Part of the Terms and Conditions of the Exchange Offer

1. Delivery of this Letter and Initial Notes; Guaranteed Delivery Procedures.

This Letter is to be completed by noteholders either if certificates are to be forwarded herewith or if tenders are to be made pursuant to the procedures for delivery by book-entry transfer set forth in "The Exchange Offer–Procedures for Tendering Initial Notes–Book-Entry Delivery Procedure" section of the Prospectus and an Agent's Message is not delivered. Certificates for all physically tendered Initial Notes, or Book-Entry Confirmation, as the case may be, as well as a properly completed and duly executed Letter (or manually signed facsimile hereof) and any other documents required by this Letter, must be received by the Exchange Agent at the address set forth herein on or prior to 5:00 p.m., New York City time, on the Expiration Date, or the tendering holder must comply with the guaranteed delivery procedures set forth below. Initial Notes tendered hereby must be in denominations of principal amount of $2,000 or whole multiples of $1,000 in excess thereof. The term "Agent's Message" means a message, transmitted by The Depository Trust Company and received by the Exchange Agent and forming a part of the Book-Entry Confirmation, which states that the Book-Entry Transfer Facility has received an express acknowledgment from a participant tendering Initial Notes which are subject to the Book-Entry Confirmation and that such participant has received and agrees to be bound by this Letter and that the Company may enforce this Letter against such participant.

Noteholders who wish to tender their Initial Notes and (a) whose certificates for Initial Notes are not immediately available, or (b) who cannot deliver their certificates and all other required documents to the Exchange Agent on or prior to the Expiration Date, or (c) who cannot complete the procedure for book-entry transfer on a timely basis, must tender their Initial Notes pursuant to the guaranteed delivery procedures set forth in "The Exchange Offer–Procedures for Tendering Initial Notes–Guaranteed Delivery Procedure" section of the Prospectus. Pursuant to such procedures,

(i) such tender must be made through an Eligible Institution (as defined in Instruction 3 below),

(ii) on or prior to the Expiration Date, the Exchange Agent must receive from such Eligible Institution a properly completed and duly executed Letter (or a facsimile thereof or an Agent's Message in lieu hereof) and Notice of Guaranteed Delivery, substantially in the form provided by the Company (by telegram, telex, facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Initial Notes and the amount of Initial Notes tendered, stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange ("NYSE") trading days after the date of execution of the Notice of Guaranteed Delivery, the certificates for all physically tendered Initial Notes, or a Book-Entry Confirmation, and any other documents required by the Letter will be deposited by the Eligible Institution with the Exchange Agent, and

(iii) the certificates for all physically tendered Initial Notes, in proper form for transfer, or Book-Entry Confirmation, as the case may be, and all other documents required by this Letter, are received by the Exchange Agent within three NYSE trading days after the date of execution of the Notice of Guaranteed Delivery.

The method of delivery of this Letter, the Initial Notes and all other required documents is at the election and risk of the tendering holders, but the delivery will be deemed made only when actually received or confirmed by the Exchange Agent. If Initial Notes are sent by mail, it is suggested that the mailing be made sufficiently in advance of the Expiration Date to permit delivery to the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date.

See "The Exchange Offer" section of the Prospectus.

2. Partial Tenders (not applicable to noteholders who tender by book-entry transfer).

Tenders of Initial Notes will be accepted only in denominations of principal amount of $2,000 or whole multiples of $1,000 in excess thereof. If less than the entire principal amount of any Initial Notes is tendered, the

tendering holder(s) should fill in the principal amount of Initial Notes to be tendered in the box above entitled "Description of Initial Notes." The entire principal amount of the Initial Notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated. If the entire principal amount of Initial Notes is not tendered, then Initial Notes for the principal amount of Initial Notes not tendered and Exchange Notes issued in exchange for any Initial Notes accepted will be sent to the holder at his or her registered address, unless otherwise provided in the appropriate box on this Letter, promptly after the Initial Notes are accepted for exchange.

3. Signatures on this Letter; Bond Powers and Endorsements; Guarantee of Signatures.

If this Letter is signed by the registered holder of the Initial Notes tendered hereby, the signature must correspond with the name(s) as written on the face of the certificates representing such Initial Notes without alteration, enlargement or any change whatsoever.

If this Letter is signed by a participant in the Book-Entry Transfer Facility, the signature must correspond with the name as it appears on the security position listing as the holder of the Initial Notes.

If any tendered Initial Notes are owned of record by two or more joint owners, all of such owners must sign this Letter.

If any tendered Initial Notes are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate copies of this Letter as there are different registrations of certificates.

When this Letter is signed by the registered holder or holders of the Initial Notes specified herein and tendered hereby, no endorsements of certificates or separate bond powers are required. If, however, the Exchange Notes are to be issued, or any untendered Initial Notes are to be reissued, to a person other than the registered holder, then endorsements of any certificates transmitted hereby or separate bond powers are required. Signatures on such certificate(s) must be guaranteed by an Eligible Institution.

If this Letter is signed by a person other than the registered holder or holders of any certificate(s) specified herein, such certificate(s) must be endorsed or accompanied by appropriate bond powers, in either case signed exactly as the name or names of the registered holder or holders appear(s) on the certificate(s) and signatures on such certificate(s) must be guaranteed by an Eligible Institution.

If this Letter or any certificates or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Company, evidence satisfactory to the Company of its authority to so act must be submitted with the Letter.

Endorsements on certificates for Initial Notes or signatures on bond powers required by this Instruction 3 must be guaranteed by a firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc., or a commercial bank, a clearing agency, insured credit union, a savings association or trust company having an office or correspondent in the United States or an "eligible guarantor" institution within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (each an "Eligible Institution").

Signatures on this Letter need not be guaranteed by an Eligible Institution if the Initial Notes are tendered: (i) by a registered holder of Initial Notes (which term, for purposes of the Exchange Offer, includes any participant in the Book-Entry Transfer Facility system whose name appears on a security position listing as the holder of such Initial Notes) who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on this Letter, or (ii) for the account of an Eligible Institution.

4. Special Issuance and Delivery Instructions.

Tendering holders of Initial Notes should indicate, in the applicable box or boxes, the name and address (or account at the Book-Entry Transfer Facility) to which Exchange Notes issued pursuant to the Exchange Offer, or substitute Initial Notes not tendered or accepted for exchange, are to be issued or sent, if different from the name or address of the person signing this Letter. In the case of issuance in a different name, the employer identification or social security number of the person named must also be indicated. Holders tendering Initial Notes by book-entry transfer may request that Initial Notes not exchanged be credited to such account maintained at the Book-Entry Transfer Facility as such noteholder may designate hereon. If no such instructions are given, such Initial Notes not exchanged will be returned to the name or address of the person signing this Letter.

5. Substitute Form W-9.

Under the federal income tax laws, payments that may be made by the Company on account of Exchange Notes issued pursuant to the Exchange Offer may be subject to backup withholding at the rate, currently 28%, specified in Section 3406(a)(1) of the Code (the "Specified Rate"). In order to avoid such backup withholding, each tendering holder (or other payee) that is a U.S. person (or a U.S. resident alien) should complete and sign the Substitute Form W-9 included in this Letter, provide the correct taxpayer identification number ("TIN") and certify, under penalties of perjury, that (a) the TIN provided is correct or that such holder is awaiting a TIN; (b) the holder is not subject to backup withholding because (i) the holder has not been notified by the Internal Revenue Service (the "IRS") that the holder is subject to backup withholding as a result of failure to report interest or dividends, (ii) the IRS has notified the holder that the holder is no longer subject to backup withholding, or (iii) the holder is exempt from backup withholding; and (c) the holder is a U.S. person (including a U.S. resident alien). If a holder has been notified by the IRS that it is subject to backup withholding, it must cross out item (2) of Part III in the Certification box of the Substitute Form W-9, unless such holder has since been notified by the IRS that it is no longer subject to backup withholding.

The holder (other than an exempt or foreign holder subject to the requirements set forth below) is required to give the TIN (e.g., the Social Security number or employer identification number) of the record holder of the Initial Notes. If the tendering holder has not been issued a TIN and has applied for one, or intends to apply for one in the near future, such holder should write "Applied For" in the space provided for the TIN in Part I of the Substitute Form W-9, sign and date the Substitute Form W-9, and sign the Certificate of Awaiting Taxpayer Identification Number. If "Applied For" is written in Part I, the Company (or the Paying Agent under the Indenture governing the Exchange Notes) shall retain the Specified Rate of payments made to the tendering holder during the sixty (60) day period following the date of the Substitute Form W-9. If the holder furnishes the Exchange Agent or the Company with his or her TIN within sixty (60) days after the date of the Substitute Form W-9, the Company (or the Paying Agent) shall, to the extent required by law, remit such amounts retained during the sixty (60) day period to the holder and no further amounts shall be retained or withheld from payments made to the holder thereafter. If, however, the holder has not provided the Exchange Agent or the Company with his or her TIN within such sixty (60) day period, the Company (or the Paying Agent) shall remit such previously retained amounts to the IRS as backup withholding and shall continue to retain the Specified Rate of payments made to the tendering holder and remit such amounts to the IRS as backup withholding until the holder furnishes its TIN to the Exchange Agent or the Company. In general, if a holder is an individual, the taxpayer identification number is the Social Security number of such individual. If the Exchange Agent or the Company is not provided with the correct taxpayer identification number, the holder may be subject to a $50 penalty imposed by the IRS in addition to backup withholding of the Specified Rate of payments to such holder.

Certain holders (including, among others, all corporations and certain holders that are neither U.S. persons nor U.S. resident aliens ("foreign holders")) are not subject to these backup withholding and reporting requirements. An exempt holder, other than a holder that is a foreign person, should enter the holder's name, address, status and TIN on the face of the Substitute Form W-9 and write "EXEMPT" on the face of Part II of the Substitute Form W-9, and sign, date and return the Substitute Form W-9 to the Paying Agent. See the enclosed

"Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" ("W-9 Guidelines") for additional instructions. A foreign holder should not complete the Substitute Form W-9. In order for a foreign holder to qualify as an exempt recipient, such holder must submit a statement (generally, IRS Form W-8BEN), signed under penalties of perjury, attesting to that person's exempt status. Such statements can be obtained from the Exchange Agent. For further information concerning backup withholding and instructions for completing the Substitute Form W-9 (including how to obtain a taxpayer identification number if you do not have one and how to complete the Substitute Form W-9 if Initial Notes are registered in more than one name), consult the enclosed W-9 Guidelines.

Failure to complete the Substitute Form W-9 will not, by itself, cause Initial Notes to be deemed invalidly tendered, but may require the Company (or the Paying Agent) to withhold the Specified Rate of the amount of any payments made on account of the Exchange Notes. Backup withholding is not an additional federal income tax. Rather, if the required information is furnished to the IRS, the federal income tax liability of a person subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained.

6. Transfer Taxes.

The Company will pay all transfer taxes, if any, applicable to the transfer of Initial Notes to it or its order pursuant to the Exchange Offer. If, however, Exchange Notes or substitute Initial Notes not exchanged are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the Initial Notes tendered hereby, or if tendered Initial Notes are registered in the name of any person other than the person signing this Letter, or if a transfer tax is imposed for any reason other than the transfer of Initial Notes to the Company or its order pursuant to the Exchange Offer, the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with this Letter, the amount of such transfer taxes will be billed directly to such tendering holder.

If the tendering holder does not submit satisfactory evidence of the payment of any of these taxes or of any exemption from this payment with this Letter, the Company will bill the tendering holder directly the amount of these transfer taxes.

Except as provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to the Initial Notes specified in this Letter or for funds to cover such stamps to be provided with the Initial Notes specified in this Letter.

7. Waiver of Conditions.

The Company reserves the absolute right to amend, waive or modify, in whole or in part, any or all conditions to the Exchange Offer.

8. No Conditional Tenders.

No alternative, conditional, irregular or contingent tenders will be accepted. All tendering holders of Initial Notes, by execution of this Letter, shall waive any right to receive notice of the acceptance of their Initial Notes for exchange.

Neither the Company, the Exchange Agent nor any other person is obligated to give notice of any defect or irregularity with respect to any tender of Initial Notes nor shall any of them incur any liability for failure to give any such notice.

9. Mutilated, Lost, Stolen or Destroyed Initial Notes.

Any holder whose Initial Notes have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated above for further instructions. This Letter and related documents cannot be processed until the Initial Notes have been replaced.

10. Requests for Assistance or Additional Copies.

Questions relating to the procedure for tendering, as well as requests for additional copies of the Prospectus, this Letter and the Notice of Guaranteed Delivery, may be directed to the Exchange Agent, at the address and telephone number indicated above.

11. Incorporation of Letter of Transmittal.

This Letter shall be deemed to be incorporated in and acknowledged and accepted by any tender through the Book-Entry Transfer Facility's ATOP procedures by any participant on behalf of itself and the beneficial owners of any Initial Notes so tendered.

12. Withdrawals.

Tenders of Initial Notes may be withdrawn only pursuant to the limited withdrawal rights set forth in the Prospectus under the caption "The Exchange Offer–Withdrawal of Tenders" in the Prospectus.

TO BE COMPLETED BY ALL TENDERING HOLDERS THAT ARE U.S. PERSONS (INCLUDING U.S. RESIDENT ALIENS) (See Instruction 5)

PLEASE CAREFULLY READ THE IMPORTANT TAX INFORMATION BELOW

PAYER'S NAME: Unifi, Inc.

SUBSTITUTE **Form W-9** **Department of the Treasury** **Internal Revenue Service** **Payer's Request for Taxpayer Identification Number ("TIN")**	**PART I** — PLEASE PROVIDE YOUR TAXPAYER IDENTIFICATION NUMBER IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" ("W-9 Guidelines")" for instructions.	**Social Security Number(s)** **OR** **Employer Identification Number(s) (if awaiting TIN, write "Applied For")**

Please Fill in Your Name and Address Below

Name: _____

Address (Number and Street)

City, State and Zip Code

Check appropriate box:

☐ Individual/Sole proprietor ☐ Corporation ☐ Other _____

☐ Partnership

PART II — For Payees Exempt from Backup Withholding (see enclosed W-9 Guidelines)*

PART III —

CERTIFICATION — UNDER THE PENALTIES OF PERJURY, I CERTIFY THAT:

(1) The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and

(2) I am not subject to backup withholding either because I am exempt from backup withholding, I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding, and

(3) I am a U.S. person (including a U.S. resident alien).

Signature: _____ Date: _____

CERTIFICATION GUIDELINES—You must cross out item (2) of the above certification if you have been notified by the IRS that you are subject to backup withholding because of under reporting of interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS stating that you are no longer subject to backup withholding, do not cross out item (2).

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office, or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number to the payer, the Specified Rate of all payments made to me on account of the Exchange Notes shall be retained until I provide a taxpayer identification number to the payer and that, if I do not provide my taxpayer identification number within sixty (60) days, such retained amounts shall be remitted to the Internal Revenue Service as backup withholding and the Specified Rate of all reportable payments made to me thereafter will be withheld and remitted to the Internal Revenue Service until I provide a taxpayer identification number.

Signature: _____ Date: _____

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF THE SPECIFIED RATE OF ANY PAYMENTS MADE TO YOU UNDER THE EXCHANGE NOTES. PLEASE REVIEW THE ENCLOSED "GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9" FOR ADDITIONAL DETAILS.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

Guidelines for Determining the Proper Identification Number to Give the Payer.—Social Security numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table below will help determine the number to give the payer.

For this Type of Account:	Give the SOCIAL SECURITY NUMBER of—
1. An individual's account	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(l)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
4. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(l)
b. So-called trust account that is not a legal or valid trust under State law	The actual owner(l)
5. Sole proprietorship account or single-owner LLC	The owner(3)
6. A valid trust, estate, or pension trust	The legal entity(4)
7. Corporate account or LLC electing corporate status on Form 8832	The corporation
8. Religious, charitable, or educational organization account	The organization
9. Partnership account or multi-member LLC	The partnership
10. Association, club or other tax-exempt organization	The organization
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments.	The public entity

(1) List first and circle the name of the person whose number you furnish.
(2) Circle the minor's name and furnish the minor's Social Security number.
(3) You must show your individual name, but you may also enter your business or "doing business as" name. You may use either your Social Security number or employer identification number (if you have one).
(4) List first and circle the name of the legal trust, estate, or pension trust.

Note: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

Obtaining a Number

If you do not have a taxpayer identification number or you do not know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number. U.S. resident aliens who cannot obtain a social security number must apply for an ITIN (individual taxpayer identification number) on Form W-7, Application for Individual Taxpayer Identification Number.

Payees Exempt from Backup Withholding

Payees specifically exempted from backup withholding on all payments include the following:

1. An organization exempt from tax under section 501(a) of the Internal Revenue Code of 1986 as amended (the "Code"), any IRA, or a custodial account under section 403(b)(7) of the Code if the account satisfies the requirements of section 401(f)(2) of the Code.
2. The United States or any of its agencies or instrumentalities.
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities.
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation.
7. A foreign central bank of issue.
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.
9. A futures commission merchant registered with the Commodity Futures Trading Commission.
10. A real estate investment trust.
11. An entity registered at all times during the tax year under the Investment Company Act of 1940.
12. A common trust fund operated by a bank under section 584(a) of the Code.
13. A financial institution.
14. A middleman known in the investment community as a nominee or custodian.
15. A trust exempt from tax under section 664 of the Code or described in section 4947 of the Code.

The following types of payments are exempt from backup withholding as indicated for items **1** through **15** above.

Interest and dividend payments. All listed payees are exempt except the payee in item **9**.

Broker transactions. All payees listed in items **1** through **13** are exempt. A person registered under the Investment Advisors Act of 1940 who regularly acts as a broker is also exempt.

Barter exchange transactions and patronage dividends. Only payees listed in items **1** through **5** are exempt.

Payments reportable under sections 6041 and 6041A. Only payees listed in items **1** through **7** are generally exempt.

Payments Exempt From Backup Withholding

Certain payments other than interest, dividends, and patronage dividends that are not subject to information reporting also are not subject to backup withholding under sections 6041, 6041A(a), 6045 and 6050A of the Code, and their regulations.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- Payments to nonresident aliens subject to withholding under Section 1441 of the Code.
- Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident alien partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.

Payments of interest not generally subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is $600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.
- Payments of tax-exempt interest (including exempt-interest dividends under section 852 of the Code).
- Payments described in section 6049(b)(5) of the Code to nonresident aliens.
- Payments made by certain foreign organizations.

Exempt payees described above should file Substitute Form W-9 to avoid possible erroneous backup withholding. FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE CERTIFICATION OF THE SUBSTITUTE FORM IN PART II, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

If You are a Nonresident Alien or a Foreign Entity Not Subject to Backup Withholding, File a Completed Internal Revenue Service Form W-8BEN with the Payer.

Privacy Act Notice. — Section 6109 of the Code requires most recipients of dividend, interest or other payments to give their correct TIN to payers who must report the payments to the IRS. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation and to cities, states, and the District of Columbia to carry out their tax laws. You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% (or such other Specified Rate) of taxable interest, dividend and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

Penalties

(1) Penalty For Failure to Furnish Taxpayer Identification Number. — If you fail to furnish your correct taxpayer identification number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) Civil Penalty for False Information with Respect to Withholding. — If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of $500.

(3) Criminal Penalty for Falsifying Information. — Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

(4) Misuse of TINs. — If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

Exhibit 99.2

NOTICE OF GUARANTEED DELIVERY

UNIFI, INC.

OFFER TO EXCHANGE
$190,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS
11 1/2% SENIOR SECURED NOTES DUE 2014 (CUSIP NUMBER 904677AF8/U9043NAA),
WHICH HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933
FOR A LIKE AGGREGATE PRINCIPAL AMOUNT OF ITS
11 1/2% SENIOR SECURED NOTES DUE 2014 (CUSIP NUMBERS)

This form or one substantially equivalent hereto must be used to accept the Exchange Offer of Unifi, Inc. (the "Company") made pursuant to the prospectus dated (the "Prospectus"), if certificates for the outstanding $190,000,000 aggregate principal amount of its 11 1/2% Senior Secured Notes due 2014 (CUSIP Numbers 904677AF8/U9043NAA) (the "Initial Notes") are not immediately available or if the procedure for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach the Company prior to 5:00 p.m., New York City time, on the Expiration Date of the Exchange Offer. Such form may be delivered or transmitted by telegram, telex, facsimile transmission, mail or hand delivery to U.S. Bank National Association (the "Exchange Agent") as set forth below. In addition, in order to utilize the guaranteed delivery, a Letter of Transmittal (or facsimile thereof), must also be received by the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date. Certificates for all tendered Initial Notes in proper form for transfer or a book-entry confirmation, as the case may be, and all other documents required by the Letter of Transmittal must be received by the Exchange Agent within three New York Stock Exchange trading days after the Expiration Date. Capitalized terms not defined herein are defined in the Prospectus.

Delivery to:

U.S. BANK NATIONAL ASSOCIATION
Exchange Agent

By Registered or Certified Mail:	*By Overnight Courier:*	*By Hand:*	*By Facsimile:*
U.S. Bank National Association 60 Livingston Avenue Minneapolis, Minnesota 55107 Attn: Specialized Finance Department	U.S. Bank National Association 60 Livingston Avenue Minneapolis, Minnesota 55107 Attn: Specialized Finance Department	U.S. Bank National Association 60 Livingston Avenue Minneapolis, Minnesota 55107 Attn: Specialized Finance Department	U.S. Bank National Association Attn: Specialized Finance Department (651) 495-8158 *Confirm by telephone:* (800) 934-6802

For information, call:
(800) 934-6802

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

Ladies and Gentlemen:

Upon the terms and conditions set forth in the Prospectus and the accompanying Letter of Transmittal, the undersigned hereby tenders to the Company the principal amount of Initial Notes set forth below, pursuant to the guaranteed delivery procedure described in "The Exchange Offer—Procedures for Tendering Initial Notes" section of the Prospectus.

Principal Amount of Initial Notes Tendered[1]

$_____

Certificate Nos. (if available):

_____

Total Principal Amount Represented by Initial Notes Certificate(s):

$_____

If Initial Notes will be delivered by book-entry transfer to The Depository Trust Company, provide account number.

Account Number_____

ANY AUTHORITY HEREIN CONFERRED OR AGREED TO BE CONFERRED SHALL SURVIVE THE DEATH OR INCAPACITY OF THE UNDERSIGNED AND EVERY OBLIGATION OF THE UNDERSIGNED HEREUNDER SHALL BE BINDING UPON THE HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS OF THE UNDERSIGNED.

PLEASE SIGN HERE

X_____ _____

X_____ _____

Signature(s) of Owner(s) or Authorized Signatory — Date

Area Code and Telephone Number: _____

Must be signed by the holder(s) of Initial Notes as their name(s) appear(s) on certificate(s) for Initial Notes or on a security position listing, or by person(s) authorized to become registered holder(s) by endorsement and documents transmitted with this Notice of Guaranteed Delivery. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must set forth his or her full title below.

[1] Must be in denominations of principal amount of $2,000 or whole multiples of $1,000 in excess thereof.

PLEASE PRINT NAME(S) AND ADDRESS(ES)

Name(s): _____

_____

Capacity: _____

Address(es): _____

_____

_____

_____

GUARANTEE

The undersigned, a member of a registered national securities exchange, or a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States, hereby guarantees that the certificates representing the principal amount of Initial Notes tendered hereby in proper form for transfer, or timely confirmation of the book-entry transfer of such Initial Notes into the Exchange Agent's account at The Depository Trust Company pursuant to the procedures set forth in "The Exchange Offer—Procedures for Tendering Initial Notes" section of the Prospectus, together with a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile thereof) with any required signature guarantee and any other documents required by the Letter of Transmittal, will be received by the Exchange Agent at the address set forth above, no later than three New York Stock Exchange trading days after the date of execution hereof.

Name of Firm	Authorized Signature
Address	Title
Zip Code	Name: (Please Type or Print)
Area Code and Tel. No.	Dated:

NOTE: DO NOT SEND CERTIFICATES FOR INITIAL NOTES WITH THIS FORM. CERTIFICATES FOR INITIAL NOTES SHOULD ONLY BE SENT WITH YOUR LETTER OF TRANSMITTAL.

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019-6064

October 12, 2006

Via EDGAR

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Unifi, Inc.
Registration Statement on Form S-4

Ladies and Gentlemen:

On behalf of our client, Unifi, Inc., a New York corporation (the "Company"), and the subsidiaries of the Company (the "Guarantors"), we are transmitting for filing with the Securities and Exchange Commission in electronic form a Registration Statement on Form S-4 (the "Registration Statement") in connection with the proposed registration under the Securities Act of 1933, of the offer to exchange $190,000,000 aggregate principal amount of the Company's 11 1/2% Senior Secured Notes due 2014 and the guarantees of such securities by the Guarantors for a like principal amount of substantially similar notes and guarantees that were issued in a transaction exempt from registration under the Securities Act.

The Company has informed us that the filing fee in the amount of $20,330.00 was wired to the Securities and Exchange Commission's account at Mellon Bank.

Should you have any questions regarding the Registration Statement, please feel free to contact Lawrence G. Wee at (212) 373-3052 or me at (212) 373-3431.

Very truly yours,

/s/ Aun S. Singapore

Aun S. Singapore

cc: Charles F. McCoy, Esq.
Unifi, Inc.
Lawrence G. Wee, Esq.
Paul, Weiss, Rifkind, Wharton & Garrison LLP

UNIFI, INC.
7201 West Friendly Avenue
Greensboro, NC 27410

October 12, 2006

BY EDGAR

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Unifi, Inc.
Registration Statement on Form S-4

Ladies and Gentlemen:

Unifi, Inc. (the "Company"), and the Company's subsidiaries (the "Guarantors," and the Guarantors, together with the Company, the "Co-Registrants") have filed a registration statement on Form S-4 (the "Registration Statement") for the proposed registration under the Securities Act of 1933 (the "Securities Act"), of (i) $190,000,000 aggregate principal amount of the Company's 11 1/2% Senior Secured Notes due 2014 (the "Exchange Notes") to be offered in exchange (the "Exchange Offer") for the Company's outstanding 11 1/2% Senior Secured Notes due 2014 (the "Existing Notes") and (ii) the guarantees of the Exchange Notes by the Guarantors (the "Guarantees"). The Co-Registrants are registering the Exchange Notes and the Guarantees in reliance upon the position enunciated by the Staff of the Securities and Exchange Commission in Exxon Capital Holdings Corporation, SEC No-Action Letter (April 13, 1988), and in Morgan Stanley & Co. Incorporated, SEC No-Action Letter (June 5, 1991).

Each of the Co-Registrants represents that neither it nor any of its affiliates has entered into any arrangement or understanding with any person to distribute the Exchange Notes to be received in the Exchange Offer and, to the best of such Co-Registrants' information and belief, each person participating in the Exchange Offer will be acquiring the Exchange Notes in its ordinary course of business and will have no arrangement or understanding with any person to participate in the distribution of the Exchange Notes to be received in the Exchange Offer. In this regard, the Co-Registrants will make each person participating in the Exchange Offer aware (through the Exchange Offer prospectus or otherwise) that if such person has any arrangement or understanding with respect to the distribution of the Exchange Notes to be acquired in the Exchange Offer, such person (i) could not rely on the Staff position enunciated in the aforementioned no action letters and (ii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. The Co-Registrants acknowledge that such a resale transaction by such person participating in the

Exchange Offer pursuant to such arrangement or understanding for the purpose of distributing the Exchange Notes should be covered by an effective registration statement containing the selling security holder information required by Item 507 of Regulation S-K promulgated under the Securities Act.

Each of the Co-Registrants represents that, to the best of such Co-Registrant's information and belief, no holder or beneficial owner of the outstanding Existing Notes is an affiliate of such Co-Registrant.

The Co-Registrants will also make each person participating in the Exchange Offer aware (through the Exchange Offer prospectus or otherwise) that it is the position of the Staff that any broker-dealer that holds the Existing Notes for its own account acquired as a result of market-making activities or other trading activities, and that receives the Exchange Notes in exchange for the Existing Notes pursuant to the Exchange Offer, may be a statutory underwriter and must deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the Exchange Notes. Each such broker-dealer must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the Exchange Notes.

Very truly yours,

Unifi, Inc.
Unifi Manufacturing, Inc.
Unifi Sales & Distribution, Inc.
Unifi International Service, Inc.
Spanco Industries, Inc.
Spanco International, Inc.
Charlotte Technology Group, Inc.
UTG Shared Services, Inc.
Glentouch Yarn Company, LLC
Unifi Technical Fabrics, LLC
Unifi Textured Polyester, LLC
Unimatrix Americas, LLC

By: /s/ CHARLES F. MCCOY
Name: Charles F. McCoy
Title: Vice President

Unifi Export Sales, LLC
Unifi Manufacturing Virginia, LLC

Unifi, Inc., as member

By: /s/ CHARLES F. MCCOY
Name: Charles F. McCoy
Title: Vice President

Unifi Manufacturing, Inc., as member

By: /s/ CHARLES F. MCCOY
Name: Charles F. McCoy
Title: Vice President

Unifi Kinston, LLC

Unifi Manufacturing, Inc., as sole member

By: /s/ CHARLES F. MCCOY
Name: Charles F. McCoy
Title: Vice President

cc: Lawrence G. Wee, Esq.
Paul, Weiss, Rifkind, Wharton & Garrison LLP