

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported):
August 22, 2007**

UNIFI, INC.

(Exact name of registrant as specified in its charter)

New York
(State of Incorporation)

1-10542
(Commission File Number)

11-2165495
(IRS Employer Identification No.)

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

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

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.05. COSTS ASSOCIATED WITH EXIT OR DISPOSAL ACTIVITIES.

On August 22, 2007, Unifi, Inc. (the “Registrant”) issued a press release announcing the reorganization of its corporate staff and manufacturing support functions (the “Reorganization”). The press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. In connection with the Reorganization, management has committed to a plan of termination that involves the termination of approximately 25 employees. Management estimates that the aggregate charge associated with the Reorganization will be approximately \$800,000, which represents the Registrant’s future cash expenditure for severance benefits. In addition, severance charges of \$400,000 from a prior reorganization and \$2.4 million from the termination of the former Chief Executive Officer will be recognized in the first quarter of fiscal 2008 resulting in total severance charges of \$3.6 million.

ITEM 5.02. DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.

As a result of the Reorganization, effective August 22, 2007, Benny L. Holder, the Registrant’s Vice President and Chief Information Officer, was terminated from his position. The Registrant and Mr. Holder are currently negotiating a severance arrangement that will be disclosed at a later date.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

| EXHIBIT NO. | DESCRIPTION OF EXHIBIT |
|-------------|---|
| 99.1 | Press Release issued on August 22, 2007 by the Registrant |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UNIFI, INC.

By: /s/ Charles F. McCoy
Charles F. McCoy
Vice President, Secretary and General Counsel

Dated: August 22, 2007

INDEX TO EXHIBITS

| EXHIBIT NO. | DESCRIPTION OF EXHIBIT |
|-------------|---|
| 99.1 | Press Release issued on August 22, 2007 by the Registrant |

For more information, contact:

William M. Lowe, Jr.
Vice President
Chief Operating Officer
Chief Financial Officer
(336) 316-5664

Unifi Announces Corporate Reorganization

GREENSBORO, N.C. — August 22, 2007 — Unifi, Inc. (NYSE:UFI), today announced that it will reorganize certain corporate staff and manufacturing support functions to further reduce costs and achieve its financial goals. Approximately 25 employees will be affected as a result of this current reorganization. Combined with previous cost reductions this quarter, the Company expects to reduce its support costs by approximately \$8.0 million in the current fiscal year (\$9.0 million on an annualized basis). The Company will accrue a severance expense of approximately \$3.6 million for the quarter ended in September, which includes severance of \$2.4 million in connection with the termination of its former Chief Executive Officer.

“It is imperative that we continue to match our support costs to the size of our current business,” said William Lowe, Unifi’s Chief Operating Officer and Chief Financial Officer. “We absolutely must institute a cost-conscious culture. We must minimize our costs at the support level, while maintaining world class service, product innovation, and quality to successfully compete in our market and reach our goals. We have a balance sheet that supports our strategies and our recent announcement of outsourcing certain raw materials will provide the flexibility to our polyester production facilities, which has been lacking over the past twelve months. Our overall corporate strategies remain unchanged, and we look forward to driving success that will be reflected in our financial statements,” continued Lowe.

Unifi, Inc. (NYSE: UFI) is a diversified producer and processor of multi-filament polyester and nylon textured yarns and related raw materials. The Company adds value to the supply chain and enhances consumer demand for its products through the development and introduction of branded yarns that provide unique performance,

comfort and aesthetic advantages. Key Unifi brands include, but are not limited to: aio® — all-in-one performance yarns, Sorbtek®, A.M.Y.®, Mynx® UV, Repreve®, Reflexx®, MicroVista® and Satura®. Unifi's yarns and brands are readily found in home furnishings, apparel, legwear, and sewing thread, as well as industrial, automotive, military, and medical applications. For more information about Unifi, visit <http://www.unifi.com>.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

Certain statements included herein contain forward-looking statements within the meaning of federal security laws about Unifi, Inc.'s (the "Company") financial condition and results of operations that are based on management's current expectations, estimates and projections about the markets in which the Company operates, as well as management's beliefs and assumptions. Words such as "expects," "anticipates," "believes," "estimates," variations of such words and other similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in, or implied by, such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's judgment only as of the date hereof. The Company undertakes no obligation to update publicly any of these forward-looking statements to reflect new information, future events or otherwise.

Factors that may cause actual outcome and results to differ materially from those expressed in, or implied by, these forward-looking statements include, but are not necessarily limited to, availability, sourcing and pricing of raw materials, pressures on sales prices and volumes due to competition and economic conditions, reliance on and financial viability of significant customers, operating performance of joint ventures, alliances and other equity investments, technological advancements, employee relations, changes in construction spending, capital expenditures and long-term investments (including those related to unforeseen acquisition opportunities), continued availability of financial resources through financing arrangements and operations, outcomes of pending or threatened legal proceedings, negotiation of new or modifications of existing contracts for asset management and for property and equipment construction and acquisition, regulations governing tax laws, other governmental and authoritative bodies' policies and legislation, and proceeds received from the sale of assets held for disposal. In addition to these representative factors, forward-looking statements could be impacted by general domestic and international economic and industry conditions in the markets where the Company competes, such as changes in currency exchange rates, interest and inflation rates, recession and other economic and political factors over which the Company has no control. Other risks and uncertainties may be described from time to time in the Company's other reports and filings with the Securities and Exchange Commission.

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