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):
January 25, 2007

UNIFI, INC.

(Exact name of registrant as specified in its charter)

New York	**1-10542**	**11-2165495**
(State of Incorporation)	(Commission File Number)	(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:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

ITEM 7.01. REGULATION FD DISCLOSURE.

The following information is furnished pursuant to Item 2.02, “Results of Operations and Financial Condition” and Item 7.01, “Regulation FD Disclosure.”

On January 25, 2007, Unifi, Inc. (the “Registrant”) issued a press release announcing its operating results for its second fiscal quarter ended December 24, 2006, which press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

On January 25, 2007, the Registrant will host a conference call to discuss financial results for its second fiscal quarter. The slide package prepared for use by executive management for this presentation is attached hereto as Exhibit 99.2. All of the information in the presentation is presented as of January 25, 2007, and Unifi does not assume any obligation to update such information in the future.

The information included herein, as well as Exhibits 99.1 and 99.2 referenced herein, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
99.1	Press Release, dated January 25, 2007 with respect to the Registrant’s financial results for its second fiscal quarter ended December 24, 2006
99.2	Slide Package prepared for use on January 25, 2007 in connection with the Registrant’s second fiscal quarter earnings conference call to be held on January 25, 2007

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: January 25, 2007

INDEX TO EXHIBITS

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For more information, contact:
William M. Lowe, Jr.
Vice President
Chief Operating Officer
Chief Financial Officer
(336) 316-5664

Unifi Announces Second Quarter Results

GREENSBORO, N.C. – January 25, 2007 – Unifi, Inc. (NYSE:UFI) today released operating results for its second quarter ended December 24, 2006.

Net income for the current quarter, including discontinued operations, was a net loss of $16.5 million or $0.32 per share compared to a net loss of $3.8 million or $0.07 per share for the prior December quarter. Net income from continuing operations for the current quarter was a net loss of $16.4 million or $0.32 per share compared to a net loss of $3.4 million or $0.06 per share for the prior December quarter.

Net sales from continuing operations for the current December quarter of $156.9 million were down $34.2 million or 17.9% compared to net sales of $191.1 million for the prior year December quarter. Relatively stable sales of the Company's nylon and textured, dyed and value-added polyester yarns in the quarter were offset by significant declines in partially oriented yarn, or POY, which were a result of the supply chain working through existing inventories.

Bill Lowe, Chief Operating Officer and CFO for Unifi, said, "As we announced on December 7, 2006, earnings were negatively impacted by the lingering effect of higher priced POY inventory and a significant decline in POY volume during the quarter. The inventory adjustments that took place throughout the supply chain during the December quarter appear largely complete, and our POY and texturing plants are now running at expected capacities. We anticipate operating at these higher run rates and also expect to achieve mix related benefits as well during the March quarter. The transition of the Dillon manufacturing facility occurred on January 1, 2007 and appeared seamless to our customers. The facility is running at expected capacities, and we are now looking forward to improving our combined operations during this calendar year."

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Net income for the first half of the Company's fiscal year 2007, including discontinued operations, was a net loss of $27.6 million or $0.53 per share compare compared to a net loss of $6.9 million or $0.13 per share for the prior year first half. Net income from continuing operations for the first half of fiscal 2007 was a net loss of $27.4 million or $0.53 per share compared to a net loss of $8.2 million or $0.16 per share for the prior year first half. Net sales for the first half of fiscal year 2007 of $326.8 were down $47.4 million or 12.7% compared to net sales of $374.2 million for the first half of fiscal year 2006.

Total debt at the end of the current quarter was $206.1 million, which is a reduction of $58.0 million over the $264.1 million in debt at the end of the prior year December quarter, as a result of the Company's refinancing activity in May 2006. Cash-on-hand at the end of the current December quarter was $35.6 million, which is up slightly from the September 2006 quarter of $29.5 million.

Brian Parke, Chairman and CEO for Unifi said, "We continue to make excellent progress with our operations in China. We have many products now being sampled by critical new customers and larger scale trials are being requested. On the cost side, we have made changes that will reduce our operating costs approximately $2 million in the coming year, which will help us reach our goals. The momentum is building from the market side, and downstream opportunities are beginning to turn into solid orders."

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.

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Financial Statements to Follow

UNIFI, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited) (Amounts in Thousands Except Per Share Data)

	For the Quarters Ended		For the Six Months Ended	
	December 24, 2006	December 25, 2005	December 24, 2006	December 25, 2005
Net sales	$ 156,895	$ 191,117	$ 326,839	$ 374,219
Cost of sales	154,275	181,747	315,179	356,446
Selling, general & administrative expenses	10,388	10,461	21,677	20,948
Provision (recovery) for bad debts	(1,012)	604	598	1,131
Interest expense	6,111	4,681	12,176	9,457
Interest income	(1,066)	(2,189)	(1,510)	(3,470)
Other (income) expense, net	236	303	(243)	(549)
Equity in (earnings) losses of unconsolidated affiliates	2,876	(18)	4,825	(1,842)
Write down of long-lived assets	2,002	—	3,202	1,500
Restructuring charges	—	—	—	29
Loss from continuing operations before income taxes and extraordinary item	(16,915)	(4,472)	(29,065)	(9,431)
Benefit from income taxes	(540)	(1,079)	(1,673)	(1,231)
Loss from continuing operations before extraordinary item	(16,375)	(3,393)	(27,392)	(8,200)
Income (loss) from discontinued operations, net of tax	(167)	(583)	(203)	1,346
Extraordinary gain — net of tax of $0	—	208	—	—
Net loss	$ (16,542)	$ (3,768)	$ (27,595)	$ (6,854)
Earnings (losses) per common share (basic and diluted):				
Net loss — continuing operations	$ (0.32)	$ (0.06)	$ (0.53)	$ (0.16)
Net income (loss) - discontinued operations	—	(0.01)	—	0.03
Extraordinary gain	—	—	—	—
Net loss — basic and diluted	$ (0.32)	$ (0.07)	$ (0.53)	$ (0.13)
Weighted average basic and diluted shares outstanding	52,198	52,127	52,198	52,127

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UNIFI, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited) (Amounts in Thousands)

	December 24, 2006	June 25, 2006
Assets		
Cash and cash equivalents	$ 35,612	$ 35,317
Receivables, net	77,486	93,236
Inventories	115,386	116,018
Deferred income taxes	11,982	11,739
Assets held for sale	15,419	15,419
Other current assets	11,287	9,229
Total current assets	267,172	280,958
Property, plant and equipment	219,461	239,696
Investments in unconsolidated affiliates	184,210	190,217
Other noncurrent assets	22,766	21,766
	$ 693,609	$ 732,637
Liabilities and Shareholders' Equity		
Accounts payable	$ 60,518	$ 68,916
Accrued expenses	18,569	23,869
Income taxes payable	373	2,303
Current maturities of long-term debt and other current liabilities	8,056	6,330
Total current liabilities	87,516	101,418
Long-term debt and other liabilities	203,691	202,405
Deferred income taxes	44,159	45,861
Shareholders' equity	358,243	382,953
	$ 693,609	$ 732,637

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UNIFI, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (Amounts in Thousands)

	For the Six Months Ended December 24, 2006	For the Six Months Ended December 25, 2005
Cash and cash equivalents at beginning of period	$ 35,317	$ 105,621
Operating activities:		
Net loss	(27,595)	(6,854)
Adjustments to reconcile net loss to net cash used in continuing operating activities:		
(Income) loss from discontinued operations	203	(1,346)
Net (earnings) loss of unconsolidated equity affiliates, net of distributions	4,825	288
Depreciation	21,449	24,688
Amortization	557	642
Stock based compensation	1,238	289
Net (gain) loss on asset sales	241	(365)
Non-cash write down of long-lived assets	3,202	1,500
Non-cash portion of restructuring charges	—	29
Deferred income tax	(1,945)	(2,533)
Provision (recovery) for bad debts	598	1,131
Key executive life insurance proceeds, net	—	983
Other	20	(1,275)
Change in assets and liabilities, excluding effects of acquisitions and foreign currency adjustments	1,357	443
Net cash provided by continuing operating activities	4,150	17,620
Investing activities:		
Capital expenditures	(3,341)	(7,614)
Acquisitions	(393)	(30,388)
Investment in foreign restricted assets	—	158
Collection of notes receivable	734	236
Change in restricted cash	—	2,766
Proceeds from sale of capital assets	30	2,376
Return of capital from equity affiliates	229	—
Key executive life insurance premiums	(166)	—
Other	(362)	(210)
Net cash used in investing activities	(3,269)	(32,676)
Financing activities:		
Payment of long-term debt	(290)	(24,407)
Other	(309)	40
Net cash used in financing activities	(599)	(24,367)
Cash flows of discontinued operations:		
Operating cash flow	(50)	(4,640)
Investing cash flow	—	23,062
Net cash provided by (used in) discontinued operations	(50)	18,422
Effect of exchange rate changes on cash and cash equivalents	63	399
Net increase (decrease) in cash and cash equivalents	295	(20,602)
Cash and cash equivalents at end of period	$ 35,612	$ 85,019

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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, the Company's ability to integrate fully the newly-acquired Dillon operations 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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Unifi, Inc.

Second Quarter Ended
December 24, 2006

Conference Call

Cautionary Statement

Certain statements included herein contain forward-looking statements within the meaning of federal securities 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. Synergies with respect to the Dillon transaction are 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, the Company's ability to integrate fully the newly-acquired Dillon operations 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.

Income Statement Highlights

(Amounts in thousands)

	For the Quarters Ended	
	Dec. 2006	Dec. 2005
Total sales from continuing operations	$156,895	$191,117
Loss from continuing operations before income taxes and extraordinary item	(16,915)	(4,472)
Loss from continuing operations before extraordinary item	(16,375)	(3,393)
Selling, general and administrative expense	10,388	10,461
Interest expense	6,111	4,681
Depreciation expense	10,325	12,331
Net loss	(16,542)	(3,768)

Income Statement Highlights

(Amounts in thousands)

	For the Six Months Ended	
	Dec. 2006	Dec. 2005
Total sales from continuing operations	$326,839	$374,219
Loss from continuing operations before income taxes and extraordinary item	(29,065)	(9,431)
Loss from continuing operations before extraordinary item	(27,392)	(8,200)
Selling, general and administrative expense	21,677	20,948
Interest expense	12,176	9,457
Depreciation expense	21,449	24,688
Net loss	(27,595)	(6,854)

Balance Sheet Highlights

(Amounts in thousands, except percentages and days in receivables/payables)

	December 2006	September 2006	June 2006	March 2006
Cash	$ 35,612	$ 29,516	$ 35,317	$ 88,423
Short-Term Debt	$ 6,236	$ 3,807	$ 4,626	$ 5,660
Long-Term Debt	199,912	200,230	199,421	257,525
Total Debt	$ 206,148	$ 204,037	$ 204,047	$ 263,185
Equity	$ 358,243	$ 373,272	$ 382,953	$ 388,047
Net Working Capital (1)	$ 133,688	$ 151,968	$ 141,586	$ 145,940
Days in receivable	40.9	45.7	46.0	45.5
Days in payables	31.2	27.4	33.4	30.5

(1) Includes only Accounts Receivable, Inventories and Accounts Payable; excludes discontinued operations

Estimated Balance Sheet Including Dillon Acquisition

(Unaudited) (Amounts in thousands)

	Unifi Dec-06	Dillon Dec-06	Adjustments / Eliminations	Total
Accounts receivable	$ 77,486	$ -	$ 11,000	$ 88,486
Inventory	115,386	11,602	-	126,988
PP&E	219,461	21,630	-	241,091
Intangibles	-	25,000	-	25,000
Goodwill	-	4,369	1,103	5,472
Total assets	693,609	62,601	11,000	767,210
Bank revolver	-	42,102	898	43,000
Equity issued	-	20,499	-	20,499

Notes:

The Dillon transaction is assumed to have occurred effective December 2006.

The above disclosures are not in accordance with Regulation S-X because (i) the periods presented are not those that would be required and (ii) the Dillon Dec-06 column reflects purchase accounting allocations.

Adjustments column includes the following items:

- $11,000 estimated increase in accounts receivable related to Dillon;
- $ 1,103 of direct costs associated with the acquisition of Dillon, which will be reclassified on the balance sheet to non-amortizable goodwill; and
- $ 898 is an adjustment to reflect the total amount borrowed.

Estimate of Financial Impact Due to Dillon Acquisition

(Amounts in thousands, except per share data)

	Unifi (Audited) FYE 6/06	Dillon (Unaudited) YE 12/05	Eliminations	Synergies	Adjustments	Total
Revenue	$ 738,825	$ 130,923	$ (40,771)	$ -	$ -	$ 828,977
Pre-tax income (loss)	(15,896)	7,063	(146)	7,200	(3,398)	(5,177)
Tax expense (benefit)	(1,170)	2,331	(48)	2,376	(1,121)	2,368
Net income (loss)	(14,366)	4,732	(98)	4,824	(2,277)	(7,185)
Earnings per share	(0.28)					(0.12)
EPS excluding impairment and debt extinguishment charges	(0.18)					(0.04)
EBITDA	56,932	12,000	(146)	7,200	-	75,986
Weighted average shares	52,155					60,531

Notes:

The Dillon transaction is assumed to have occurred effective June 2006.

The above disclosures are not in accordance with Regulation S-X in a number of different respects, including that (i) the periods presented are not what would be required, and (ii) certain synergies would not be permitted to be given pro forma effects.

$360 of income from discontinued operations-net of tax is included in Net income (loss) in the Unifi column.

Except for the Unifi income tax benefit, an effective tax rate of 33% was assumed.

Eliminations column reflects sales made from Unifi to Dillon during the twelve months ended June 2006.

Synergies include the following:

- $2,000 benefit relating to additional POY sales to Dillon;
- $4,600 benefit relating to elimination of overhead; and
- $ 600 benefit relating to relocation of Dillon's twisting operations to Unifi's twisting operations in NC.

Adjustments include the following:

- $2,946 interest expense; and
- $ 452 depreciation and amortization.

EBITDA Reconciliation to Pre-Tax Income

(Amounts in thousands)

	/--------- Quarters Ended	--------\	Year-to-Date
	September 2006	December 2006	December 2006
Pre-tax loss from continuing operations	$ (12,150)	$ (16,915)	$ (29,065)
Interest expense, net	5,621	5,045	10,666
Depreciation and amortization expense	11,124	10,325	21,449
Equity in losses of unconsolidated affiliates	1,949	2,876	4,825
Cash distributions from equity affiliates	229	-	229
Non-cash compensation	2,128	609	2,737
Write down of long-lived assets	1,200	2,002	3,202
Losses on sales of PP&E	240	1	241
Hedging (gains) losses	44	(96)	(52)
EBITDA	$ 10,385	$ 3,847	$ 14,232

EBITDA Reconciliation to Pre-Tax Income (Addendum)

(Amounts in thousands)

	Unifi (Audited) FYE 6/06	Dillon (Unaudited) YE 12/05	Eliminations	Synergies	Total
Pre-tax income (loss)	$ (15,896)	$ 7,063	$ (146)	$ 7,200	$ (1,779)
Interest expense	19,247				19,247
Depreciation expense	48,669	4,937			53,606
(Income) loss from equity affiliates	(825)				(825)
Restructuring charges	(254)				(254)
Impairment write-downs	2,366				2,366
Non-cash compensation	676				676
Loss on early extinguishment of debt	2,949				2,949
EBITDA	$ 56,932	$ 12,000	$ (146)	$ 7,200	$ 75,986

Adjusted Earnings per Share Reconciliation (Addendum)

	Unifi FYE 6/06	Total
Income (loss) per share	$ (0.28)	$ (0.12)
Write-down of long-lived assets	0.05	0.04
Loss on early extinguishment of debt	0.05	0.04
Adjusted loss per share	$ (0.18)	$ (0.04)
Weighted average shares	52,155	60,531

Non-GAAP Financial Measures

Estimated Financial Impact due to the Dillon Acquisition

We have presented certain information regarding the estimated financial impact due to the Dillon Acquisition (the "Dillon-Adjusted Information") in order to provide investors with additional information regarding the effects of the Dillon Acquisition. As noted in this presentation, the Dillon-Adjusted Information presented is not pro forma financial information in accordance with Article 11 of Regulation S-X. The Dillon-Adjusted Information should be read in accordance with our historical financial statements and MD&A, which are found in our filings with the Securities and Exchange Commission. The Dillon-Adjusted Information is presented for illustrative purposes only and does not purport to present our actual results of operations had the Dillon Acquisition in fact occurred on the dates specified, nor is it necessarily indicative of the results of operations that may be achieved in the future or during any fiscal year. The Dillon-Adjusted Information is based on various assumptions and adjustments, certain of which are described in the notes in thereto, and should be read in conjunction with those notes.

Non-GAAP Financial Measures

Included in this presentation are certain non-GAAP financial measures designed to complement the financial information presented in accordance with generally accepted accounting principles in the United States of America because management believes such measures are useful to investors.

EBITDA

EBITDA represents pre-tax income before interest expense, depreciation and amortization expense and loss or income from discontinued operations, adjusted to exclude restructuring charges, equity in losses of unconsolidated affiliates, impairment write-downs, non-cash compensation expense, losses on sales of property, plant and equipment, hedging gains and losses and losses on early extinguishment of debt and to include cash distributions from equity affiliates in excess of income. 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. Equity in losses of unconsolidated affiliates is excluded because such losses do not have an impact on our ability to service our debt. Similarly, we include actual cash distributions from equity affiliates in excess of income because such cash is available to service our debt. The other items excluded from EBITDA are excluded in order to better reflect our continuing operations.

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 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.

Non-GAAP Financial Measures – Continued

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 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.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business or as a measure of cash that will be available to us to meet our obligations, including those under the notes. You should compensate for these limitations by relying primarily on our GAAP results and using EBITDA only supplementally.

Adjusted Earnings per Share

Adjusted Earnings per Share is calculated based on GAAP earnings per share, excluding the per share earnings impact of the write-down of long-lived assets and losses on early extinguishment of debt. We believe that presenting Adjusted Earnings per Share is useful to investors, because the exclusion of such amounts better reflects our performance on an ongoing basis. Adjusted Earnings Per Share is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net income, operating income or any other performance measures (and their corresponding per share amounts) derived in accordance with GAAP. You should rely primarily on our GAAP results and use Adjusted Earnings Per Share only supplementally.