



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

As previously disclosed in its Current Report on Form 8-K dated August 22, 2007, Benny L. Holder, the former Vice President and Chief Information Officer of Unifi, Inc. (the "Registrant"), was terminated from his position, and the Registrant began negotiations with Mr. Holder concerning a severance arrangement.

On September 10, 2007, the Registrant entered into a Severance Agreement (the "Severance Agreement") with Mr. Holder. Pursuant to the Severance Agreement Mr. Holder's last day of employment was August 31, 2007 (the "Separation Date"). The Severance Agreement is retroactively effective as of the Separation Date. Under the terms of the Severance Agreement, (i) Mr. Holder will receive aggregate severance equal to \$168,750, subject to applicable withholding and deductions, (ii) Mr. Holder will continue to receive medical and dental coverage from the Registrant through the earlier of his coverage by a new employer or May 31, 2008, provided that Mr. Holder shall continue to pay the premiums applicable to other employees of the Registrant for such coverage and (iii) Mr. Holder shall receive outplacement services for a period ending upon the earlier of his obtaining new employment or nine (9) months from the Separation Date. In exchange for the consideration provided by the Severance Agreement, Mr. Holder has also agreed to refrain from engaging in certain competitive activity for a period of nine (9) months following the Separation Date.

The foregoing description of the Severance Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Severance Agreement, a copy of which is filed as Exhibit 10.1 hereto and is incorporated herein by reference.

**ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.**

(d) Exhibits.

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
10.1	Severance Agreement, executed September 10, 2007 between the Registrant and Benny L. Holder.

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**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: September 12, 2007

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**INDEX TO EXHIBITS**

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