

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
[FEE REQUIRED]

For the fiscal year ended
June 25, 1995

Commission File
Number 1-10542

UNIFI, INC.

(Exact name of Registrant as specified in its charter)

New York

11-2165495

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

7201 West Friendly Avenue
Greensboro, North Carolina

27410

(Address of principal executive offices)

(Zip Code)

Registrant's telephone no., including a/c:

(910) 294-4410

Securities registered pursuant to Section 12(b) of the Act:

Title of Class

Name of Each Exchange
On Which Registered

Common Stock, par value \$.10 per share New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

Aggregate market value of the voting stock held by nonaffiliates of the Registrant as of August 4, 1995: \$1,520,298,446

Number of shares outstanding as of August 4, 1995: 66,807,005

Documents Incorporated By Reference

Portions of the Annual Report to shareholders of Unifi, Inc. for the fiscal year ended June 25, 1995, are incorporated by reference into Parts I and II hereof.

Portions of the definitive Proxy Statement for the Annual Meeting of the shareholders of Unifi, Inc., to be held on October 19, 1995 are incorporated by reference into Part III.

Exhibits, Financial Statement Schedules and Reports on Form 8-K index is located on pages IV-1 through IV-5.

PART I

Item 1. Business:

Unifi, Inc., a New York corporation formed in 1969, together with its subsidiaries, hereinafter set forth, (the "Company" or "Unifi"), is engaged predominantly in the business of processing yarns by: texturing of synthetic filament polyester and nylon fiber; and spinning of cotton and cotton blend fibers.

The Company's texturing operation mainly involves purchasing partially oriented yarn (POY), which is either raw polyester or nylon filament fiber, from chemical manufacturers and using high speed machines to draw, heat and twist the POY to produce yarns having various physical characteristics, depending upon its ultimate end-use. The Company's spinning operation mainly involves the spinning on either open-end or ring spindles of cotton, cotton and undyed synthetic blends, and cotton and pre-dyed polyester blends into yarns of different strengths and thickness.

The Company currently sells textured polyester yarns, nylon yarns, dyed yarns, covered yarns, spun yarns made of cotton, cotton and un-dyed synthetic blends, and cotton and pre-dyed polyester blends domestically and internationally to weavers and knitters who produce fabrics for the apparel, industrial, hosiery, home furnishing, auto upholstery, activewear, and underwear markets.

The Company, internationally, has manufacturing facilities in Letterkenny, County Donegal, Republic of Ireland, which texturizes polyester, as well as producing its own polymer (POY).

SOURCES AND AVAILABILITY OF RAW MATERIALS:

A. POY. The primary suppliers of POY to the Company are E. I. DuPont de Nemours and Company, Hoechst Celanese Corporation, and Wellman Industries, with the majority of the Company's POY being supplied by DuPont. Although the Company is heavily dependent upon a limited number of suppliers, the Company has not had and does not anticipate any material difficulty in obtaining its raw POY.

B. Cotton. The Company buys its cotton, which is a commodity and is traded on established markets, from brokers such as Dunavant Enterprises, HoHenBerg Brothers Co., Staple Cotton, and Stahel (America). The Company has not had and does not anticipate any material difficulty in obtaining cotton.

PATENTS AND LICENSES: The Company currently has several patents and registered trademarks, including the following:

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PATENT TITLE/DESCRIPTION	PAT/APP. NO.	DATE ISSUED OR APPLIED FOR
Dye Tube Spacer For Package Dyeing	8/284,305	08/02/94
Method For Treatment of Yarn in Package Form	5,387,263	12/16/93

Yarn Package Cover	080,654	06/18/93
Wallpaper Backing	1,317,705 (Canada)	05/18/93
Nylon/Lycra Composit Yarn	5,237,808	08/24/93
Polyester Substrate (Vinyl)	5,063,108	11/05/91
Polyester Substrate (Vinyl)	5,043,208	08/27/91
Continuous Multi-Filament Polyester Substrate	4,935,293	06/19/90
Wallpaper Backing	4,925,726	05/15/90
Wallpaper Backing	4,874,019	10/17/89
Wallpaper Backing	325,028 (United Kingdom)	07/26/89
Friction Discs For False-Twist Head	4,129,980	12/19/78
Apparatus for Restarting a Broken Thread or Yarn Strand During a Winding Process	4,125,229	11/14/78
Safety Guard for the Blade of Carton Openers	4,086,698	05/02/78

TRADEMARK NAME	REGISTRATION/ SERIAL NO.	DATE REGISTRATION FILED
Sheertech	74/637666	02/22/95
Unifi Quality Through Pride (Stylized)	299,227	07/28/92
Unifi	261,913	04/02/92
Unifi (Stylized)	261,912	04/02/92
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Trifi	1,703,349	07/28/92
Mactex	1,511,013	11/01/88
Bi-Dye	1,105,160	06/19/84

The Company does not have any patents, trademarks, licenses, or franchises which are material to its business as a whole.

CUSTOMERS: The Company in fiscal year ended June 25, 1995, sold textured and spun yarns to approximately 1,000 customers, one customer's purchases were approximately 11% of the net sales during said period, the ten largest customers accounted for approximately 32% of the total sales and the Company does not believe that it is dependent on any one customer.

BACKLOG: The Company, other than in connection with certain foreign sales and for textured yarns that are package dyed according to customers' specifications, does not manufacture to order. The Company's products can be used in many ways and can be thought of in terms of a commodity subject to the laws of supply and demand and, therefore, does not have what is considered a

backlog of orders. In addition, the Company does not consider its products to be seasonal ones.

COMPETITIVE CONDITIONS: The textile industry in which the Company currently operates is keenly competitive. The Company processes and sells high-volume commodity products, pricing is highly competitive with product quality and customer service being essential for differentiating the competitors within the industry. Product quality insures manufacturing efficiencies for the customer. The Company's polyester and nylon yarns, dyed yarns, covered yarns and cotton and cotton blend yarns compete with a number of other domestic producers of such yarns. In the sale of polyester filament yarns major competitors are Atlas Yarn Company, Inc., Burlington Industries, Inc. and Milliken & Company, in the sale of nylon yarns, dyed yarns, and covered yarns major competitors are Glen Raven Mills, Inc., Jefferson Mills, Inc., Spanco Yarns, Inc., Regal Manufacturing Company and Spectrum Dyed Yarns, Inc., and in the sale of cotton and cotton blend yarns major competitors are Parkdale Mills, Inc., Avondale Mills, Inc., Harriett & Henderson, Mayo Yarns, Inc. and TNS Mills, Inc.

RESEARCH AND DEVELOPMENT: The estimated amount spent during each of the last three fiscal years on Company-sponsored and Customer-sponsored research and development activities is considered immaterial.

COMPLIANCE WITH CERTAIN GOVERNMENT REGULATIONS: Management of the Company believes that the operation of the Company's production facilities and the disposal of waste materials are substantially in compliance with applicable laws and regulations.

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EMPLOYEES: The number of employees of the Company is approximately 6,000 full-time employees.

FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC INTERNATIONAL OPERATIONS AND EXPORT SALES: The information included under the heading "Business Segments and Foreign Operations" on page 23 of the Annual Report of the Company to the Shareholders for the fiscal year ended June 25, 1995, is incorporated herein by reference.

ITEM 2. DESCRIPTION OF PROPERTY:

The following table sets forth the location and general character of the principal plants and other physical properties (properties) of the Company, which contain approximately 6,805,627 sq. ft. of floor space. All properties are well maintained and in good operating condition.

Location Of Facility	Approximate Area (Square Feet)	How Held	Type of Operation
Yadkinville, NC	1,831,000	Owned	Texturizing of POY, warehousing and office space
Greensboro, NC	65,000	Leased	(1) Executive offices
Staunton, VA	424,000	Owned	Texturizing of POY, warehousing and office space
Letterkenny, County Donegal, Ireland	488,000	Owned	Production of filament polyester fiber, texturizing facility, warehousing and office space

Archdale, NC Plant No. 7	122,000	Owned	(2) Production of covered yarns and associated warehousing
301 N. Hwy St. Madison, NC Plant No. 14	126,673	Owned	(2) Production of covered yarns and associated warehousing
Piedmont Street Madison, NC Plant No. 6	504,000	Owned	(2) Texturizing of nylon and polyester, and associated warehousing
200 S Ayersville Rd. Madison, NC	79,000	Owned	(2) Transportational Terminal
Madison, NC Decatur Warehouse	31,000	Owned	Nylon Warehouse

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Ayersville Road Mayodan, NC Plant 1	314,000	Owned	(2) Plant 1 - Texturizing of nylon, associated warehousing and office space
Ayersville Road Mayodan, NC Plant 5	213,000	Owned	(2) Plant 5 - Production of covered yarns and associated warehousing
Cardwell Road Mayodan, NC Plant No. 15	130,000	Owned	(2) Dyeing facility
Mayodan, NC CDC	150,000	Owned	Central Distribution Center
Vance Street Ext. Reidsville, NC Plants 2 & 4	485,000	Owned	(2) Plants 2 & 4 - Texturizing of polyester, dyeing and associated warehousing
SR 770 East Stoneville, NC Plant No. 8	230,000	Owned	(2) Texturizing of nylon, production of covered yarn and associated warehousing
Fort Payne, AL Distribution Center	20,000	Owned	(2) Distribution Center and Office Space
State Road 1366 Booneville, NC Plant No. 1	151,000	Owned	(3) Spun Cotton Yarn Production and office space
Oakland Avenue Eden, NC Plant No. 2	211,000	Owned	(3) Spun Cotton Yarn Production and office space
Oakland Avenue Eden, NC Plant No. 3	195,000	Owned	(3) Spun Cotton Yarn Production and office space
U.S. Route 311 Walnut Cove, NC Plant No. 4	214,000	Owned	(3) Spun Cotton Yarn Production and office space
400 West Franklin St. Mt. Pleasant, NC Plant No. 6	172,000	Owned	(3) Spun Cotton Yarn Production and office space
420 Elliot Edenton, NC	114,600	Owned	(4) Spun Cotton Yarn Production and office space

Edenton Plant

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2000 Boone Trail Road Sanford, NC Pioneer Spinning Plant	137,850	Owned	(4) Spun Cotton Yarn Production and office space
2000 Boone Trail Road Sanford, NC Pioneer Yarn Plant	77,520	Owned	(4) Spun Cotton Yarn Production and office space
1901 Boone Trail Road Sanford, NC Pioneer Cotton Plant	245,200	Owned	(4) Spun Cotton Yarn Production and office space
9480 Neuville Avenue Hickory, NC	11,200	Owned	Nylon Covered Yarn and Cotton Warehouse
600 River Road Rockingham, NC	63,584	Owned	Spun Cotton Yarn Production and office space

The Company leases sales offices and apartments in New York City and Coleshill, England, and has a representative office in Tokyo, Japan.

(1) This property consists of a building containing approximately 65,000 square feet which is being used by the Company as its executive offices and is located on a tract of land containing approximately 8.99 acres and is known as 7201 West Friendly Avenue, Greensboro, North Carolina. This property is leased by Unifi, Inc. from NationsBank, Trustee under the Unifi, Inc. Profit Sharing Plan and Trust, and Wachovia Bank & Trust Company, N.A., Independent Trustee. In September, 1991, the Company exercised its option to extend the term of the lease on this property for five (5) years, through March 13, 1997. Reference is made to a copy of the lease agreement attached to the Registrant's Annual Report on Form 10-K as Exhibit (10d) for the year ended June 28, 1987 and which is by reference incorporated herein.

(2) Acquired pursuant to the merger of Macfield into Unifi on August 8, 1991.

(3) Acquired pursuant to the Reverse Triangular Merger with Unifi Spun Yarns, Inc. (formerly Vintage Yarns, Inc.) ("USY") on April 23, 1993.

(4) Acquired pursuant to the Triangular Merger of the Pioneer Corporations into USY on August 18, 1993.

The information included under "Leases, Commitments and Concentrations of Credit Risks" on page 23 of the Annual Report to Shareholders for fiscal year ended June 25, 1995, is incorporated herein by reference.

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ITEM 3. LEGAL PROCEEDINGS:

The Company is not currently involved in any litigation which is considered material, as that term is used in Item 103 of the Regulations S-K.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS:

No matters were submitted to a vote of security holders during the fourth quarter for the fiscal year ended June 25, 1995.

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

(a) (c) PRICE RANGE OF COMMON STOCK AND DIVIDENDS PAID.

The information included under the heading "Market and Dividend Information (Unaudited)" on page 27 of the Annual Report of Unifi, Inc. to its shareholders for the year ended June 25, 1995, is incorporated herein by reference.

(b) Approximate Number of Equity Security Holders:

TITLE OF CLASS	NUMBER OF RECORD HOLDERS (AS OF AUGUST 4, 1995)
Common Stock, \$.10 par value	1,364

(c) CASH DIVIDEND POLICY. In April 1990, the Board of Directors of the Company adopted a resolution that it intended to

pay a cash dividend in quarterly installments equal to approximately thirty percent (30%) of the earnings after taxes of the Company for the previous year, payable as hereafter declared by the Board of Directors. Prior to this action by the Board of Directors, the Company had since 1978 followed a policy of retaining earnings for working capital, acquisitions, capital expansion and modernization of existing facilities. The Company paid a quarterly dividend of \$.10 per share on its common stock for each quarter of the 1995 fiscal year. The Board of Directors in July 1995, declared a cash dividend in the amount of \$.13 per share on each issued and outstanding share of the common stock of the Company, payable on August 11, 1995, to shareholders of record at the close of business on August 4, 1995.

(d) 6% CONVERTIBLE SUBORDINATED NOTES DUE MARCH 15, 2002. The information contained under the heading "Long-Term Debt", regarding the Convertible Subordinated Notes, on page 21 of the Annual Report of Unifi, Inc. to its shareholders for the year ended June 25, 1995, is incorporated herein by reference. For additional information regarding the 6% Convertible Subordinated Notes Due 2002 reference is made to Exhibit (4b) of this Form 10-K.

ITEM 6. SELECTED FINANCIAL DATA:

The financial data for the five fiscal years included under the heading "Summary of Selected Financial Data" on page 26 of the Annual Report of Unifi, Inc. to its shareholders for the year ended June 25, 1995, is incorporated herein by reference.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS:

The information included under the heading "Management's Review and Analysis of Operations and Financial Position" on pages 24 and 25 of the Annual Report of Unifi, Inc. to its shareholders for the year ended June 25, 1995, is incorporated herein by reference.

SUBSEQUENT EVENTS:

On September 18, 1995, the Company announced restructuring plans to further reduce the Company's cost structure and improve productivity through the consolidation of certain manufacturing operations and the disposition of underutilized assets. The restructuring plan is focused on the consolidation of production facilities acquired via mergers during the preceding four years and reflects the Company's continued efforts to streamline operations. As part of the restructuring action, the Company will close its spun cotton manufacturing facilities in Edenton and Mount Pleasant, North Carolina with the majority of the manufacturing production being transferred to other facilities. Approximately 275 jobs, primarily wage-level positions, will be affected.

The estimated cost of restructuring will result in a first quarter fiscal 1996 non-recurring charge to earnings of \$23.8 million or an after-tax charge to earnings of \$14.9 million (\$.22 per share). The significant components of the non-recurring charge include \$2.4 million of severance and other employee-related costs from the termination of employees and a \$21.4 million write-down to estimated fair value less the cost of disposal of underutilized assets and consolidated facilities to be disposed. Costs associated with the relocation of equipment or personnel will be expensed as incurred.

The Company anticipates that all significant aspects of the consolidation of spun yarn facilities would be accomplished within

a one year period. However, the ultimate disposal of the equipment and facilities may take longer due to current market conditions and the physical locations of the properties.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA:

The consolidated financial statements and notes beginning on page 15 and ending on page 23 and the information included under the heading "Quarterly Results (Unaudited)" on page 26 of the Annual Report of Unifi, Inc. to its shareholders for the year ended June 25, 1995, are incorporated herein by reference.

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ITEM 9. CHANGE IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE:

The Company has not changed accountants nor are there any disagreements with its accountants, Ernst & Young LLP, on accounting and financial disclosure that should be reported pursuant to Item 304 of the Regulation S-K.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF REGISTRANT AND COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT:

(a) DIRECTORS OF REGISTRANT: The information included under the headings "Election of Directors", "Vote Required", "Security Holding of Directors, Nominees, And Executive Officers", "Directors Compensation", and "Committees of The Board of Directors", beginning on page 2 and ending on page 6 of the definitive Proxy Statement filed with the Commission since the close of the Registrant's fiscal year ended June 25, 1995, and within 120 days after the close of said fiscal year, are incorporated herein by reference.

(b) IDENTIFICATION OF EXECUTIVE OFFICERS:

CHAIRMAN OF THE BOARD OF DIRECTORS

G. ALLEN MEBANE Mr. Mebane is 66 and has been an Executive Officer and member of the Board of Directors of the Company since 1971, and served as President and Chief Executive Officer of the Company, relinquishing these positions in 1980 and 1985, respectively. He was the Chairman of the Board of Directors for many years, Chairman of the Executive Committee since 1974, and was elected as one of the three members of the Office of Chairman on August 8, 1991. On October 22, 1992, Mr. Mebane was again elected as Chairman of the Board of Directors.

VICE CHAIRMAN OF THE BOARD OF DIRECTORS

WILLIAM J. ARMFIELD, IV Mr. Armfield is 60 and was President of Macfield, Inc. from 1970 until August 8, 1991, when Macfield merged with and into Unifi. He has been a Director of Unifi and was elected as one of the three members of the Office of Chairman on August 8, 1991. On October 22, 1992, Mr. Armfield was elected as Vice Chairman of the Board of Directors. He is a member of the Executive Committee.

PRESIDENT AND CHIEF EXECUTIVE OFFICER

WILLIAM T. KRETZER Mr. Kretzer is 49 and served as a Vice President or Executive Vice President from 1971 until 1985. He has been the President and Chief Executive Officer since 1985. He has been a member of the Board of Directors since 1985 and is a member of the Executive Committee.

EXECUTIVE VICE PRESIDENTS

JERRY W. ELLER Mr. Eller is 55 and has been a Vice President or Executive Vice President since 1975. He has been a member of the Board of Directors since 1985 and is a member of the Executive Committee.

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ROBERT A. WARD Mr. Ward is 55 and has been a Vice President or Executive Vice President since 1974. He has been a member of the Board of Directors since its inception in 1971 and is a member of the Executive Committee.

G. ALFRED WEBSTER Mr. Webster is 47 and has been a Vice President or Executive Vice President since 1979. He has been a member of the Board of Directors since 1986 and is a member of the Executive Committee.

SENIOR VICE PRESIDENTS

GEORGE R. PERKINS, JR. Mr. Perkins is 55 and was the President and a Director of Pioneer Yarn Mills, Inc., Pioneer Spinning, Inc. and Pioneer Cotton Mill, Inc. since each was founded in 1988, 1991, and 1993, respectively, and of Edenton Cotton Mills, Inc., since its acquisition in 1989 (Pioneer Corporations) until August 18, 1993, when the Pioneer Corporations merged with and into USY. He has been a Director of Unifi since August 18, 1993, was President and Chief Executive Officer of USY from August 19, 1993, until December 26, 1994 when USY merged into Unifi, and a Senior Vice President of Unifi since October 21, 1993.

KENNETH L. HUGGINS Mr. Huggins is 51, had been an employee of Macfield since 1970 and, at the time of the merger, was serving as a Vice President of Macfield, Inc. and President of Macfield's Dyed Yarn Division. He was a Director of Macfield from 1989 until August 8, 1991, when Macfield, Inc. merged into and with Unifi, Inc. He is Senior Vice President and also Assistant to the President.

RAYMOND W. MAYNARD Mr. Maynard is 52 and had been a Vice President of the Company since June 27, 1971, and a Senior Vice President since October 22, 1992.

These officers were elected by the Board of Directors of the Registrant at the Annual Meeting of the Board of Directors held on October 20, 1994. Each officer was elected to serve until the next Annual Meeting of the Board of Directors or until his successor was elected and qualified.

(c) FAMILY RELATIONSHIP: Mr. Mebane, Chairman of the Board, and Mr. C. Clifford Frazier, Jr., the Secretary of the Registrant, are first cousins. Except for this relationship, there is no family relation between any of the Officers.

(d) COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT: Based solely upon the review of the Form 3's and 4's and amendments thereto, furnished to the Company during the most recent fiscal year, no Form 3's or Form 4's were filed late by a director, officer, or beneficial owner of more than ten percent of any class of equity securities of the Company. The Company received written representation from reporting persons that Form 5's were not required.

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ITEM 11. EXECUTIVE COMPENSATION:

The information set forth under the headings "Compensation And Option Committees Interlocks And Insider Participation In Compensation Decisions", "Executive Officers and Their Compensation", "Employment And Termination Agreements", "Options Granted", "Option Exercises and Option/SAR Values", and "Performance Graph-Shareholder Return on Common Stock" and the Report of The Compensation And Stock Option Committees on Executive Compensation beginning on page 6 and ending on page 11 of the Company's definitive Proxy Statement filed with the Commission since the close of the Registrant's fiscal year ended June 25, 1995, and within 120 days after the close of said fiscal year, are incorporated herein by reference.

For additional information regarding executive compensation reference is made to Exhibits (10i), (10j), and (10k) of this Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT:

Security ownership of certain beneficial owners and management is the same as reported under the heading "Information Relating to Principal Security Holders" on page 2 of the definitive Proxy Statement and under the heading "Security Holding of Directors, Nominees and Executive Officers" beginning on page 4 and ending on page 5 of the definitive Proxy Statement filed with the Commission pursuant to Regulation 14(a) within 120 days after the close of the fiscal year ended June 25, 1995, which are hereby incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS:

The information included under the heading "Compensation And Option Committees Interlocks And Insider Participation In Compensation Decisions", on page 6 of the definitive Proxy Statement filed with the Commission since the close of the Registrant's fiscal year ended June 25, 1995, and within 120 days after the close of said fiscal year, is incorporated herein by

reference.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNIFI, INC.

September 20, 1995 BY: ROBERT A. WARD

Robert A. Ward, Executive Vice
President - Finance and
Administration

September 20, 1995 BY: WILLIAM T. KRETZER

William T. Kretzer, President
(Chief Executive Officer)

September 20, 1995 BY: WILLIS C. MOORE

Willis C. Moore, Vice President
(Principal Financial and Accounting
Officer)

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

September 20, 1995 Chairman G. ALLEN MEBANE

and Director G. Allen Mebane

September 20, 1995 Vice Chairman WILLIAM J. ARMFIELD, IV

and Director William J. Armfield, IV

September 20, 1995 President, Chief WILLIAM T. KRETZER

Executive Officer William T. Kretzer
and Director

September 20, 1995 Executive Vice ROBERT A. WARD

President and Robert A. Ward
Director

September 20, 1995 Executive Vice JERRY W. ELLER

President and Jerry W. Eller

	Director	
September 20, 1995	Executive Vice	G. ALFRED WEBSTER ----- G. Alfred Webster
	President and Director	
September 20, 1995	Director	CHARLES R. CARTER ----- Charles R. Carter
September __, 1995	Director	----- Kenneth G. Langone
September 20, 1995	Director	GEORGE R. PERKINS ----- George R. Perkins
September 20, 1995	Director	DONALD F. ORR ----- Donald F. Orr
September __, 1995	Director	----- Timotheus R. Pohl

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) 1. Financial Statements

The following financial statements and report of independent auditors included in the Annual Report of Unifi, Inc. to its shareholders for the year ended June 25, 1995, are incorporated herein by reference. With the exception of the aforementioned information and the information incorporated by reference in Items 1, 2, 5, 6, 7 and 8 herein, the 1995 Annual Report to shareholders is not deemed to be filed as part of this report.

	Annual Report Pages
Consolidated Balance Sheets at June 25, 1995 and June 26, 1994	15
Consolidated Statements of Income for the Years Ended June 25, 1995, June 26, 1994, and June 27, 1993	16
Consolidated Statements of Changes in Shareholders' Equity for the Years Ended June 25, 1995, June 26, 1994 and June 27, 1993	17
Consolidated Statements of Cash Flows for the Years Ended June 25, 1995, June 26, 1994 and June 27, 1993	18
Notes to Consolidated Financial Statements	19-23
Report of Independent Auditors	14

(a) 2. Financial Statement Schedules

Schedules for the three years ended June 25,
1995:

II - Valuation and Qualifying Accounts

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Schedules other than those above are omitted because they are not required, are not applicable, or the required information is given in the consolidated financial statements or notes thereto.

Individual financial statements of the Registrant have been omitted because it is primarily an operating company and all subsidiaries included in the consolidated financial statements being filed, in the aggregate, do not have minority equity interest and/or indebtedness to any person other than the Registrant or its consolidated subsidiaries in amounts which together exceed 5% of the total assets as shown by the most recent year end consolidated balance sheet.

(a) 3. Exhibits

- (2a-1) Form of Agreement and Plan of Merger, dated as of May 24, 1991, by and between Unifi, Inc. and Macfield, Inc., including exhibits, filed as Exhibit 2.1 to Unifi, Inc.'s Registration Statement on Form S-4 (Registration No. 33-40828), which is incorporated herein by reference.
- (2a-2) Form 8-K, filed by Unifi, Inc. in relation to the confirmation of the merger of Macfield, Inc. with and into Unifi, Inc. and related exhibits, filed with the Securities and Exchange Commission on August 8, 1991, which is incorporated herein by reference.
- (2a-3) Form of Agreement and Reverse Triangular Merger, dated February 10, 1993, by and between Unifi, Inc. and Vintage Yarns, Inc., filed as Exhibit 2.1 to Unifi, Inc.'s Registration Statement on Form S-4 (Registration No. 33-58282), which is incorporated herein by reference.
- (2a-4) Form 8-K, filed by Unifi, Inc. in relation to the confirmation of the Reverse Triangular Merger, where Vintage Yarns, Inc. became a wholly-owned subsidiary of Unifi, and related exhibits, filed with the Securities and Exchange Commission on May 10, 1993, which is incorporated herein by reference.
- (2a-5) Form of Agreement and Plan of Triangular Merger, dated July 15, 1993, by and between Unifi, Inc. and Pioneer Yarn Mills, Inc., Pioneer Spinning, Inc., Edenton Cotton Mills, Inc., and Pioneer Cotton Mill, Inc., (the "Pioneer Corporations"), filed as Exhibit 2.1 to Unifi, Inc's Registrations Statement

on Form S-4 (Registration No. 33-65454), which is incorporated herein by reference.

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- (2a-6) Form 8-K, filed by Unifi, Inc. for the purpose of reporting the Pioneer Corporations' Interim Combined Financial Statements (Unaudited) and Unifi, Inc.'s, and the Pioneer Corporations' Proforma Combined Interim Financial Information (Unaudited), and related exhibits, filed with the Securities and Exchange Commission on September 2, 1993, which is incorporated herein by reference.
- (2a-7) Form 8-K, filed by Unifi, Inc. for the purpose of reporting the Pioneer Corporations' merger with and into USY, and related exhibits filed with the Securities and Exchange Commission on November 5, 1993, which is incorporated herein by reference.
- (3a) Restated Certificate of Incorporation of Unifi, Inc., dated July 21, 1994, (filed as Exhibit (3a) with the Company's Form 10-K for the Fiscal Year ended June 26, 1994), which is incorporated herein by reference.
- (3b) Restated By-Laws of Unifi, Inc., effective July 21, 1994, (filed as Exhibit (3b) with the Company's Form 10-K for the Fiscal Year ended June 26, 1994), which is incorporated herein by reference.
- (4a) Specimen Certificate of Unifi, Inc.'s common stock, filed as Exhibit 4(a) to the Registration Statement on Form S-1, (Registration No. 2-45405), which is incorporated herein by reference.
- (4b) Unifi, Inc.'s Registration Statement for the 6% Convertible Subordinated Notes Due 2002, filed on Form S-3, (Registration No. 33-45946), which is incorporated herein by reference.
- (10a) *Unifi, Inc. 1982 Incentive Stock Option Plan, as amended, filed as Exhibit 28.2 to the Registration Statement on Form S-8, (Registration No. 33-23201), which is incorporated herein by reference.
- (10b) *Unifi, Inc. 1987 Non-Qualified Stock Option Plan, as amended, filed as Exhibit 28.3 to the Registration Statement on Form S-8, (Registration No. 33-23201), which is incorporated herein by reference.

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- (10c) *Unifi, Inc. 1992 Incentive Stock Option Plan, effective July 16, 1992, (filed as Exhibit (10c) with the Company's Form 10-K for the Fiscal year ended June 27, 1993), and included as Exhibit 99.2 to the Registration Statement on Form S-8 (Registration No. 33-53799), which are incorporated herein by reference.
- (10d) *Unifi, Inc.'s Registration Statement for selling

Shareholders, who are Directors and Officers of the Company, who acquired the shares as stock bonuses from the Company, filed on Form S-3 (Registration No. 33-23201), which is incorporated herein by reference.

- (10e) Unifi Spun Yarns, Inc.'s 1992 Employee Stock Option Plan filed as Exhibit 99.3 to the Registration Statement on Form S-8 (Registration No. 33-53799), which is incorporated herein by reference.
- (10f) Lease Agreement, dated March 2, 1987, between NationsBank, Trustee under the Unifi, Inc. Profit Sharing Plan and Trust, Wachovia Bank and Trust Co., N.A., Independent Fiduciary, and Unifi, Inc., (filed as Exhibit (10d) with the Company's Form 10-K for the fiscal year ended June 28, 1987), which is incorporated herein by reference.
- (10g) Factoring Contract and Security Agreement and a Letter Amendment thereto, all dated as of May 25, 1994, by and between Unifi, Inc. and the CIT Group/DCC, Inc., (filed as Exhibit (10g) with the Company's Form 10-K for the Fiscal Year ended June 26, 1994), which are incorporated herein by reference.
- (10h) Factoring Contract and Security Agreement, dated as of May 2, 1988, between Macfield, Inc. and First Factors Corp., and first amendment thereto, dated September 28, 1990, (both filed as Exhibit (10g) with the Company's Form 10-K for the fiscal year ended June 30, 1991), and Second Amendment to the Factoring Contract and Security Agreement, dated March 1, 1992, (filed as Exhibit (10g) with the Company's Form 10-K for the Fiscal Year Ended June 28, 1992), and Letter Agreement dated August 31, 1993 and Amendment To Factoring Contract and Security Agreement, dated January 5, 1994, (filed as Exhibit (10h) with the Company's Form 10-K for the Fiscal Year ended June 26, 1994), which are incorporated herein by reference.

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- (10i) *Employment Agreement between Unifi, Inc. and G. Allen Mebane, dated July 19, 1990, (filed as Exhibit (10h) with the Company's Form 10-K for the fiscal year ended June 30, 1991), which is incorporated herein by reference.
- (10j) *Employment Agreement between Unifi, Inc. and William T. Kretzer, dated July 19, 1990, (filed as Exhibit (10i) with the Company's Form 10-K for the fiscal year ended June 30, 1991), and Amendment to Employment Agreement between Unifi, Inc. and William T. Kretzer, dated October 22, 1992 (filed as Exhibit (10j) with the Company's Form 10-K for fiscal year ended June 27, 1993), which are incorporated herein by reference.
- (10k) *Severance Compensation Agreement between Unifi, Inc. and William T. Kretzer, dated July 20, 1993, expiring on July 19, 1996 (similar agreements were signed with G. Allen Mebane, William J. Armfield, IV, Robert A. Ward, Jerry W. Eller and G. Alfred Webster), (filed as Exhibit (10k) for the fiscal

year ended July 27, 1993), which is incorporated herein by reference.

- (11) Computation of Earnings per share.
- (13a) Portions of Unifi, Inc.'s 1995 Annual Report to Shareholders which are incorporated herein by reference, as a part of this Form 10-K for fiscal year ended June 25, 1995, filed herewith.
- (13b-1) Report of Independent Auditors/Ernst & Young LLP - on the Consolidated Financial Statements of Unifi, Inc. as of June 25, 1995 and each of the two years in the period ended June 25, 1995.
- (21) Subsidiaries of Unifi, Inc.
- (23) Consent of Ernst & Young LLP
- (27) Financial Data Schedules

(b) Reports on Form 8-K

- (i) No Form 8-K's were filed.

* NOTE: These Exhibits are management contracts or compensatory plans or arrangements required to be filed as an exhibit to this Form 10-K pursuant to Item 14(c) of this report.

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UNIFI, INC. AND SUBSIDIARIES
 SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
 (in thousands)

COLUMN A	COLUMN B	COLUMN C		COLUMN D	COLUMN E
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Allowance for doubtful accounts:					
Year ended June 25, 1995	\$4,302	\$5,524	\$ -	\$ (3,374)	\$ 6,452
Year ended June 26, 1994	3,675	4,626	25	(4,024)	4,302
Year ended June 27, 1993	5,196	745	-	(2,266)	3,675
Unrealized (gains)/losses on certain investments:					
Year ended June 25, 1995	\$1,445	\$ -	\$ (3,280)	\$ -	\$ (1,835)
Year ended June 26, 1994	1,488	-	(43)	-	1,445
Year ended June 27, 1993	-	-	1,488	-	1,488

Exhibit (11)

UNIFI, INC. AND SUBSIDIARIES
 COMPUTATION OF EARNINGS PER SHARE
 (Amounts in thousands, except per share data)

	Years Ended		
	June 25, 1995	June 26, 1994	June 27, 1993
Computation of share totals used in computing earnings per share:			
Weighted average number of shares outstanding	69,005	70,415	69,854
Incremental shares arising from outstanding stock options using the treasury stock method	537	605	1,007
Primary average shares outstanding (a)	69,542	71,020	70,861
Incremental shares arising from outstanding stock options, using end of year prices for the treasury stock method and convertible debt using the if converted method	7,760	7	7,779
Fully-diluted average shares out- standing (b)	77,302	71,027	78,640
Net earnings applicable to common stock:			
Net income - primary (c)	\$ 116,171	\$ 76,492	\$ 136,644
Add: convertible subordinated debt interest net of tax	8,703	-	8,614
Net income assuming full dilution (d)	\$ 124,874	\$ 76,492	\$ 145,258
Net income per share, primary (c)/(a)	\$ 1.67	\$ 1.08	\$ 1.93
Net income per share assuming full dilution (d)/(b)	\$ 1.62	\$ 1.08	\$ 1.85

<FN>

The effect of the convertible subordinated notes was antidilutive for the fiscal year ended June 26, 1994.

EXHIBIT (13a)

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands)	June 25, 1995	June 26, 1994
	-----	-----
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 60,350	\$ 80,653
Short-term investments	85,844	71,483
Receivables	209,432	200,537
Inventories	139,378	100,279
Prepaid expenses	8,017	3,605

Total current assets	\$ 503,021	\$ 456,557

Property, plant and equipment:		
Land	\$ 5,865	\$ 5,797
Buildings and air conditioning	203,114	174,549
Machinery and equipment	631,470	606,423
Other	69,934	61,868

Less: accumulated depreciation	\$ 910,383	\$ 848,637

	\$ 516,215	\$ 512,262

Investment in affiliates	\$ 173	\$ 10,626

Other assets	\$ 21,493	\$ 23,807

	\$ 1,040,902	\$ 1,003,252

LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 100,165	\$ 83,831
Accrued expenses	54,338	56,320
Income taxes	15,161	12,132

Total current liabilities	\$ 169,664	\$ 152,283

Long-term debt	\$ 230,000	\$ 230,000

Deferred income taxes	\$ 37,736	\$ 32,447

Shareholders' equity:		
Common stock	\$ 6,714	\$ 7,043
Capital in excess of par value	117,277	199,959
Retained earnings	473,962	385,472
Cumulative translation adjustment	4,415	(3,060)
Unrealized gains (losses) on certain investments	1,134	(892)

	\$ 603,502	\$ 588,522

	\$ 1,040,902	\$ 1,003,252

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in thousands, except per share data)

	June 25, 1995 -----	June 26, 1994 -----	June 27, 1993 -----
Net sales	\$ 1,554,557	\$ 1,384,797	\$ 1,405,651
Costs and expenses:			
Cost of sales	\$ 1,330,410	\$ 1,185,386	\$ 1,141,126
Selling, general and administrative expense	43,116	40,429	38,484
Interest expense	15,452	18,241	25,785
Interest income	(10,372)	(8,290)	(13,537)
Other income	(9,659)	(1,238)	(5,775)
Non-recurring charge	---	13,433	---
	\$ 1,368,947	\$ 1,247,961	\$ 1,186,083
Income before taxes	\$ 185,610	\$ 136,836	\$ 219,568
Provision for income taxes	69,439	60,344	82,924
Net income	\$ 116,171	\$ 76,492	\$ 136,644
Per share data:			
Net income:			
Primary	\$ 1.67	\$ 1.08	\$ 1.93
Fully diluted	\$ 1.62	\$ 1.08	\$ 1.85
Cash dividends	\$.40	\$.56	\$.42

<FN>

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Amounts in thousands, except per share data)

	Shares Outstdng	Comm. Stock	Captl. in Excess of Par Val.	Retained Earnings	Cumul. Transltn Adjstmnt	Unrlz'd Gains (Loss) on Cert. Investments
	-----	-----	-----	-----	-----	-----
Balance June 28, 1992	46,332	\$ 4,633	\$177,222	\$ 273,624	\$ 7,564	\$ ---
Purchase of stock	(27)	(2)	(1,126)	---	---	---
Options exercised	143	14	972	---	---	---
Stock issued	639	64	904	---	---	---
Stock dividend-50%	23,253	2,325	(2,426)	(20)	---	---
Stock option tax benefit	---	---	959	---	---	---
Cash dividends-\$.42 per share	---	---	---	(25,910)	---	---
Net distributions to S Corporation shareholders	---	---	---	(4,471)	---	---
Foreign currency	---	---	---	---	(13,079)	---
Unrealized gains (losses) on certain investments	---	---	---	---	---	(920)
Net income	---	---	---	136,644	---	---
Reclass of S Corporation net earnings to capital in excess of par value	---	---	21,484	(21,484)	---	---
Pooling adjustment-conform fiscal year and accounting policies	---	---	(1,856)	(9,562)	---	---
Balance June 27, 1993	\$70,340	\$ 7,034	\$ 196,133	\$ 348,821	\$ (5,515)	\$ (920)
Purchase of stock	(98)	(10)	(2,051)	---	---	---
Options exercised	191	19	899	---	---	---
Cash dividends-\$.56 per share	---	---	---	(39,053)	---	---
Net contributions and tax benefits from (to) S Corporation shareholders	---	---	4,562	(372)	---	---
Foreign currency	---	---	---	---	2,455	---
Change in unrealized gains (losses) on certain investments	---	---	---	---	---	28

Net income	---	---	---	76,492	---	---
Reclass of S Corporation net earnings to capital in excess of par value	---	---	416	(416)	---	---
Balance June 26, 1994	\$70,433	\$ 7,043	\$ 199,959	\$ 385,472	\$ (3,060)	\$ (892)
Purchase of stock	(3,362)	(336)	(83,414)	---	---	---
Options exercised	69	7	732	---	---	---
Cash dividends-\$.40 per share	---	---	---	(27,681)	---	---
Foreign currency	---	---	---	---	7,475	---
Change in unrealized gains (losses) on certain investments	---	---	---	---	---	2,026
Net income	---	---	---	116,171	---	---
Balance June 25, 1995	\$67,140	\$ 6,714	\$ 117,277	\$ 473,962	\$ 4,415	\$ 1,134

<FN>
The accompanying notes are an integral part of the financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	June 25, 1995	June 26, 1994	June 27, 1993
	-----	-----	-----
Cash and cash equivalents at beginning of year	\$ 80,653	\$ 76,093	\$ 139,046
Operating activities:			
Net income	\$ 116,171	\$ 76,492	\$ 136,644
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	75,805	70,116	58,949
Non-cash portion of non-recurring charge	---	13,433	---
Gain on sale of assets	(1,119)	(1,021)	(5,861)
Gain on sale of investments	(6,697)	---	---
Equity in (earnings) losses of nonconsolidated affiliates	(649)	62	1,481
Noncash compensation	---	---	507
Provision for deferred income taxes	7,505	6,939	6,506
Changes in assets and liabilities, excluding effects of acquisition and foreign currency adjustments:			
Receivables	(11,665)	374	(5,099)
Inventories	(42,751)	4,921	(20,144)
Prepaid expenses	27	(272)	(82)
Payables and accruals	19,804	(31,118)	21,007
Income taxes	(542)	(8,605)	10,664
Other	(548)	(533)	(59)
Net-operating activities	\$ 155,341	\$ 130,788	\$ 204,513
Investing activities:			
Capital expenditures	\$ (88,941)	\$ (104,672)	\$ (141,223)
Purchase of investments	(93,671)	(151,565)	(115,620)
Sale of capital assets	3,479	3,611	773
Sale of investments	94,379	198,855	127,119
Sale of subsidiary	13,798	---	---
Proceeds from notes receivable	5,311	---	---
Other	3	(423)	(5,909)
Net-investing activities	\$ (65,642)	\$ (54,194)	\$ (134,860)
Financing activities:			
Net payments on revolving credit and bank lines	\$ ---	\$ ---	\$ (117)
Borrowing of long-term debt	---	---	30,585
Repayments of long-term debt	---	(32,221)	(125,920)
Issuance of stock	739	898	566
Purchase and retirement of stock	(83,750)	(2,061)	(85)
Net distributions to S Corporation shareholders	---	---	(8,266)
Cash dividends paid	(27,681)	(39,053)	(25,910)
Net-financing activities	\$ (110,692)	\$ (72,437)	\$ (129,147)
Currency translation adjustment	\$ 690	\$ 403	\$ (3,459)
Net increase (decrease) in cash and cash equivalents	\$ (20,303)	\$ 4,560	\$ (62,953)

Cash and cash equivalents at end of year	\$ 60,350	\$ 80,653	\$ 76,093
Cash paid during the year:			
Interest	\$ 14,777	\$ 17,487	\$ 22,696
Income taxes	61,495	61,653	65,601
Non-cash investing and financing activities:			
Tendering of stock to exercise options	\$ ---	\$ ---	\$ 1,129
Assets acquired by issuance of debt	---	7,453	8,617
Note receivable obtained from sale of an affiliate	10,436	---	---

<FN>

The accompanying notes are an integral part of the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES AND FINANCIAL STATEMENT INFORMATION

PRINCIPLES OF CONSOLIDATION: The consolidated financial statements include the accounts of the Company and all subsidiaries. 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.

FISCAL YEAR: The Company's fiscal year is the fifty-two or fifty-three weeks ending the last Sunday in June. All three fiscal years presented were comprised of fifty-two weeks.

RECLASSIFICATION: The Company has reclassified the presentation of certain prior year information to conform with the current presentation format.

REVENUE RECOGNITION: Substantially all revenue from sales is recognized at the time shipments are made.

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. Gains and losses resulting from foreign currency transactions (transactions denominated in a currency other than the subsidiary's functional currency) are included in net income.

CASH AND CASH EQUIVALENTS: Cash equivalents are defined as short-term investments having an original maturity of three months or less.

SHORT-TERM INVESTMENTS: Short-term investments are comprised primarily of high-quality, highly liquid marketable securities with original maturities greater than three months. The Company adopted Statement of Financial Accounting Standard No. 115 Accounting for Certain Investments in Debt and Equity Securities as of the end of the fiscal year ended June 26, 1994. The adoption had no significant impact on the fiscal 1994 financial statements. Short-term investments at June 25, 1995, and June 26, 1994, are classified as available-for-sale securities and are carried at fair market value, with the unrealized gains and losses, net of tax, reported as a separate component of shareholders equity.

ACCOUNTS RECEIVABLE: Certain customer accounts receivable are factored without recourse with respect to credit risk. An allowance for losses is provided for accounts not factored based on a periodic review of the accounts. Reserve for such losses was \$6.5 million at June 25, 1995, and \$4.3 million at June 26, 1994.

INVENTORIES: The Company utilizes the last-in, first-out (LIFO) method for valuing certain inventories representing 59% of all inventories at June 25, 1995, and the first-in first-out (FIFO) method for all other inventories. Inventory values computed by the LIFO method are lower than current market values. Inventories valued at current or replacement cost would have been approximately \$10.3 million and \$5.6 million in excess of the LIFO valuation at June 25, 1995, and June 26, 1994, respectively. Finished goods, work in process, and raw materials and supplies at June 25, 1995, and June 26, 1994, amounted to \$66.1 million and

\$57.6 million; \$14.3 million and \$12.9 million; and \$59.0 million and \$29.8 million, 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.

OTHER ASSETS: Other assets consist primarily of the cash surrender value of key executive life insurance policies, investments in marketable equity securities, long-term notes receivable, deferred debt expense, identifiable intangibles associated with acquisitions and, also in the prior year, noncompete covenants. The investments in marketable equity securities are classified as available-for-sale and are carried at a fair market value of \$0.3 million and \$9.5 million at June 25, 1995, and June 26, 1994, respectively. The deferred debt expense and remaining intangible assets are being amortized on a straight-line method over periods from three to fifteen years. The noncompete covenants and certain intangibles associated with acquisitions were fully amortized in fiscal 1994. Accumulated amortization at June 25, 1995, and June 26, 1994, was \$1.6 million and \$16.0 million, respectively.

INCOME TAXES: The Company and its domestic subsidiaries file a consolidated federal tax return. Income tax expense is computed on the basis of transactions entering into pretax 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. Income taxes have not been provided on the undistributed earnings of certain foreign subsidiaries as such earnings are deemed to be permanently invested.

EARNINGS PER SHARE: Earnings per common and common equivalent share are computed on the basis of the weighted average number of common shares outstanding plus, to the extent applicable, common stock equivalents. Average common and common equivalent shares for primary earnings per share were 69,542,155, 71,020,075 and 70,861,463 for 1995, 1994 and 1993, respectively. Fully diluted earnings per share amounts are based on 77,302,035, 71,026,610 and 78,640,459 shares for 1995, 1994 and 1993, respectively. The effect of the convertible subordinated notes was antidilutive for the fiscal year ended June 26, 1994.

2. BUSINESS COMBINATIONS

On August 18, 1993, Pioneer Yarn Mills, Inc., Edenton Cotton Mills, Inc., Pioneer Spinning, Inc., Pioneer Cotton Mills, Inc., and certain real estate (collectively the Pioneer Corporations) were merged into Unifi Spun Yarns, Inc., a wholly-owned subsidiary of the Company. In order to effect the Merger, 2,745,284 shares of the Company's common stock were issued for all of the outstanding shares of the Pioneer Corporations. On April 23, 1993, Vintage Yarns, Inc. (Vintage) was merged with and became a wholly-owned subsidiary of the Company, and 7,891,800 shares of the Company's common stock were issued in exchange for all of the outstanding common stock of Vintage. Additionally, 496,832 shares of the Company's common stock were reserved for issuance pursuant to outstanding options on Vintage common stock. Both mergers were accounted for as a pooling of interests, and accordingly, the accompanying financial statements for the year ended June 27, 1993 have been restated to include the accounts and operations of the Pioneer Corporations and Vintage.

Prior to the mergers, the Pioneer Corporations used a fiscal year ending on the last Saturday in September and Vintage used a fiscal year ending September 30. The restated 1993 financial statements combine the June 27, 1993, financial statements of the Company with the financial statements of the Pioneer Corporations and Vintage for their respective twelve month periods ended June 26, 1993, and June 30, 1993, respectively. Accordingly, to conform the fiscal years of the Pioneer Corporations and Vintage with the Company's, the results of operations of the Pioneer

Corporations and Vintage for the three months ended September 26, 1992, and September 30, 1992, respectively, have been included in both fiscal 1993 and 1992. Combined net sales and net income for the three month periods of the Pioneer Corporations and Vintage were \$60.8 million and \$9.6 million, respectively. An adjustment for the net income of the three month period has been reflected as an adjustment to the June 29, 1992, consolidated retained earnings and an additional adjustment of \$1.9 million has been reflected to conform the accounting policies of the previously separate companies. Separate results of the combining entities for the year ended June 27, 1993, are as follows:

(Amounts in thousands)	June 27, 1993
<hr/>	
Net sales:	
Unifi	\$ 1,133,863
Pioneer Corporations	73,457
Vintage	198,331
	<hr/>
	\$ 1,405,651
<hr/>	
Net income:	
Unifi	\$ 94,839
Pioneer Corporations	8,591
Vintage	33,214
	<hr/>
	\$ 136,644
<hr/>	

For all periods prior to the merger to the date of acquisition, the Pioneer Corporations and Vintage were taxed as S Corporations and, therefore, federal and state taxes were assessed to the shareholders. For purposes of the consolidated financial statements, income taxes have been provided on the Pioneer Corporations and Vintage's earnings at the rates which would have been applicable had such earnings been taxed to it. Distributions to S Corporation shareholders have been adjusted for the effects of corporate, federal and state taxes payable on an annualized basis.

3. NON-RECURRING CHARGE

In the fiscal 1994 fourth quarter, the Company recorded a non-recurring charge of \$13.4 million (\$14.1 million after-tax or \$.20 per share) related to the sale of the Company's investment in its wholly-owned French subsidiary, Unifi Texturing, S.A. (UTSA) and the Company's decision to exit the European nylon market. Of the non-recurring charge, \$3.1 million relates to the loss from the sale of UTSA, \$8.8 million relates to the write-off of goodwill and other intangibles associated with the Company's European nylon operations and \$1.5 million relates to the write-down of nylon production equipment and inventories. The sale was consummated during the first fiscal quarter of 1995. Net cash proceeds from the sale totaled \$13.8 million, excluding \$4.1 million of cash remitted to the Company from UTSA coincident with the sale. The results of operations of UTSA were not significant to the consolidated Company for any of the periods presented.

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4. LONG-TERM DEBT

A summary of long-term debt follows:

(Amounts in thousands)	June 25, 1995	June 26, 1994
<hr/>		
Convertible subordinated notes due March 15, 2002	\$ 230,000	\$ 230,000

There are no scheduled maturities of long-term debt in the five years following June 25, 1995.

The 6% convertible subordinated notes due March 15, 2002, are convertible at any time on or before the due date, unless previously redeemed, into common stock of the Company at a conversion price of \$29.67 per share, subject to adjustment in certain events. The notes are redeemable, in whole or in part, at the option of the Company on or after March 27, 1995, at redemption prices beginning at 104% of their principal amount, declining to par on or after March 15, 2001. The Company has 7.8 million shares reserved at year end for potential conversion. Interest is payable semi-annually on March 15 and September 15 of each year.

The fair value of the Company's long-term debt at June 25, 1995, is estimated at \$227.7 million using quoted market prices.

5. INCOME TAXES

Deferred income taxes of \$37.7 million and \$32.4 million at June 25, 1995, and June 26, 1994, respectively, have been provided as a result of temporary differences between financial statement carrying amounts and the tax basis of existing assets and liabilities. The net deferred tax liability consists of deferred tax liabilities resulting primarily from the temporary differences related to property, plant and equipment of \$57.7 million and \$52.7 million, other assets of \$1.7 million and \$.7 million and deferred tax assets attributable to basis differences resulting from mergers and valuation reserves of \$21.7 million and \$21.0 million, respectively. U.S. deferred income taxes have not been recognized on \$43.0 million at June 25, 1995 (\$35.2 million at June 26, 1994), of undistributed earnings of foreign subsidiaries, because assets representing those earnings are considered to be permanently invested. The amount of foreign withholding taxes and U.S. taxes that would be payable upon the repatriation of assets that represent those earnings would be approximately \$16.4 million at June 25, 1995 (\$13.6 million at June 26, 1994).

Components of deferred tax expense were as follows:

(Amounts in thousands)	1995	1994	1993
Depreciation and asset disposals	\$ 5,801	\$ 6,996	\$ 6,424
Other	1,704	(57)	82
	\$ 7,505	\$ 6,939	\$ 6,506
State income taxes included in provision for income taxes	\$ 9,501	\$ 7,639	\$ 12,608

Significant items affecting a reconciliation of the statutory federal income tax rate and the effective rate are attributable to the following:

	1995	1994	1993
Federal statutory rate	35.0%	35.0%	34.0%
State income taxes-net	3.1	3.6	3.8
Foreign subsidiaries taxed at different rates	(.7)	(.2)	(.3)
Nondeductible expenses and other	--	5.7	.3
Effective rate	37.4%	44.1%	37.8%

Shares authorized were 500 million in 1995 and 1994. Common shares outstanding at June 25, 1995 and June 26, 1994, were 67,140,005 and 70,432,862, respectively.

The Company has Incentive Stock Option Plans with 1,972,651 shares reserved at June 25, 1995. There remain 287,683 options available for grant at year end. The transactions for 1995, 1994 and 1993 are as follows:

	1995	1994	1993
Shares under option beginning of year	1,122,694	1,305,095	1,296,773
Granted	773,317	176,500	262,500
Exercised	(68,110)	(189,890)	(187,449)
Canceled (from \$10.19 to \$24.67)	(142,933)	(169,011)	(66,729)
Shares under option-end of year	1,684,968	1,122,694	1,305,095
Options exercisable-end of year	1,273,900	1,067,055	874,992
Option price range	\$ 3.80-\$25.25	\$1.62-\$24.67	\$1.62-\$24.67
Option price range for options exercised	\$10.19-\$23.88	\$1.62-\$24.67	\$2.53-\$24.67

The Company also has a Non-Qualified Stock Option Plan with 747,935 shares reserved at June 25, 1995. There remain 9,416 options available for grant at year end. Transactions for 1995, 1994 and 1993 are as follows:

	1995	1994	1993
Shares under option - beginning of year	331,033	330,000	23,907
Granted	408,519	2,065	330,000
Exercised	(1,033)	(1,032)	(23,907)
Shares under option-end of year	738,519	331,033	330,000
Options exercisable-end of year	338,519	331,033	330,000
Option price range	\$10.57-\$25.83	\$10.57-\$25.83	\$10.57-\$25.83
Option price for options exercised	\$10.57	\$10.57	\$4.80

7. RETIREMENT PLANS

The Company has a qualified profit-sharing plan, which provides benefits for eligible salaried and hourly employees. The annual contribution to the plan, which is at the discretion of the Board of Directors, amounted to \$17.0 million, \$15.8 million and \$13.3 million in 1995, 1994 and 1993, respectively. The Company leases its corporate office building from its profit-sharing plan through an independent trustee.

8. LEASES, COMMITMENTS AND CONCENTRATIONS OF CREDIT RISK

The Company is obligated under operating leases consisting primarily of real estate and equipment. Future obligations for minimum rentals under the leases during fiscal years after June 25, 1995, are \$3.0 million in 1996, \$2.8 million in 1997, \$2.6 million in 1998, \$2.5 million in 1999, and \$2.5 million in 2000.

Rental expense was \$3.7 million, \$3.2 million and \$2.7 million for the fiscal years 1995, 1994 and 1993, respectively.

The Company had committed approximately \$99.5 million for the purchase of equipment and facilities at June 25, 1995.

The concentration of credit risk for the Company with respect

to trade receivables is mitigated due to the large number of customers, dispersion across different industries and its factoring arrangements.

The Company had sales to one customer of approximately 11% in 1995, 12% in 1994 and 12% in 1993.

9. BUSINESS SEGMENTS AND FOREIGN OPERATIONS

The Company and its subsidiaries are engaged predominantly in the processing of yarns by: texturing of synthetic filament polyester and nylon fiber, and spinning of cotton and cotton blend fibers 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's foreign operations are comprised primarily of its manufacturing facility in Ireland along with its foreign sales corporation and had net sales of \$231.1 million, \$178.5 million and \$199.3 million; pretax income, before non-recurring charges in 1994, of \$10.4 million, \$4.4 million and \$7.6 million; and identifiable assets of \$129.9 million, \$132.0 million and \$123.4 million in 1995, 1994 and 1993, respectively.

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MANAGEMENT'S REVIEW AND ANALYSIS OF OPERATIONS AND FINANCIAL POSITION

FISCAL 1995

Net sales increased 12.3% from \$1.385 billion in 1994 to \$1.555 billion in 1995. The growth was accomplished by an increase in unit volume for the consolidated domestic and international operations. The increase in unit sales volume was predominantly in our lower average priced, natural textured and spun yarn products. The volume increase was supplemented by a slight increase in per unit sales price.

Our domestic operations experienced increased sales volume of approximately 12.4% during 1995 with significant gains noted in natural polyester and spun yarn products. Domestic volume growth was achieved primarily through capacity expansions, acquisitions and ongoing modernization projects. Domestic polyester texturing productive capacity will be increased throughout the 1996 fiscal year as the Company continues with a modernization project in process in its Reidsville, NC facility and completes construction of a new texturing plant in Yadkinville, NC.

The growth in sales in our international polyester operations was accomplished through increased capacity gained from fiscal 1995 expansions at our Irish facility, higher average unit sales prices which were raised to partially offset escalating raw material costs and to the further weakening of the U.S. dollar compared to the prior year. Texturing capacity will be increased approximately 30% during the upcoming fiscal year due to the installation of new texturing equipment. Sales from foreign operations are denominated in local currencies and are hedged in part by the purchase of raw materials and services in those same currencies. The net asset exposure is hedged by borrowings in local currencies which minimize the risk of currency fluctuations.

Cost of sales as a percentage of sales remained stable at 85.6% for both the 1995 and 1994 fiscal years. On a consolidated basis for fiscal 1995, slight increases in per unit raw material and packaging costs were offset by lower manufacturing costs per unit. Increased sales volume and a shift in product mix to higher-volume, lower-cost items resulted in improved manufacturing costs on a per unit basis. These improvements reflect management's continued efforts to improve operating efficiency and reduce manufacturing cost.

Selling, general and administrative expenses as a percentage of net sales decreased to 2.8% in 1995 from 2.9% in 1994 primarily as a result of further consolidations of operations relating to the previous mergers and an increase in the net sales base.

Interest expense declined \$2.8 million from \$18.3 million in 1994 to \$15.5 million in 1995. The decline was attributable to the

retirement of debt acquired in prior year mergers throughout fiscal 1994. The only long-term debt remaining at June 25, 1995, is the \$230 million in convertible subordinate notes issued in March 1992. Interest income increased \$2.1 million from 1994 to 1995 as a result of increased short-term investment levels. Other income increased \$8.4 million from 1994 to 1995 mainly as a result of the recognition of gains from the sale of equity affiliates and capital assets.

The effective income tax rate decreased from 44.1% in 1994 to 37.4% in 1995. This decrease was mainly due to the non-deductible, non-recurring charge in the prior year while no such charge was incurred in 1995. Also contributing to the current year's lower effective tax rate was the increase in the earnings of foreign operations, which are taxed at rates lower than the domestic federal tax rate.

Net income increased 51.9% from \$76.5 million in 1994 to \$116.2 million in 1995. Earnings per share increased from \$1.08 per share from fiscal 1994 to \$1.67 for fiscal 1995, an increase of 54.6%. Net income and net income per share in 1994 before the non-recurring charge were \$90.6 million or \$1.28 per share.

FISCAL 1994

Net sales decreased 1.5% from \$1.406 billion in 1993 to \$1.385 billion in 1994. This reduction resulted from an overall decline in sales prices of 6.6% based on product mix offset by volume gains of 5.5% experienced for the year in our combined domestic and foreign markets. Domestic growth was achieved through phased in production from a new texturizing plant in Yadkinville, NC that commenced operations in 1993, and the completion of other modernization projects in 1994 and latter stages of the prior fiscal year. Also, significant volume growth was noted in our spun yarn business for the year although pressure on pricing and raw material increases adversely impacted the margins. In the first quarter of 1994, the Company increased its presence in the cotton and cotton blend spun yarn business through the merger with the Pioneer Corporations. During 1993, the Company entered this market through its merger with Vintage Yarns.

Our European facilities also experienced overall capacity increases. However, sales prices in local currencies were adversely affected due to weak economic conditions and overcapacity throughout most of the year. Sales from foreign operations are denominated in local currencies and are hedged in part by the purchase of raw materials and services in those same currencies. The net asset exposure is hedged by borrowings in local currencies which minimize the risk of currency fluctuations.

Cost of sales as a percentage of sales increased from 81.2% in 1993 to 85.6% in 1994. Impacting cost of sales in the current year was increased fixed charges, such as depreciation, resulting from added capacity being absorbed on a lower net sales base. Also, our spun operations experienced significant raw material price increases during 1994 adversely impacting cost of sales. On a Company-wide basis, however, raw material prices per pound were lower in the current fiscal year than in the prior year.

Selling, general and administrative expenses as a percentage of net sales increased from 2.7% in 1993 to 2.9% in 1994 primarily as a result of increased fixed charges over a reduced net sales base.

Interest expense declined \$7.6 million from \$25.8 million in 1993 to \$18.2 million in 1994. This decline was attributable to the payoff of long-term debt acquired through merger activity. The only long-term debt remaining at June 26, 1994 is the \$230 million in convertible subordinate notes issued in March 1992. Interest income declined \$5.2 million from 1993 to 1994 as a result of decreased short-term investment levels. These investments were used to pay off acquired debt, modernize capital equipment and for other

financing activities. Other income declined \$4.5 million from 1993 to 1994 mainly as a result of the prior year gains recognized from the sale of investment in affiliates and short-term investments while no such activity was present in the current year.

In connection with the planned sale of the nylon operations in France, the Company recognized the anticipated loss on the sale of its French subsidiary and wrote off certain intangible costs, primarily goodwill, and other costs associated with the European nylon business. These costs aggregated \$14.1 million, or \$.20 per share on an after tax basis.

The effective income tax rate increased from 37.8% in 1993 to 44.1% in 1994. This increase was mainly due to the non-deductible, non-recurring charge in the current year while no such charge was incurred in 1993. Also adversely impacting the current year's effective tax rate was the decreased foreign earnings which are taxed at rates lower than the federal tax rate and the increase in the statutory federal rate from 34% to 35% for all of 1994.

Net income declined from \$136.6 million or \$1.93 per share in 1993 to \$76.5 million or \$1.08 per share in 1994. Net income and net income per share in 1994 before the non-recurring charge previously discussed were \$90.6 million or \$1.28 per share.

LIQUIDITY AND CAPITAL RESOURCES

Cash generated from operations is a major source of liquidity for the Company. During 1995, \$155.3 million was generated as a result of net income, adjusted for the effects of depreciation and amortization and noncash expenses and increases in accounts payable offset by increases in both receivables and inventories. Receivables have increased in connection with increased volume for both our domestic and export markets. Payment terms for our export sales are typically longer than our domestic sales. The growth in inventory was due to anticipated capacity increases and overall higher per unit raw material prices. The growth in inventory resulted in a corresponding increase to accounts payable.

During 1995, the Company expended \$83.8 million for the repurchase of 3.4 million shares of the Company's common stock, \$88.9 million for additions to property and equipment and \$27.7 million for cash dividend payments. Cash generated from the sale of our French subsidiary amounted to \$13.8 million.

At June 25, 1995, the Company has working capital of \$333.4 million which represents a \$29.1 million increase in working capital from June 26, 1994. Included in working capital at June 25, 1995, is cash and short-term investments of \$146.2 million. In addition, the Company has access to debt and equity markets.

At June 25, 1995, the Company has committed approximately \$99.5 million for the purchase of equipment and facilities.

On October 21, 1993, the Board of Directors authorized Management to repurchase up to 15 million shares of Unifi's common stock from time to time at such prices as Management feels advisable and in the best interest of the Company. Approximately 3.5 million shares have been repurchased as of June 25, 1995, pursuant to this Board authorization.

Management believes the current financial position is sufficient to meet anticipated capital expenditures, working capital needs, and other financial requirements.

SUMMARY OF SELECTED FINANCIAL DATA

(Amounts in thousands, except per share data)

	6/25/95	6/25/94	6/25/93	6/25/92	6/25/91
Summary of Earnings:					
Net sales	\$ 1,554,557	\$ 1,384,797	\$ 1,405,651	\$ 1,322,910	\$ 1,121,592
Cost of sales	1,330,410	1,185,386	1,141,126	1,090,611	965,115
Gross profit	224,147	199,411	264,525	232,299	156,477
Selling, general and administrative	43,116	40,429	38,484	38,530	41,193
Interest expense	15,452	18,241	25,785	16,756	18,707
Interest income	(10,372)	(8,290)	(13,537)	(5,306)	(3,705)

Other income	(9,659)	(1,238)	(5,775)	(1,598)	(3,100)
Non-recurring charge	---	13,433	---	---	---
Merger expenses	---	---	---	24,805	---
Income before taxes	185,610	136,836	219,568	159,112	103,382
Provision for income taxes	69,439	60,344	82,924	62,263	35,707
Net income	116,171	76,492	136,644	96,849	67,675

Per Share of Common Stock:

Net income	\$ 1.67	\$ 1.08	\$ 1.93	\$ 1.38	\$ 1.01
Cash dividends	.40	.56	.42	.36	.20

Financial Data:

Working capital	\$ 333,357	\$ 304,274	\$ 320,215	\$ 389,826	\$ 104,275
Gross property, plant and equipment	910,383	848,637	750,552	640,963	529,701
Total assets	1,040,902	1,003,252	1,017,449	989,404	621,963
Long-term debt	230,000	230,000	250,241	328,685	160,113
Shareholders equity	603,502	588,522	545,553	463,043	269,031

QUARTERLY RESULTS (UNAUDITED)

Quarterly financial data for the years ended June 25, 1995, and June 26, 1994 is presented below:

(Amounts in thousands, except per share data)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
1994:				
Net sales	\$ 325,355	\$ 351,516	\$ 346,059	\$ 361,867
Gross profit	45,725	52,564	50,589	50,533
Net income	19,812	24,361	22,754	9,565
Earnings per share	.28	.34	.32	.14
1995:				
NET SALES	\$ 359,194	\$ 387,297	\$ 403,001	\$ 405,065
GROSS PROFIT	48,334	55,115	58,302	62,396
NET INCOME	22,689	28,120	31,050	34,312
EARNINGS PER SHARE	.32	.40	.45	.50

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MARKET AND DIVIDEND INFORMATION (UNAUDITED)

The Company's common stock is listed for trading on the New York Stock Exchange. The following table sets forth the range of high and low sales prices of the Unifi Common Stock as reported on the NYSE Composite Tape and the regular cash dividends per share declared by Unifi during the periods indicated. This information has been adjusted to reflect the stock split described below.

	High	Low	Dividends
Fiscal year 1993:			
First quarter ended September 27, 1992	\$ 26.75	\$ 23.59	\$.10
Second quarter ended December 27, 1992	\$ 30.67	\$ 23.67	\$.10
Third quarter ended March 28, 1993	\$ 34.88	\$ 27.92	\$.11
Fourth quarter ended June 27, 1993	\$ 38.38	\$ 31.50	\$.11
Fiscal year 1994:			
First quarter ended September 26, 1993	\$ 34.13	\$ 20.00	\$.14
Second quarter ended December 26, 1993	\$ 27.63	\$ 20.88	\$.14
Third quarter ended March 27, 1994	\$ 27.00	\$ 21.75	\$.14
Fourth quarter ended June 26, 1994	\$ 26.63	\$ 20.50	\$.14
FISCAL YEAR 1995:			
FIRST QUARTER ENDED SEPTEMBER 25, 1994	\$ 25.50	\$ 23.38	\$.10
SECOND QUARTER ENDED DECEMBER 25, 1994	\$ 26.63	\$ 23.88	\$.10
THIRD QUARTER ENDED MARCH 26, 1995	\$ 29.13	\$ 25.00	\$.10
FOURTH QUARTER ENDED JUNE 25, 1995	\$ 27.75	\$ 22.63	\$.10

<FN>

On January 21, 1993, the Company's Board of Directors declared a three-for-two stock dividend in the form of a stock split.

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EXHIBIT (13 b-1)

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders of Unifi, Inc.

We have audited the accompanying consolidated balance sheets of Unifi, Inc. as of June 25, 1995, and June 26, 1994, and the related consolidated statements of income, changes in shareholders equity, and cash flows for each of the three years in the period ended June 25, 1995. 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 generally accepted auditing standards. 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, 1995, and June 26, 1994, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 25, 1995, in conformity with generally accepted accounting principles.

Ernst & Young LLP

Greensboro, North Carolina
July 17, 1995

Exhibit (21)

UNIFI, INC.

SUBSIDIARIES

Name	Address	Percentage	
		Incorporation	of Voting Securities Owned
Unifi, FSC Limited	Agana, Guam	Guam	100%
Unifi Textured Yarns Europe, Ltd.	Letterkenny, Ireland	United Kingdom	100%
Unifi International Service, Inc.	Greensboro, NC	North Carolina	100%

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Unifi, Inc. of our report dated July 17, 1995, included in the 1995 Annual Report to Shareholders of Unifi, Inc.

We also consent to the addition of the financial statement schedule of Unifi, Inc. listed in Item 14(a), to the financial statements covered by our report dated July 17, 1995, incorporated herein by reference.

In addition, we consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-23201) pertaining to the Unifi, Inc. 1982 Incentive Stock Option Plan and the 1987 Non-Qualified Stock Option Plan, Registration Statement (Form S-3 No. 33-45946) pertaining to the Unifi, Inc. 6% Convertible Subordinated Notes, and Registration Statement (Form S-8 No. 33-53799) pertaining to the Unifi, Inc. 1992 Incentive Stock Option Plan and Unifi Spun Yarns, Inc. 1992 Employee Stock Option Plan of our report dated July 17, 1995, with respect to the consolidated financial statements and schedule of Unifi, Inc. incorporated herein by reference in this Annual Report (Form 10-K) for the year ended June 25, 1995.

Ernst & Young LLP

Greensboro, North Carolina
September 15, 1995

<ARTICLE> 5

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The Schedule contains summary financial information extracted from the Company's Annual Report to Shareholders for the fiscal year ended June 25, 1995, and is qualified in its entirety by reference to such financial statements.

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<F1>Note: Other Equity of \$596,788 is comprised of Capital in Excess of Par Value of \$117,277, Retained Earnings of \$473,962, Cumulative Translation Adjustment of \$4,415 and Unrealized Gains/Losses on Certain Investments of \$1,134.

</FN>