UNIFI INC
Form DEF 14A
September 04, 2015
Table Of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:
Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to § 240.14a-12

UNIFI, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

PAYMENT OF FILING FEE (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Table Of Contents

MAKERS OF REPREVE®

7201 West Friendly Avenue

Greensboro, North Carolina 27410

September 4, 2015

To our Shareholders:

On behalf of the Board of Directors and management of Unifi, Inc., I invite you to the Annual Meeting of Shareholders of your company to be held at 9:00 A.M. Eastern Time on Wednesday, October 21, 2015, at the Company's corporate headquarters at 7201 West Friendly Avenue, Greensboro, North Carolina. We look forward to greeting those shareholders who are able to attend in person.

At the Annual Meeting, we will discuss and act on each item of business described in the Notice of Annual Meeting of Shareholders and our Proxy Statement, both of which are available via the Internet as described below, along with detailed information relating to our activities and operating performance that is contained in our Annual Report on Form 10-K for the fiscal year ended June 28, 2015 (the "2015 Form 10-K").

We are providing access to our proxy materials via the Internet, and we are mailing a Notice of Internet Availability of Proxy Materials (the "Internet Notice") to our shareholders of record and beneficial owners at the close of business on September 2, 2015, which is the record date for the Annual Meeting. The Internet Notice will explain how all shareholders and beneficial owners can access all of the proxy materials and the 2015 Form 10-K, free of charge, via the website described in the Internet Notice.

It is very important that your shares are represented at the Annual Meeting, whether or not you plan to attend in person. Accordingly, we request and urge you to review the proxy materials and vote your shares in advance of the meeting via the Internet. If you decide to attend the Annual Meeting and wish to vote there in person, you may do so by revoking your prior proxy at that time.

The Internet Notice also contains instructions to allow you to request paper copies of the proxy materials to be sent to you by mail. Any paper copies of the proxy materials sent to you will include a proxy card that will provide you with a telephone number you may call to cast your vote, or you may complete, sign and return the proxy card by mail. Your vote is very important and we appreciate your taking the time to vote promptly.

Sincerely,

William L. Jasper
Chairman and Chief Executive Officer

Table Of Contents

MAKERS OF REPREVE®

7201 West Friendly Avenue

Greensboro, North Carolina 27410

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON OCTOBER 21, 2015

To the Shareholders of Unifi, Inc.:

Notice is hereby given that the 2015 Annual Meeting of Shareholders (the “Annual Meeting”) of Unifi, Inc. (the “Company”) will be held at the Company’s corporate headquarters at 7201 West Friendly Avenue, Greensboro, North Carolina, on Wednesday, October 21, 2015, at 9:00 A.M. Eastern Time, for the following purposes:

1. To elect six (6) directors to serve until the next annual meeting of shareholders or until their respective successors (if there is to be one) are duly elected and qualified.

2. To approve, on an advisory basis, the compensation of the Company’s named executive officers as described in its 2015 Proxy Statement.

3. To ratify the appointment of KPMG LLP as the independent registered public accounting firm for the Company for the fiscal year ending June 26, 2016.

4. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on September 2, 2015, as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof. The transfer books of the Company will not be closed.

YOUR VOTE IS VERY IMPORTANT. We appreciate your taking the time to vote promptly. The Company's 2015 Proxy Statement and a proxy solicited by the Board of Directors of the Company accompany this Notice, and the Proxy Statement explains the above items and how you can vote.

After reading the Proxy Statement, please vote at your earliest convenience via the Internet, or request that a paper copy of the proxy materials be sent to you by mail. If you request the proxy materials by mail, included in those materials will be a proxy card with a telephone number you may call to cast your vote, or you may complete, sign and return the proxy card by mail. In any such case, if you decide to attend the Annual Meeting and wish to vote in person, you may do so by revoking your prior proxy at that time.

YOUR SHARES CANNOT BE VOTED UNLESS YOU EITHER (I) VOTE VIA THE INTERNET, (II) REQUEST PROXY MATERIALS BE SENT TO YOU BY MAIL AND THEN USE THE PROXY CARD PROVIDED BY MAIL TO CAST YOUR VOTE BY CALLING THE TELEPHONE NUMBER ON THE CARD, OR COMPLETING, SIGNING AND RETURNING THE PROXY CARD BY MAIL, OR (III) ATTEND THE ANNUAL MEETING AND VOTE IN PERSON.

By Order of the Board of Directors,

W. Randy Eaddy
Secretary

Greensboro, North Carolina
September 4, 2015

Table Of Contents

MAKERS OF REPREVE®

7201 West Friendly Avenue

Greensboro, North Carolina 27410

PROXY STATEMENT

Dated September 4, 2015

For the Annual Meeting of Shareholders
To be Held on October 21, 2015

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of Unifi, Inc. (the "Company") for use at the Annual Meeting of Shareholders to be held on Wednesday, October 21, 2015, at 9:00 A.M. Eastern Time, at the Company's corporate headquarters located at 7201 West Friendly Avenue, Greensboro, North Carolina, or at any adjournment or postponement thereof (the "Annual Meeting").

In accordance with rules and regulations adopted by the Securities and Exchange Commission (the "SEC"), the Company furnishes its proxy materials via the Internet instead of mailing a paper copy of its proxy materials to each shareholder of record. If you received a Notice of Internet Availability of Proxy Materials (the “Internet Notice”) by mail, you will not receive a paper copy of the proxy materials other than as described in this Proxy Statement. Instead, the Internet Notice will instruct you as to how you may access and review all of the information contained in the proxy materials. The Internet Notice also instructs you as to how you may submit your proxy via the Internet. If you received an Internet Notice by mail and would like to receive a paper copy of our proxy materials or vote by telephone, you should follow the instructions for requesting such a paper copy that is included in the Internet Notice.

It is anticipated that the Internet Notice will be sent to shareholders on or about September 4, 2015. The Proxy Statement and the form of proxy relating to the Annual Meeting will be made available to shareholders on the date that the Internet Notice is first sent.

Whether or not you received an Internet Notice, if you are a shareholder of record or a beneficial owner of our Common Stock as of the Record Date (defined below), you may request a paper copy of our proxy materials by contacting the Company at 7201 West Friendly Avenue, Greensboro, North Carolina 27410, Attention: Office of the Secretary.

Table Of Contents

TABLE OF CONTENTS

Table Of Contents

VOTING AND proxy SOLICITATION information

Record Date and Shares Eligible to Vote

The Company's common stock (the "Common Stock"), par value $.10 per share, is the only class of stock of the Company, and thus only holders of shares of Common Stock are eligible to vote. Only such shareholders of record as of the close of business on September 2, 2015 (the "Record Date"), will be entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof ("eligible shareholders"). As of the Record Date, the Company had outstanding 17,833,722 shares of its Common Stock. Each share of the Common Stock entitles the holder to one vote with respect to each matter coming before the Annual Meeting, and all such shares vote as a single class.

Voting by Shareholders with Shares Held Directly in Their Names

Shareholders with shares registered directly in their names in the Company's stock records maintained by its transfer agent, American Stock Transfer and Trust Company ("AST"), may vote their shares:

- by submitting a proxy via the Internet at the following web address: www.proxyvote.com and following the instructions provided in the Internet Notice;
- by mailing a signed and dated proxy card in the envelope provided with a paper copy of this Proxy Statement; or
- by making a toll-free telephone call in the U.S. or Canada to 1-800-690-6903.

In addition, ballots will be passed out to any shareholder who wants to vote in person at the Annual Meeting.

Specific instructions to be followed by registered shareholders are provided at the website described in the Internet Notice and are set forth on the form of proxy card. Proxies submitted via the Internet, or by mail or telephone as described above, must be received by 11:59 p.m., Eastern Time, on October 20, 2015. If you vote via the Internet or by telephone, you do not need to return a proxy card.

Voting by Shareholders with Shares Held Through a Bank, Brokerage Firm or Other Nominee

Shareholders who hold shares through a bank, brokerage firm or other nominee should refer to the voting instruction form forwarded by their bank or brokerage firm to see which options are available to them. In addition to voting by mail, a number of banks and brokerage firms participate in a program provided through Broadridge Financial Solutions, Inc. ("Broadridge") that offers telephone and Internet voting options. Votes submitted by telephone or via the Internet through Broadridge's program must be received by 11:59 p.m., Eastern Time, on October 20, 2015.

In addition, ballots will be passed out to any shareholder who wants to vote in person at the Annual Meeting. **Should you decide to attend the Annual Meeting and vote your shares in person, you MUST obtain a legal proxy executed in your favor from your bank, brokerage firm or other nominee for your ballot to be counted.**

Voting of Proxies

All shares represented by valid proxies received pursuant to this solicitation, and not revoked before they are exercised, will be voted in the manner specified therein. If no specification is made with respect to the matter to be acted upon, the shares represented by the proxies will be voted (i) in favor of electing as directors of the Company the six (6) nominees for director named in this Proxy Statement, (ii) in favor of the advisory vote to approve executive compensation, (iii) in favor of ratification of the appointment of KPMG LLP as the independent registered public accounting firm for the Company for the fiscal year ending June 26, 2016 and (iv) in the discretion of the proxy holder on any other matters presented at the Annual Meeting.

Revocability of Proxies

If your shares are held directly in your name, you may revoke your proxy and change your vote at any time prior to the voting of the proxy at the Annual Meeting. You may do this by (i) sending written notice of revocation to Unifi, Inc., 7201 West Friendly Avenue, Greensboro, North Carolina 27410, Attention: Office of the Secretary, (ii) submitting a subsequent proxy via the Internet, or by mail or telephone, with a later date or (iii) voting in person at the Annual Meeting. Attendance at the Annual Meeting will not by itself revoke a proxy.

Table Of Contents

If your shares are held through a bank, brokerage firm or other nominee, you may revoke your proxy and change your vote at any time prior to the voting of the proxy at the Annual Meeting. You may do this by sending written notice of revocation to your bank, brokerage firm or other nominee. Attendance at the Annual Meeting will not by itself revoke a proxy. **Should you decide to attend the Annual Meeting and vote your shares in person, you MUST obtain a legal proxy executed in your favor from your bank, brokerage firm or other nominee for your ballot to be counted.**

Quorum and Voting Requirements

Quorum and "Broker Non-Votes"

The holders of a majority of the outstanding shares entitled to vote, present in person or represented by proxy at the Annual Meeting, will constitute a quorum for the transaction of business. New York law and the Company's Bylaws require the presence of a quorum to conduct business at annual meetings of shareholders. At the Annual Meeting, abstentions and "broker non-votes" (as described below), if any, are counted as present for purposes of determining a quorum.

Under the rules of the New York Stock Exchange, Inc. ("NYSE"), a bank, broker or other nominee holding the Company's shares in "street name" for a beneficial owner has discretion (but is not required) to vote the client's shares with respect to "routine" matters if the client does not provide voting instructions. The broker or other nominee, however, is not permitted to vote the client's shares with respect to "non-routine" matters without voting instructions. A "broker non-vote" occurs when the broker or other nominee does not vote on a particular proposal because that broker or other nominee does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

The proposal to elect directors and the advisory vote to approve executive compensation are each considered a non-routine matter under the NYSE rules, which means that your broker or other nominee may not use its discretion to vote your shares held in street name on these matters without your express voting instructions. The proposal to ratify the appointment of the Company's independent registered public accounting firm is considered a "routine" matter under the NYSE rules, which means that your bank, broker or other nominee will have discretionary authority to vote your shares held in street name on that matter. Accordingly, if you do not instruct your broker or other nominee to vote your shares, the broker or other nominee may either: (i) vote your shares on routine matters and allow (or indicate) a "broker non-vote" on non-routine matters or (ii) leave your shares unvoted altogether.

Voting Standards

Each share represented is entitled to one vote on all matters properly brought before the Annual Meeting. Under our Bylaws, the voting standard for the election of directors is a majority voting standard in uncontested director elections, such as the election presented at the Annual Meeting, and a plurality voting standard in contested elections. A "contested" election is an election where the number of nominees exceeds the number of directors to be elected. A majority vote standard means that a nominee will be elected if he or she receives a majority of the votes cast, with shareholders being allowed to vote "for" or "against" the nominee (i.e., the number of shares voted "for" a nominee must exceed the number of shares voted "against" that director, without counting abstentions or broker non-votes). A plurality vote standard means that a nominee will be elected if he or she receives a plurality of the votes cast, with the nominees who receive the highest number of votes cast for their election being elected (up to the total number of positions being filled). In addition, see "Board of Directors Procedural Matters—Effect of Failure to be Reelected" below for a further description of the effect of a failure to receive a majority vote in an uncontested election.

The voting standard and treatment of abstentions and broker non-votes for the matters to be voted upon at the Annual Meeting are as follows:

Voting Item	*Voting Standard*	*Treatment of Abstentions & Broker Non-Votes*
Proposal 1: Election of Directors	Majority vote standard	Not counted as votes cast; therefore no effect
Proposal 2: Say-on-Pay	Majority of votes cast	Not counted as votes cast; therefore no effect
Proposal 3: Ratification of Auditors	Majority of votes cast	Not counted as votes cast; therefore no effect

Table Of Contents

Solicitation Expenses and Related Matters

The expense of this solicitation will be borne by the Company. Solicitations of proxies may be made in person, or by mail, telephone or electronic means by directors, officers and regular employees of the Company who will not be specially compensated in such regard. In addition, the Company has retained Alliance Advisors, LLC to provide certain monitoring and vote reporting services, for which the Company has paid such firm a fee of $4,500, and may request the firm to perform proxy solicitation services, for which the Company could incur additional costs up to $10,000, plus, in each case, reimbursement of expenses. Arrangements will be made with brokers, nominees and fiduciaries to send proxies and proxy materials, at the Company's expense, to their principals.

Table Of Contents

PRINCIPAL HOLDERS OF COMMON STOCK

The following table sets forth information, as of August 28, 2015, with respect to each person known or believed by the Company to be the beneficial owner of more than five percent (5%) of the Common Stock, which is the Company's only class of voting security. The nature of beneficial ownership of the shares indicated is set forth in the notes following the table. In the case of certain holders, the most recent information available to the Company is derived from an SEC filing made by the holder on an earlier date as indicated in the notes to the table. Unless otherwise indicated in the notes, the respective holders below have sole voting and sole investment power over the shares.

Name and Address of Beneficial Owner	*Amount and Nature of Beneficial Ownership*(1)	*Percent of Class*
Dimensional Fund Advisors LP(2)		
Building One, 6300 Bee Cave Road	1,637,070	9.18%
Austin, TX 78746		
BlackRock, Inc.(3)		
55 East 52nd Street	1,398,702	7.84%
New York, NY 10022		
Kenneth G. Langone (4)		
375 Park Avenue, Suite 2205	1,201,666	6.73%
New York, NY 10152		
Pinnacle Associates, Ltd.(5)		
335 Madison Avenue, Suite 1100	976,318	5.47%
New York, NY 10017		
Impala Asset Management LLC (6)		
107 Cherry Street	912,424	5.12%
New Canaan, CT 06840		

(1) "Beneficial Ownership", for purposes of the table, is determined according to the meaning of applicable securities regulations and based on a review of reports filed with the SEC pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(2) As indicated in its Schedule 13G/A, filed with the SEC on February 5, 2015, Dimensional Fund Advisors LP, an investment adviser registered under Section 203 of the Investment Advisors Act of 1940 (an "Investment Adviser"), may be deemed to beneficially own shares of Common Stock by virtue of having sole voting power with respect to 1,600,699 shares and sole investment power with respect to 1,637,070 shares.

(3) As indicated in its Schedule 13G filed with the SEC on February 2, 2015, BlackRock, Inc. may be deemed to beneficially own shares of Common Stock by virtue of having sole voting power with respect to 1,355,607 shares and sole investment power with respect to 1,398,702 shares.

(4) Mr. Langone's beneficial ownership includes: 130,000 shares owned by Invemed Associates, LLC, in which Mr. Langone owns an 81% interest, and of which Mr. Langone has shared voting and investment power; 26,000 shares owned by Mr. Langone's wife, as to which he has shared voting and investment power and of which Mr. Langone disclaims beneficial ownership; 18,633 shares that Mr. Langone has the right to receive pursuant to restricted stock units that will automatically convert into shares of Common Stock following termination of his services as director; and 6,666 shares that Mr. Langone has the right to purchase pursuant to stock options that are currently exercisable.

(5) As indicated in its Schedule 13G/A filed with the SEC on February 17, 2015, Pinnacle Associates, Ltd., an Investment Adviser, may be deemed to beneficially own 976,318 shares of Common Stock by virtue of having sole voting and investment power with respect to such shares.

(6) As indicated in its Schedule 13G/A, filed with the SEC on February 12, 2015, Impala Asset Management LLC, an Investment Adviser, may be deemed to beneficially own 912,424 shares of Common Stock by virtue of having sole voting and investment power with respect to such shares.

Table Of Contents

PROPOSAL 1:

ELECTION OF DIRECTORS

General Information

The number of directors who presently comprise the Board is seven (7). By resolution of the Board in connection with the Annual Meeting, the number of positions on the Board and directors to be elected at the Annual Meeting is set at six (6). All the nominees for election are presently serving as directors and have consented to be named in this Proxy Statement and to serve, if elected. Although the Board expects that each of the nominees will be available for election, in the event a vacancy in the slate of nominees is occasioned by death or other unexpected occurrence, it is intended that shares represented by proxies in the accompanying form will be voted for the election of a substitute nominee selected by the person or persons named in the proxy.

Set forth below is the name of each of the six (6) nominees for election to the Board, together with the nominee's age, current principal occupation (which has continued for at least the past five years unless otherwise indicated), the name and principal business of the company by which he or she is employed, if applicable, the period or periods during which he or she has served as director, all positions and offices that he or she holds with the Company, his or her directorships in other companies with a class of securities registered pursuant to Section 12 of the Exchange Act or subject to the requirements of Section 15(d) of the Exchange Act or companies registered as an investment company under the Investment Company Act of 1940, and the specific experience, qualifications, attributes or skills that led to the conclusion that such person should serve as a director of the Company. No director (and thus no nominee for director) has a family relationship as close as first cousin with any other director or nominee or executive officer of the Company.

G. Alfred Webster, a current director who has served in various roles at the Company, including executive vice president (1986 to 2003), director (1986 to 2004 and since 2007) and "Lead Independent Director" (since April 2011), will not be continuing as a director following the Annual Meeting. The Board and the Company thank Mr. Webster for his service to the Company and his numerous valuable contributions over the years.

Nominees For Election As Directors

WILLIAM J. ARMFIELD, IV (80) — *Mr. Armfield has been the President (since 1995) and Chairman of the Board (since November 2014) of Spotswood Capital, LLC, Greensboro, North Carolina, a private investment company.* Mr. Armfield was a director and President of Macfield, Inc., a textile company in North Carolina, from 1970 until August 1991, when Macfield, Inc. merged with and into the Company. Mr. Armfield was the Vice Chairman and a director of the Company from 1991 to December 1995. Mr. Armfield again became a director of the Company in 2001, and has continued as a director since that time. He is a member of the Board's Audit Committee and Compensation Committee, and is an audit committee financial expert.

Mr. Armfield brings operating and management experience, expertise in finance, and business development experience to the Company as a result of his professional experiences. In addition, through his experience at Macfield, he brings direct textile experience to the Board. These experiences provide the Board with, among other things, expertise and context important to the oversight of the Company's financial reporting and business strategy implementation.

R. ROGER BERRIER, JR. (46) — *Mr. Berrier has been the President and Chief Operating Officer of the Company since February 2011.* He had been the Executive Vice President of Sales, Marketing and Asian Operations of the Company from September 2007 to February 2011. Prior to September 2007, he had been Vice President of Commercial Operations from April 2006 and Commercial Operations Manager responsible for corporate product development, marketing and brand sales management from April 2004 to April 2006. Mr. Berrier joined the Company in 1991 and has held various management positions within operations, including international operations, machinery technology, research & development and quality control. He has been a director since September 2007 and is a member of the Board's Executive Committee.

Mr. Berrier brings executive decision-making skills, operating and management experience, expertise in sales, marketing and branding, business development and direct textile industry business acumen to the Company as a result of his professional experiences. These experiences and Mr. Berrier's on-going interaction with the Company's customers and suppliers provide the Board with, among other things, industry expertise important to the Company's businesses, as well as a detailed understanding of the Company's business and operations and the economic environment in which it operates.

Table Of Contents

ARCHIBALD COX, JR. (75) — *Mr. Cox has been the Chairman of Sextant Group, Inc., a financial advisory and private equity firm, since 1993.* Mr. Cox is the former Chairman of Barclays Americas, a position he held from May 2008 until June 2011. Mr. Cox was a director of Hutchinson Technology Incorporated from May 1996 to September 2009, was the Chairman of Magnequench, Inc., a manufacturer of magnetic material, from September 2005 to September 2006 and was the President and Chief Executive Officer of Magnequench, Inc., from October 1995 to August 2005. He was Chairman of Neo Material Technologies Inc., a manufacturer of rare earth, zirconium and magnetic materials, from September 2005 to September 2006. Mr. Cox has been a director of the Company since February 2008 and is a member of the Board's Compensation Committee and Corporate Governance and Nominating Committee (the latter of which he is the Chair).

Mr. Cox brings executive decision-making skills, operating and management experience, expertise in finance, investment and business development experience to the Company as a result of his professional experiences. In addition, through his experience as Chairman of Barclays Americas in particular, Mr. Cox brings to the Board considerable experience with financial and strategic planning matters critical to the oversight of the Company's financial reporting, compensation practices and business strategy implementation.

WILLIAM L. JASPER (62) — *Mr. Jasper has been the Company's Chairman of the Board since February 2011 and Chief Executive Officer since September 2007*. Mr. Jasper joined the Company in September 2004, was later appointed as the General Manager of the Polyester Division, and in April 2006 was promoted to Vice President of Sales. From September 2007 to February 2011, he was also President of the Company. Prior to joining the Company, he was the Director of INVISTA's Dacron® polyester filament business. Before working at INVISTA, Mr. Jasper had held various management positions in operations, technology, sales and business for E.I. du Pont de Nemours and Co. since 1980. He has been a director since September 2007 and is a member (and Chair) of the Board's Executive Committee.

Mr. Jasper brings executive decision-making skills, operating and management experience, expertise in manufacturing operations, sales, business and consumer brand development and direct textile industry business acumen to the Company as a result of his professional experiences. These experiences and Mr. Jasper's on-going leadership of the Company and interaction with the Company's customers and suppliers provide the Board with, among other things, a detailed understanding of the Company's businesses and the competitive environment in which it operates.

KENNETH G. LANGONE (79) — *Mr. Langone has been the President and Chief Executive Officer of Invemed Associates, LLC, an investment banking firm, since 1974*. Mr. Langone was a co-founder, and served as a director from 1978 to 2008, of The Home Depot, Inc. He served as Chief Executive Officer, President and Chairman from 2011 to February 2013, and has served as a director since 2011, of Geeknet, Inc. He also served as a director of YUM! Brands from 1997 to 2012, a director of ChoicePoint, Inc. from 2002 to 2008, and a director of General Electric Co. from 1999 to 2005. Mr. Langone has been a director of the Company since 1969, and is a member of the Board's Corporate Governance and Nominating Committee.

Mr. Langone brings operating and management experience, including as chief executive officer of a financial services business, expertise in finance, and public company directorship and committee experience to the Company as a result of his professional experiences. In addition, Mr. Langone's service on the Board since 1969 provides the Board with a valuable historical perspective through which it can contextualize and direct the Company's performance and strategic planning.

SUZANNE M. PRESENT (56) – *Ms. Present is a co-founder and has been a principal of Gladwyne Partners, LLC, a private partnership fund manager, since June 1998, and she is also Executive Director (since 2014) of Ken's Krew, Inc., a non-profit organization that provides training and other support services to individuals with intellectual and developmental disabilities to assist with entering the workforce*. Ms. Present currently serves on the board of directors of Anshe Chung Studios, Limited, a privately-held Chinese-based developer of content for virtual worlds. She served on the board of directors of Geeknet, Inc. from September 2008 to July 2010. She has been a director of the Company since February 2011. Ms. Present is a member of the Board's Audit Committee and Executive Committee (the former of which she is the Chair); Ms. Present is an audit committee financial expert.

Through her experiences at Gladwyne Partners and service on various boards of directors, Ms. Present brings extensive financial expertise important to the oversight of the Company's audit functions and analysis of business strategies.

Vote Required for Approval

The affirmative vote of a majority of the votes cast by eligible shareholders who are present in person or represented by proxy at the Annual Meeting, and who actually vote, is required for the election of a nominee as director.

The Board recommends that the shareholders vote "FOR" the election of all of the nominees as directors.

Table Of Contents

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis provides an overview of the Company's executive compensation program, including:

- the process the Compensation Committee used to determine compensation and benefits for our named executive officers ("NEOs") for fiscal year 2015;
- the material elements of the Company's executive compensation program;
- the key principles and objectives, including the Company's focus on pay for performance, that guide the Company's executive compensation program; and
- information about the fiscal year 2015 compensation earned by each of our NEOs, who are listed below:

William L. Jasper	Chairman and Chief Executive Officer
R. Roger Berrier, Jr.	President and Chief Operating Officer
Thomas H. Caudle, Jr.	Vice President of Manufacturing
James M. Otterberg	Vice President and Chief Financial Officer

The Company had no other executive officers during fiscal year 2015.

Executive Summary

The Company experienced continued improvements in its business and financial results during fiscal year 2015. The Company achieved adjusted EBITDA results (as described below) above the target level set for fiscal year 2015 as the basis for the Company's annual cash bonus incentive program. The Company reported net income for fiscal year 2015 of $42.2 million, or $2.32 per basic share, an increase from $28.8 million, or $1.52 per basic share, for fiscal year 2014. The Company also continued strategic repurchases under its stock repurchase program, pursuant to which it repurchased approximately 349,000 shares of Common Stock during fiscal year 2015.

As in the prior fiscal year, the Company's ability to perform successfully was due, in large part, to the leadership and performance of its executive team. In addition to guiding the Company through the continuing challenges of the economic environment for the textile industry in fiscal year 2015, the executive team also helped drive increased demand for the Company's premier value-added yarns and strong operating results from its international businesses, and continued to expand the profitability and brand recognition of REPREVE®, the Company's recycled performance fibers and most successful branded product.

As described in greater detail below, the Company believes its executive compensation program should attract top executive talent, pay for performance and link executive retention to long-term shareholder value. Accordingly, our NEOs were compensated as follows for fiscal year 2015:

Base salaries for NEOs for fiscal year 2015 were unchanged from base salaries for fiscal year 2014, except for Mr. Otterberg's salary, which was increased for his first full fiscal year after becoming our Chief Financial Officer.

The NEOs received cash bonus payments for fiscal year 2015 performance at the amount payable under the annual cash incentive plan, which was established at the beginning of the fiscal year, due to the level of the Company's achievement of the fiscal year 2015 adjusted EBITDA target, as described below.

Long-term incentives were granted in the form of 3-year installment vesting stock options to promote executive retention and further align executive pay with long-term shareholder value. In contrast to prior years, the Compensation Committee did not grant to the NEOs any restricted stock units because the Committee has determined that stock options are a preferable form of equity incentive awards for grants to Company employees at this time. The Committee may determine, however, to resume using restricted stock units (which it has used in the past) or to use other forms of equity-based awards as incentive compensation in the future.

Table Of Contents

Compensation Philosophy, Principles and Policies

The Company's executive compensation philosophy is to:

Attract Top Executive Talent	*Follow a Pay for Performance Compensation Model*	*Link Retention to Long-Term Shareholder Value*
The Company's compensation program should attract high-quality executives who possess the skills and talent necessary to support and achieve our strategic objectives.	Executives should be rewarded for their achievement of near-term and long-term operating performance goals established by the Board.	The Company seeks to promote executives' loyalty and retention by utilizing a stock ownership policy and other arrangements that further link executive compensation to sustained shareholder value and consistent Company performance.

Therefore, the focus of the Company's executive compensation program and the Compensation Committee is to ensure that an appropriate relationship exists between executive pay and the creation of shareholder value, while at the same time enabling the Company to attract, retain, reward and motivate high caliber employees. The Compensation Committee monitors the results of its executive compensation policy to ensure that compensation payable to executive officers creates proper incentives to enhance shareholder value, rewards superior performance, is justified by returns available to shareholders, and discourages employees from taking unnecessary or excessive risks that could ultimately threaten the value of the Company.

In establishing compensation for the NEOs, the following principles and policies guide the Company's executive compensation decisions:

- all components of executive compensation should be set so that the Company can continue to attract, retain, reward and motivate talented and experienced executives;

- ensure alignment of executive compensation with the Company's corporate strategies and business objectives and the long-term interests of the shareholders;

- increase the incentive to achieve key strategic and financial performance measures by linking incentive award opportunities to the achievement of performance goals in those areas; and

- enhance the NEOs' incentive to increase the Company's long-term value, as well as promote retention of key personnel, by providing a portion of total compensation opportunities in the form of direct ownership in the

Company through stock ownership.

The Compensation Committee reviews and approves all components of the NEOs' compensation. The Compensation Committee also monitors the compensation levels in general for all other senior level employees of the Company. In addition, the Compensation Committee has the discretion to hire compensation and benefits consultants to assist in developing and reviewing overall executive compensation strategies.

Table Of Contents

Overview of Compensation Components

The Compensation Committee views executive compensation in four component parts:

A brief description of each of these components is provided below, together with a summary of its objectives:

Compensation Element	*Description*	*Objectives*
Base Salary	Fixed compensation that is reviewed annually based on performance.	Provide a base level of compensation that fairly accounts for the job and scope of the role being performed. Attract, retain, reward and motivate qualified and experienced executives.

Annual Incentives	"At-risk" variable compensation earned based on performance measured against pre-established annual goals.	Provide incentives for achieving annual operating goals that ultimately contribute to long-term return to shareholders.
Long-Term Incentives	"At-risk" variable compensation in the form of equity awards whose value fluctuates according to shareholder value and that vest based on continued service.	Align the economic interests of the executives with the shareholders by rewarding executives for stock price improvement.
	Supplemental retirement contributions based on executives' respective base salaries that executives may earn over time based on continued service.	Promote retention (through time-based and performance vesting schedules).
Other Personal Benefits	Broad-based benefits provided to all the Company's employees (e.g., health and group term life insurance), a retirement savings plan, and certain perquisites.	Provide a competitive total compensation package to attract and retain key executives.

Table Of Contents

Compensation Mix

Consistent with the philosophy, objectives and principles of the executive compensation program, the program places a substantial amount of the total executive compensation “at risk” based on the performance of the Company and the executive through an annual cash bonus incentive program and equity-based long-term incentive awards. The Company uses the Unifi, Inc. 2013 Incentive Compensation Plan (the “2013 Incentive Compensation Plan”) in order to provide those awards.

The following charts illustrate the mix of “at-risk” compensation for the Chief Executive Officer and the other NEOs that was achieved for fiscal year 2015 by illustrating the mix of total direct compensation, using fiscal year 2015 base salaries, annual cash bonus incentive payments based on fiscal year 2015 performance and the grant-date fair value of long-term equity awards granted in fiscal year 2015*:

Chief Executive Officer

All Other NEOs

The above results reflect the type of mix that we target for our Chief Executive Officer’s and other NEOs’ compensation, which is for a substantial portion of their compensation to come in the form of annual and long-term incentives, which we believe encourages our executives to achieve near-term and long-term performance goals designed to create or enhance shareholder value. Moreover, our long-term incentive programs provide retention incentives designed to promote stability among the Company’s executive team. We also provide our executives a fixed base salary, which provides them with a base level of economic security.

Control by the Compensation Committee

The Compensation Committee reviews and approves corporate goals and objectives relevant to the compensation of each NEO, evaluates each NEO's performance in light of these goals and objectives (with input from the Chief Executive Officer for NEOs other than the Chief Executive Officer), and sets each NEO's compensation level based on this evaluation and consultation. The Compensation Committee also advises senior management with respect to the range of compensation to be paid to other employees of the Company, administers and makes recommendations to the Board concerning benefit plans for the Company's directors, officers and employees and recommends benefit programs and future objectives and goals for the Company.

As in the past, the Compensation Committee continued to consider a wide range of factors in making its fiscal year 2015 compensation decisions for our NEOs, including the historical practices of the Company; the individual NEO's leadership and role in advancement of the Company's long-term strategy, plans and objectives; the individual's performance and contribution to the Company's success; budget guidelines established by the Board; and assessment of the Company's financial condition. Additionally, the Compensation Committee considered the Company's operating results, adjusted EBITDA and the current economic climate. Based on this information and these factors, the Compensation Committee set executive compensation for fiscal year 2015.

During fiscal year 2013, the Compensation Committee engaged Frederick W. Cook & Co., Inc. ("Cook & Co.") as an independent advisor to assist the Compensation Committee with developing a peer group for compensation comparison purposes and to prepare a competitive market assessment of total compensation for the NEOs. Cook & Co. performs no other services for the Company, and its work for the Compensation Committee has not raised any conflict of interests.

Table Of Contents

While the Compensation Committee believes the information in the Cook & Co. report remains valuable, the Compensation Committee did not use or otherwise consider the Cook & Co. analysis for any particular purpose for fiscal year 2015. The Compensation Committee also did not use any other report as a benchmark or otherwise in setting executive compensation for fiscal year 2015. The Compensation Committee does not believe it is appropriate to tie executive compensation directly to the compensation awarded by other companies or to a particular survey or group of surveys. Instead, the purpose of the Cook & Co. report obtained by the Compensation Committee was to provide a general understanding of compensation practices and trends of similarly situated companies. The Compensation Committee members use that knowledge as a tool in considering the overall compensation of the Company's executives. No specific compensation decision for any individual was based on or justified by any market comparison reports or information.

Detailed Review of Compensation Components

Base Salaries

The Compensation Committee believes in maintaining a close relationship between the Company's performance and the base salary component of the compensation for each NEO. As in prior years, no formula-based salary increases were provided to the NEOs during fiscal year 2015. The factors considered by the Compensation Committee in setting the NEOs' base salaries for fiscal year 2015 included:

- the executive's leadership and advancement of the Company's long-term strategy, plans and objectives;
- the executive's individual performance and contribution to the Company's success and budget guidelines; and
- an assessment of the Company's financial condition.

In addition to reviewing the above factors, the Compensation Committee also believes that strong and effective communication with management helps the Company adhere to its compensation philosophy, objectives and principles. Therefore, the Compensation Committee consults with the Chief Executive Officer and reviews his recommendations regarding the compensation of all NEOs (other than the Chief Executive Officer) before making its final compensation decisions. Periodically, the Chief Executive Officer meets with the other NEOs regarding their performance. The Compensation Committee reviews the overall performance of each NEO annually, and then approves the actual base salary for each NEO.

Upon completing this process, based on the Company's performance in fiscal year 2014 as well as other factors including each NEO's individual performance, the Compensation Committee determined to maintain the base salaries for each of the NEOs at their fiscal year 2014 levels, except for the base salary of Mr. Otterberg, whose base salary was increased to reflect his full year of service as Vice President and Chief Financial Officer. The base salaries for the NEOs for fiscal years 2014 and 2015 are listed in the table below.

NEO	*Fiscal Year 2015 Base Salary ($)*	*Fiscal Year 2014 Base Salary ($)*	*Percentage Change*
William L. Jasper	710,000	710,000	0.0 %
R. Roger Berrier, Jr.	475,000	475,000	0.0 %
Thomas H. Caudle, Jr.	335,000	335,000	0.0 %
James M. Otterberg	300,000	275,000	+9.1 %

Annual Incentive Compensation

To encourage executives to achieve near-term performance goals, the Company has established an annual incentive compensation program in the form of a cash bonus. All NEOs are eligible to earn annual bonuses based on the Company's fiscal year performance.

For fiscal year 2015, the Compensation Committee established a performance target of $62.9 million of EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization), adjusted to exclude certain items such as non-cash compensation expense, gains or losses on extinguishment of debt, loss on previously held equity interest, operating expenses for Repreve Renewables, restructuring charges and start-up costs, gains or losses on sales or disposals of property, plant and equipment, currency and derivative gains or losses, and other operating or non-operating income or expense items necessary to understand and compare the underlying results of the Company ("adjusted EBITDA"). The Compensation Committee uses adjusted EBITDA as a measure for annual incentive compensation purposes because the Compensation Committee believes adjusted EBITDA provides a clear indicator of cash generation, which is a key performance indicator used by the Board and management to assess the Company's operating results generally. The Compensation Committee also believes that a Company-wide performance metric, such as adjusted EBITDA, is appropriate for each NEO because each NEO plays a vital role in the overall success of the Company. Therefore, the Compensation Committee believes that the annual variable compensation received by the NEOs should reflect the Company's near-term performance.

The annual incentive bonus awarded to NEOs may be increased or decreased by the Compensation Committee as a result of the individual's performance and/or contribution to the Company's achievement of its financial objectives. Each NEO's performance, including the Chief Executive Officer's, is evaluated against specific financial goals prior to payment of bonuses, and the final bonus payment may be adjusted relative to the achievement of those goals. The performance criteria in the annual incentive bonus program may be adjusted by either the Compensation Committee or the Board to account for unusual events, such as extraordinary transactions, asset dispositions and purchases, and merger and acquisitions if, and to the extent, either the Compensation Committee or the Board considers the effect of such events indicative of the Company's performance. Additionally, the Compensation Committee or the Board has the discretion to award additional bonus compensation even if an executive officer would not be entitled to any bonus based on the targets previously determined.

For fiscal year 2015, the Compensation Committee set the threshold, target and maximum performance levels and corresponding potential annual incentive payments to the NEOs, based on percentages of base salary, as set forth in the table below. An NEO would receive a maximum bonus equal to a percentage of his base salary if the Company achieved, for plan purposes, 120% of the adjusted EBITDA target; a target bonus equal to a percentage of his base salary if the Company achieved, for plan purposes, 100% of the adjusted EBITDA target; or a threshold bonus equal to a percentage of his base salary if the Company achieved, for plan purposes, 80% of its adjusted EBITDA target. The Compensation Committee set the percentage of base salary for each NEO at its July 2014 meeting. The calculation of each NEO's annual incentive bonus in the event of adjusted EBITDA results between these levels is made on a proportional sliding scale basis between the two level amounts. The NEO would not be entitled to a bonus if the Company achieved, for plan purposes, less than 80% of the adjusted EBITDA target.

Annual Incentives for Fiscal Year 2015

NEO	*Threshold: $50.3 million adjusted EBITDA ($) (% of base salary)*	*Target: $62.9 million adjusted EBITDA ($) (% of base salary)*	*Maximum: $75.5 million adjusted EBITDA ($) (% of base salary)*
William L. Jasper	355,000 (50%)	710,000 (100%)	1,420,000 (200%)
R. Roger Berrier, Jr.	190,000 (40%)	380,000 (80%)	760,000 (160%)

Thomas H. Caudle, Jr.	125,625 (37.5%)	251,250 (75%)	502,500	(150%)
James M. Otterberg	112,500 (37.5%)	225,000 (75%)	450,000	(150%)

As a result of the Company's performance during fiscal year 2015, the Company achieved, for plan purposes, 101.5% of its adjusted EBITDA target, and thus each NEO was tentatively entitled to annual incentive bonus compensation based on a percentage of his fiscal year 2015 base salary, equal to approximately 107.5% (Mr. Jasper), 86% (Mr. Berrier), and 80.6% (Messrs. Caudle and Otterberg). At its July 2015 meeting, the Compensation Committee approved the payment of bonuses for fiscal year 2015 at those levels; no amount of discretionary additional cash bonus (whether pursuant to the annual incentive plan or otherwise) was paid to any NEO for fiscal year 2015.

Long-Term Incentive Compensation

The Compensation Committee believes that stock-based performance compensation is essential to align the interests of management and the shareholders in enhancing the long-term value of the Company's equity and to encourage executives to retain their employment with the Company. Among the varied types of equity awards the Compensation Committee is authorized to use under the 2013 Incentive Compensation Plan, the Compensation Committee has determined that incentive stock options ("ISOs") are preferable for use with all Company employees at this time (because their value depends upon a future increase in the value of the Common Stock), and that restricted stock units (which the Compensation Committee has used in the past, along with stock options) should not be granted to NEOs or other Company employees at this time. Consistent with that determination, in fiscal year 2015, the Compensation Committee awarded stock options to each NEO, which have the attributes set forth below.

Table Of Contents

	Stock Options	
Align NEO and shareholder interests	Each option is an ISO and entitles recipient to purchase a share of Common Stock (at an exercise price equal to at least the stock price on the date of grant).	
	Only have value if price of a share of Common Stock exceeds option exercise price.	
Promote NEO retention	Vest in equal installments over three years, contingent upon continued service.	
	Subject to accelerated vesting upon change in control, termination due to death or disability, and approved retirement.	

The number of these stock options is listed in the table below. When determining the number of stock options to award each NEO, the Compensation Committee considered the difference between the base salary and bonus actually paid for fiscal year 2014 and the total compensation that the Compensation Committee sought to award to the NEO based on the Company's performance in fiscal year 2014. The options are exercisable at a price of $27.38 per share, a third of which options vested on July 22, 2015, and the remaining of which vest in equal installments at each of July 22, 2016 and July 22, 2017. As "incentive stock options" (to the applicable maximum permitted under the 2013 Incentive Compensation Plan), these stock options offer the NEO the opportunity to receive favorable tax treatment if they retain the shares acquired upon exercise for at least one year. For additional information on the stock options granted in fiscal year 2015, see "Grants of Plan-Based Awards" below.

NEO	*Number of Stock Options*
William L. Jasper	37,500
R. Roger Berrier, Jr.	30,000
Thomas H. Caudle, Jr.	11,000
James M. Otterberg	17,000

Perquisites and Other Benefits

Perquisites. The Compensation Committee's general philosophy is to provide executives, including the NEOs, with only limited perquisites. Therefore, the Company does not provide its NEOs with perquisites such as car allowances, reimbursements for car expenses or payment of country club dues.

Retirement Benefits. In order to provide employees at all levels with greater incentives, the Company makes available to all employees, including the NEOs, the opportunity to make contributions to the Company's Retirement Savings Plan ("401(k) Plan"), under which employees may elect to defer up to 75% of their total compensation, not to exceed the amount allowed by applicable Internal Revenue Service regulations. Pursuant to the 401(k) Plan, in fiscal year 2015, the Company matched contributions equal to 100% of the employee's first 3% of compensation contributed to the 401(k) Plan and 50% of the next 2% of compensation contributed to the 401(k) Plan.

Health Plan, Life Insurance and Other Benefits. The Company makes available health and insurance benefits to all employees, including the NEOs. The cost of the health plans is covered partially through employees' payroll deductions, with the remainder covered by the Company. Disability and life insurance benefits are paid by the Company for all salaried employees; however, the NEOs receive additional life insurance coverage provided by the Company.

Supplemental Key Employee Retirement Plan. As an additional means of attracting top executive talent and encouraging executives to remain employed with the Company, the Company maintains the Unifi, Inc. Supplemental Key Employee Retirement Plan (the "SERP"). Participation in the SERP is limited to a select group of management employees who are selected by the Compensation Committee and includes each of our NEOs. As described in greater detail preceding the Nonqualified Deferred Compensation table set forth elsewhere in this Proxy Statement, the SERP provides additional retirement benefits payable to our NEOs following their termination of employment.

Table Of Contents

Change in Control Agreements. The Company has historically provided its NEOs with severance benefits if their employment is involuntarily terminated (or they resign for good reason) after a change in control of the Company. Providing such “double-trigger” change in control benefits assists us in attracting and retaining executive talent and reduces the personal uncertainty that executives may feel when considering such a corporate transaction. As a result, our NEOs are more likely to retain their employment with the Company and complete such a corporate transaction, thereby increasing the likelihood of enhancing long-term shareholder value. We have a Change in Control Agreement with each of our NEOs. The terms of the individual agreements, and a calculation of the estimated severance payments payable to each NEO, are set forth elsewhere in this Proxy Statement under “Executive Compensation – Potential Payments Upon Termination of Employment or Change in Control.”

Executive Officer Compensation Recoupment Policy

The Company maintains a policy addressing the potential recovery of incentive compensation in the event of a material restatement of the Company’s financial results. This policy, also known as a “clawback” policy, applies to all of the Company’s executive officers. Under the policy, the Company is entitled to recover any incentive compensation paid to a current or former executive officer of the Company as a result of material noncompliance with financial reporting requirements that results in a restatement of the Company’s financial results, to the extent that such compensation is attributable to the erroneous financial data and is in excess of what would have been paid under the accounting restatement. The recovery period pursuant to the policy is up to three years preceding the date on which the Company is required to prepare such an accounting restatement. In addition, if the Board determines that any current or former employee has engaged in fraud or certain other specified misconduct, the Board may require reimbursement of all compensation granted, earned or paid under annual incentive and long-term incentive cash plans, cancellation of outstanding equity awards and reimbursement of any gains realized on the exercise, settlement or sale of equity awards.

Officers Stock Ownership Policy

During fiscal year 2014, the Company adopted its Officers Stock Ownership Policy to enhance the Company’s ongoing objective to align the compensation paid to its officers with the long-term interests of shareholders. The policy applies to any NEO, any person who holds the position of Vice President, Treasurer or higher with the Company, its primary operating subsidiary and possible other significant operating subsidiaries (“VP-Level Personnel”), and to certain other persons below those levels who may be designated for coverage by the Compensation Committee (for purposes of the policy, collectively, “covered officers”). The policy provides for a ramp-up period for complying with the expected stock ownership levels, both upon the initial implementation of the policy and thereafter upon each person first becoming an NEO or other covered officer. If a covered officer fails to comply with the stock ownership expectation, the Compensation Committee considers that fact in setting future salary, bonus or other compensation for the covered officer. The Company tests for compliance with the stock ownership expectation twice annually, once at the end of the second fiscal quarter and again at the end of the fiscal year.

The stock ownership expectation, calculation of shares counted toward the expectation, and valuation of the shares for purposes of the policy are as set forth below. All NEOs are in compliance with their respective stock ownership expectations under the terms of the policy.

Stock Ownership Expectation	*Shares of Common Stock Counted Towards Ownership Expectation*	*Value of Shares of Common Stock*
NEOs: At least three times (3x) base annual salary.	Shares owned directly by the officer, his or her spouse or minor children, or a trust for the exclusive benefit of one or more such persons.	Greater of (a) the closing price on the last trading day of the applicable fiscal period or (b) the 30-day average closing price ending on such last trading day.
VP-Level Personnel (non-NEOs): At least one and one-half times (1.5x) base annual salary.	Shares covered by the portion of stock options or restricted stock units that are vested or not subject to forfeiture.	Shares underlying vested stock options, restricted stock units and other stock awards are calculated as if they were net exercised using the deemed current market price on the applicable measurement date.
Other designated covered officers: In the discretion of the Compensation Committee, at least one times (1x) base annual salary.	Shares subject to pledges, calls or short-sell arrangements are ***not*** counted toward the stock ownership expectation.	

Table Of Contents

Tax Impact on Compensation

The Compensation Committee has considered the impact of Section 162(m) of the Internal Revenue Code (the "Code") on the Company's executive compensation program. Code Section 162(m) denies a public company a deduction, except in limited circumstances, for compensation paid to "covered employees" – which includes the NEOs, other than the Company's Chief Financial Officer – to the extent such compensation exceeds $1,000,000. Based on its review of the likely impact of Code Section 162(m) and other factors, the Compensation Committee previously recommended to the Board, the Board adopted, and the shareholders approved, the 2013 Incentive Compensation Plan. The 2013 Incentive Compensation Plan allows the Company's annual cash incentive bonus program for the NEOs, as well as equity and equity-based awards to the NEOs, to qualify for an exception to the Code Section 162(m) deduction limitation. The Compensation Committee may in the future adopt or change benefit plans in order to qualify compensation pursuant to them paid to covered employees for the exception. In any event, the Compensation Committee may authorize payments or equity awards to retain and motivate key executives, in any situation it believes to be appropriate, without regard to tax deductibility considerations.

Risk Analysis of Compensation Policies and Practices

While the Company's compensation policies and practices are designed to motivate its employees and encourage performance that improves the Company's financial and other operating results, the Company and the Compensation Committee also seek to design and implement compensation programs and practices that discourage employees from taking unnecessary or excessive risks that could ultimately threaten the value of the Company or otherwise have a material adverse effect on the Company. Management and the Compensation Committee periodically review and assess potential risks associated with the Company's compensation programs and practices. Management and the Compensation Committee believe that the Company's incentive compensation programs and practices are appropriately balanced between value created indirectly by the performance of the Company's stock and payments resulting from the achievement of specific financial performance objectives, so as to minimize the likelihood of unnecessary or excessive risk-taking by Company employees. Management and the Compensation Committee have concluded that any risks from such programs and practices are not reasonably likely to have a material adverse effect on the Company. The Compensation Committee reached its conclusion after considering a number of features of the Company's compensation structure that are designed to mitigate risk, such as:

- The Company uses a balance of fixed and variable compensation in the form of cash and equity, which is designed to provide both near- and long-term focus.

- The overall compensation of our NEOs is not overly-weighted towards the achievement of performance criteria in a particular fiscal year, and an appropriate portion of compensation is awarded in the form of equity awards that vest over a multi-year period, subject to continued service by the recipient. This further aligns the interests of the NEOs to long-term shareholder value and helps retain management.

Payouts under the Company's annual incentive compensation and other long-term incentive programs are based on performance criteria that the Compensation Committee believes to be challenging, yet reasonable and attainable without excessive risk-taking.

The Company has a compensation recoupment policy that allows the Company to recover certain compensation in the event of a restatement of its financial statements due to the material noncompliance of the Company with federal securities laws or in the event of certain fraud or other misconduct by an employee.

The Company has a stock ownership policy under which its NEOs and other key personnel are expected to own a significant amount of Common Stock, further aligning their interests with those of our other shareholders.

The Compensation Committee maintains an open dialogue with management regarding executive compensation policies and practices and the appropriate incentives to use in achieving near-term and long-term performance goals.

Shareholder Say-on-Pay Vote

At the 2014 annual meeting of shareholders, our shareholders had the opportunity to vote, on a non-binding advisory basis, on a proposal to approve the compensation of the NEOs for fiscal year 2014. This is referred to as a "say-on-pay" proposal. Approximately 95% of the votes cast on last year's say-on-pay proposal were voted in favor of the proposal. The Compensation Committee believes this vote result reflects the general concurrence by the shareholders in the Company's philosophy and approach to executive compensation. Therefore, the Company has continued its philosophy and approach to executive compensation as discussed above.

The Board has determined that the Company's shareholders should vote on a say-on-pay proposal each year, consistent with the preference expressed by the shareholders at the 2011 annual meeting of shareholders. Accordingly, at the Annual Meeting, shareholders will again have the opportunity to indicate their views on NEO compensation. For additional information, see "Proposal 2: Advisory Vote on Executive Compensation" in this Proxy Statement. The Compensation Committee will continue to consider the vote results for say-on-pay proposals in future years when making compensation decisions for our NEOs.

Table Of Contents

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with management the Company’s Compensation Discussion and Analysis, which is set forth above. Based on that review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement, which is incorporated by reference in the Company’s Annual Report on Form 10-K for the fiscal year ended June 28, 2015.

Submitted by the Compensation Committee of the Board:

G. Alfred Webster, Chair
William J. Armfield, IV
Archibald Cox, Jr.

Table Of Contents

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table is a summary of all compensation awarded or paid to (or earned by) our NEOs for services rendered in all capacities to the Company (including its subsidiaries) for each of the fiscal years indicated. Mr. Otterberg became an executive officer in fiscal year 2014, and accordingly no compensation information is provided for him for fiscal year 2013.

Name and Principal Position	*Year*	*Salary ($)*	*Stock Awards*[1] *($)*	*Option Awards*[1] *($)*	*Non-Equity Incentive Plan Compensation*[2] *($)*	*All Other Compensation*[3] *($)*	*Total ($)*
William L. Jasper	2015	710,000	—	649,301	763,250	98,323	2,220,874
Chairman and	2014	710,000	220,800	327,665	1,065,000	96,564	2,420,029
Chief Executive Officer	2013	700,212	126,281	163,832	819,117	91,644	1,901,086
R. Roger Berrier, Jr.	2015	475,000	—	519,441	408,500	55,241	1,458,182
President and	2014	475,000	165,600	254,851	570,000	54,725	1,520,176
Chief Operating Officer	2013	470,885	98,219	127,425	550,847	54,178	1,301,554
Thomas H. Caudle, Jr.	2015	335,000	—	190,462	270,094	54,907	850,463
Vice President,	2014	335,000	66,240	87,377	376,875	54,160	919,652
Manufacturing	2013	323,096	16,838	21,844	377,962	53,358	793,098
James M. Otterberg	2015	300,000	—	294,350	241,875	35,938	872,163
Vice President and	2014	265,654	—	145,629	309,375	32,237	752,895
Chief Financial Officer							